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A MEASUREMENT OF PRICE LEVELS AND THE PURCHASING POWER OF CURRENCIES IN LATIN AMERICA, 1960-1962

(A study based on material collected in the capital cities of nineteen Latin American countries and in two cities of the United States of America)

TABLE OF CONTENTS

/Chapter III:

/Chapter II:

Pages

/PRELIMINARY NOTE

PRELIMINARY NOTE

The present study brings up to date the document entitled "Comparative prices and the purchasing power of currencies in selected Latin American countries" (E/CN.12/589) submitted to the Economic Commission for Latin America at its ninth session in May 1961. While the methodology has remained unchanged in all except minor aspects, the results now apply to capital cities in all Latin American countries, except Cuba for which comparable information could not be obtained. An important addition to the study is the inclusion of data for two United States cities - Los Angeles and Houston - where prices were specially collected for ECLA by the United States Bureau of Labor Statistics. Results for these two cities have been included by way of a comparison with those capitals in Latin America where it was believed that conditions were sufficiently comparable to provide meaningful results.

As with document E/CN.12/589, the data shown in the present study are presented in the form of indexes reflecting the relative price levels, and of "purchasing power equivalents" indicating the number of currency units in one country which correspond in purchasing power with a given number of currency units in another country. Information of this nature is presented for the main types of goods, services and producers' equipment which enter into consumer expenditure and investment in the region. Figures are also given for total expenditure - the results thereby providing a measure of the "parity" exchange rate which would give the over-all equivalent of one Latin American currency in terms of another.

While in ECLA's previous work the results referred to the months in which the basic data were collected (thus introducing a factor of incomparability that was significant for those countries where prices were subject to rapid or frequent change), in the present document the calculations have been adjusted in order to relate the results to two chosen months at an interval of two years - June 1960 and June 1962.

/For this

For this reason, and because of changes in the relative importance of each item now that nineteen rather than ten Latin American countries are included in the calculation, the results will differ from those given in the preliminary study published in document E/CN.12/589.

Notwithstanding the inclusion of the two United States cities - Houston and Los Angeles - in the calculations, no attempt has been made to calculate parity exchange rates for Latin American currencies in terms of the United States dollar (or of any other non-Latin American currency). Much additional work would have to be done before such a tabulation could be considered statistically sound. In particular, the problem of comparing countries with very different income levels and expenditure patterns (e.g. Bolivia or Haiti and the United States) still needs to be solved and additional price information needs to be collected in sufficient cities to provide data which can be considered fully representative of an average price level in the United States and in each Latin American country.

In the same way, the ECLA secretariat has not yet had sufficient resources to implement the recommendation made by the Commission at its ninth session that the study be amplified to include relationships between price, wage and personal income levels and that an analysis be made of the causes underlying differences in the price structure of each country. The present study is therefore limited to a determination of purchasing power equivalents and of relative price levels in the capital cities of Latin America and does not pretend to evaluate in any significant way the various factors influencing such levels.

For readers not particularly interested in the discussion of the methodological and practical problems encountered in the study, a summay has been provided which indicates the lines along which the study has evolved. For those who are interested in greater statistical detail than the text provides, a statistical annex has been appended with those tables and data which appear to be of greatest interest.

/INTRODUCTION

INTRODUCTION

I. GENERAL

The establishment in Latin America of a Free-Trade Area and the progress towards a common regional market has focussed attention on three independent problems which have to some extent been a limiting factor in certain aspects of ECLA's work: the measurement of the real "worth" or the purchasing power of each Latin American currency; the measurement of relative price levels for the various countries; and the conversion into a single currency of prices or values which are initially expressed in different national currency units.

While to a large extent index numbers have furnished a means of establishing relative levels at different points of time and national currency figures have sufficed for measuring absolute levels or prices within a country, in the case of inter-country comparisons, neither index numbers, percentage figures nor even national values calculated at prevailing rates of exchange have provided indicators sufficiently reliable or meaningful for many analytical purposes. In post-war years a growing emphasis has been placed on macro-economic aggregates, and interest in comparable national income statistics for individual countries or for the region as a whole has increased substantially. The lack of adequate measures for translating national data expressed in varying units of currency into reliable regional aggregates with a common monetary denominator has constituted an obstacle which usual statistical procedures have been unable to solve. Similarly, in the formation of plans or proposals for economic integration - whether of the type envisaged for the Central American countries or that considered for the Gran-Colombia region, lack of information regarding relative price levels has hindered the work. Finally, as mentioned above, the creation of a Free-Trade Area already covering the greater part of the Latin American population and production has brought into the open the need for adequate measures

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of the real "value" of each currency, the comparative cost structure, the relative price levels and the relationship between domestic prices and those applicable to internationally traded goods.

1. The inadequacy of prevailing exchange rates

The traditional method adopted for converting prices (or values) for one country into prices (or values) of another has been to apply the rates of exchange currently in use for international transactions. The complexity of the exchange rate systems for many Latin American countries in post-war years would in itself suggest the danger of adopting such a procedure. One would be left with the choice between free market rates, official rates, preferential and non-preferential rates, often fluctuating violently from one month to the next and certainly volatile over the course of years.

Even when a single rate is applied, exchange rates could only with difficulty be thought of as adequately reflecting the true "value" or purchasing power of domestic currencies. A glance at the price situation in Chile should suffice to make the point. In February 1959 the exchange rate for both trade and non-trade transactions was pegged at the level of 1,050 pesos to the dollar. If at that time it correctly reflected the "worth" of the peso, it could hardly have done so in, say, February 1961 when, with no alteration in the exchange rate, domestic prices had in the meanwhile risen 33 per cent (as in fact was the case). A similar situation is encountered in other countries (e.g. Argentina and Uruguay) where the exchange rate has for lengthy periods been maintained at an arbitrary level, irrespective of the movement of internal prices. In other cases, such as Brazil and more recently Chile, a marked divergence is shown in the trends of the official rate applicable to an important part of the nation's external transactions and the free rate which generally applies only to marginal transactions such as private remittances, tourist expenditure and perhaps the import of luxury-type goods. In such a situation it will usually be found that the short-term movements or neither rate will resemble the trend of prices within a country.

/The fact

The fact that exchange rates fail to measure adequately the relative domestic price levels is, of course, logical. They apply basically and exclusively to those items entering into transactions of an international nature - the export and import of goods and services (including shipping and insurance), the expenditure of tourists, the remittance of interest and profits, the donations from residents of one country to another, the flow of short-term capital and loans over a longer period. The exchange rate or the system of exchange rates is that which maintains in equilibrium the inflow and outflow of funds relating to such transactions. Governmental action in controlling outflows is, however, often a dominant factor in equalizing both sides of the national balance of payments, and as a result it can be said for only a few Latin American countries that the inflows and outflows are truly in equilibrium or that the current rates of exchange could conceivably measure the comparative values of currencies - even considering only those transactions which figure directly in the inter-country relationships, such as the import or export of goods, flow of capital, etc.

When other transactions not figuring in the inter-country relationships are taken into account, the use of prevailing exchange rates for a measurement of purchasing power is even less appropriate. The bulk of final goods and services consumed or used in a country is not internationally traded; and although the role of trade in determining the level of national income cannot be over-emphasized, it must be observed that the value of imported goods is low compared with national production. If services are added, practically all of which are produced domestically (international transportation, communications, tourism, certain aspects of banking, together with consular services being amongst the few exceptions) it will be appreciated that an exchange rate determined by international transactions would be scarcely appropriate for valuing the totality of a country's production, income or expenditure.

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2. The objective defined

The objective of the present study is accordingly a threefold one:

(a) To measure the relative price levels amongst the various Latin American countries based on all expenditure transactions (whether by individuals or by Governments) which relate to final consumption or investment.

(b) To determine the purchasing power of each currency, in terms of the comparative quantities of final products which can be bought.

(c) To determine the parity exchange rates which will equate the price levels applicable to final products in total for each of the countries concerned.

The way in which over-all price levels can be "equated" is an aspect yet to be discussed. As with other types of price comparisons, some criterion of "equivalence" for the various situations must be introduced. This "equivalence" in most cases is considered to be an "equivalence in well-being" or an "equivalence in the satisfaction of wants or needs". "Equivalence in the satisfaction of wants" has, however, various interpretations. In accordance with one approach, a global concept is adopted, without considering each component item or service separately. That is to say, a collection or "basket" of goods and services is considered which gives in total the same satisfaction in one country that another "basket" of goods and services provides in another - irrespective of the composition of the "basket". The more usual approach is, however, to consider a "basket" which has an identical composition in both places - the assumption being that the same item affords the same amount of satisfaction in two places and that in total the items give a basket which (theoretically at least) affords the same level of well-being in the two situations. The cost of the basket in the two places would, it is contended, then measure the relative level of prices in the two places.

If the latter approach is adopted, the parity exchange rate may be defined as the rate which equates the cost of a representative basket of goods and services in one country with the cost of a similar basket

/in another.

in another. (If, for instance, 1,000 pesos in country A buys a representative basket which in turn costs 1,500 nacionales in country B and 50,000 centavos in country C, the parity rates of exchange would be as follows:

1 peso = 1.5 nacionales = 50 centavos).

Conversely, prices are in parity for two countries when, with a given rate of exchange, a unit of currency in country A buys the same quantity of goods and services that an equivalent number of currency units will in country B (the rate of exchange determining the equivalence in terms of currency units).

Likewise, the purchasing power of one country's currency compared with another's can be described as the relative amount of goods and services which can be purchased for a unit of currency in each of the countries concerned.

Finally, the purchasing power equivalent of two currencies is the number of units of the one currency which need to be paid in order to obtain the same quantity of goods and services purchasable for one unit of the other currency. It should be noted that the "parity exchange rate" concept relates to the aggregate of all goods and services which are classified as final products - not to a particular type of transaction or a particular group of commodities. There is, for instance, no "parity exchange rate" for food alone, nor for investment alone - since this would pre-suppose that the only transactions in the countries concerned were for food, or for investment. On the other hand, there is a "purchasing power equivalent" for each type of transaction, or each group of transactions, since the number of currency units which are needed to purchase a particular item or group of items can be considered independent of other items or other groups. The total of the purchasing power equivalents for all items, when combined in appropriate proportions, gives the over-all purchasing power for the currency of the country relative to another, and in this way become a measure of the "parity exchange rate".

As an alternative, purchasing power equivalents could be calculated for an income of a particular magnitude (in which case they would refer to the relative quantity of goods and services obtainable for that income in each country). In this event, the combination of the equivalents for all income levels would once again give the over-all purchasing power of the currency of each country, and hence an indication of the parity exchange rate.

II. SYNOPSIS

1. Methodology

(a) The concept

For any statistical study, the methodology adopted and its practical application must depend specifically on the objectives to be achieved and the extent to which available data can be utilized in order to achieve such objectives. Above all, a method is required which is precise, simple to compute, comprehensive in coverage, easily understood and capable of yielding results which are readily interpreted and are at the same time compatible with the framework of the study. An approach which might have sound justification theoretically might thus have to be rejected if it were difficult to put into practice - alternatively, if the results were difficult to interpret or were not in keeping with the basic design of investigation. For similar reasons, what was appropriate for one study might have to be discarded as a possible approach for others.

For the present investigation, ECLA's choice of a method has been guided by the desire to obtain mutually-compatible results for all countries within the region, rather than a series of independently-calculated price relationships each of which is applicable to a restricted number of the countries concerned (as in the case of binary comparisons). In the same way, methods which are over-elaborate or too difficult to put into practice with the resources and information available have been considered unsuitable for the investigation and have been rejected accordingly.

ECLA's approach has (like that of virtually all investigators in the field of price comparisons) rested on the fundamental concept of equivalence in two or more situations. The equivalence may refer to either: (a) a collection of items each of which is considered to satisfy "wants" or "needs" in the same or an equivalent way in the various situations; or (b) a collection of items which in total provide the same

/or an

or an equivalent amount of satisfaction (or well-being) in each of the situations concerned - even though individually the items may provide differing amounts of satisfaction.

The latter approach has been supported by many writers on the grounds that it avoids the difficulties attributable to the interdependence existing between the price of an item and the quantity consumed. In the same way, its use would, it is claimed, circumvent problems due to differing availabilities in different countries and to factors such as the climate which, although influencing consumer costs, have in themselves no monetary value capable of adequate measurement, in price or cost comparisons. Unfortunately, the approach has a number of disadvantages. It is, for instance, difficult to demonstrate that a given collection of goods and services actually provides a specific amount of well-being or that the satisfaction of wants or the levels of well-being are precisely equated in the various situations. The use of indifference curves and income elasticities of demand to indicate equivalence has been advocated; but at the present stage of statistical development, this global approach cannot be considered as one likely to provide practical results except in a very restricted number of cases.

The alternative approach of selecting a basket of goods and services each of which is individually assumed to provide the same or an equivalent satisfaction in two or more situations seemed from ECLA's point of view to be more satisfactory. Such an approach contains the implicit assumption that if individual commodities provide equivalent amounts of satisfaction, the aggregate of the items will also provide an equivalence in total satisfaction or total well-being in the countries being compared; and that the cost of the basket in the various situations will indicate the comparative level of prices, the comparative purchasing power and the exchange rate. The method has a number of limitations and disadvantages not encountered in the global approach. It demands precise identification of each individual item in each situation; it assumes that the same item meets the same needs and performs the same function, no matter which country is concerned; it requires the combination of items in such a way

/as to

as to reflect their relative importance within the total on a comparative basis; it assumes a homogeneity, both of income and of expenditure (as well as of prices) within a country which may not, and usually is not, true; it demands a mass of precisely-calculated statistical material relating to prices, quantities, values, incomes, etc. which is not readily available; and its results may be restricted in application by the limited coverage of the study and the methodology employed.

On the other hand, the approach has the over-riding advantage that it is mathematically precise, it is free from ambiguities in interpretation, and it does not rest on the subjective judgement of the statistician engaged in the investigation. In addition, its application can be extended through all sectors of expenditure, whereas the global approach advocated by Staehle, Frisch and others has so far been applied experimentally to only a restricted part of consumer expenditure, and to particular levels of income.

It was accordingly decided to adopt the "market basket" approach in the ECLA study.

(b) The problem of weights

For most studies where the "market basket" approach has been adopted, some prevailing exchange rate has been used in order to convert prices for all countries to a common monetary denominator; price relatives have then been calculated; and the weighting pattern of first one country and then the other has been used in order to combine the individual price relatives (the indexes which emerge providing, in theory at least, measurements of the price relationship of the two countries, the purchasing power parities of the two countries and correction factors which, when applied to the official exchange, would indicate the parity exchange rate applicable to the currencies of the two countries). Since, however, a weighting pattern representative of all the countries concerned has not been used, the results in practically all cases have been confined to a series of binary comparisons which serve a limited purpose.

For the ECLA study, it was considered important that the results be obtained in such a manner that they would be mutually valid as between all countries in the region. This signified the adoption of a common

weighting system which, because of the nature of the study, had of necessity to be based on the average consumption pattern for the region - that is to say, the pattern with the greatest similarity to (or the lea least variation from) each of the patterns for individual countries. The consumption pattern could be expressed either as values spent (in which case they would be used for weighting price relatives) or quantities consumed (which could be applied for weighting prices directly). The averaging of values pre-supposed the existence of satisfactory exchange rates with which data expressed in national currencies could be converted and aggregated for averaging purposes. Since the present study is designed precisely to measure such an exchange rate, this assumption could not be sustained. In addition, the use of price relatives involves the selection of a base country with which prices in other countries can be compared; and unless weights are chosen in accordance with the consumption pattern of the base country (which would be undesirable for an intra-regional comparison), the results are affected by the price level in the base country whenever two other countries are being compared.[1/] Where common quantity weights are employed, any country within the group may, however, serve as the reference point (or base) for the price comparisons. This is, therefore, the system of weighting which has been chosen.

Two qualifying statements need to be made regarding the computation of weights. First: the main objective of the study is to compare one country with another country rather than to compute price levels or purchasing power equivalents for Latin America as a whole. The countries are of equal importance for the investigation; and any system of weighting which would give greater proportion to those with the greatest number of inhabitants has accordingly to be rejected, in this way avoiding the danger that the largest countries in the region (e.g. Brazil) so dominate the weighting structure that the results resemble a fixed weight index for which the total quantities consumed in the largest country serve as weights - a clearly undesirable effect if the same weighting structure is

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1/ The same defect applies whenever value weights and prices have not been obtained in a consistent manner, e.g. values from one year, and prices from another.

/to be

to be employed in comparing the smaller countries (e.g. Haiti and Paraguay) with each other.[2/] Secondly, quantities consumed per inhabitant depend on the purchasing power available which in turn is a function of the per capita income. The market basket has accordingly been based on the unweighted average of per capita quantities consumed in each of the countries concerned.

(c) The approach defined

The approach which ECLA decided to use is based, then, on a basket of goods and services, the items of which are representative of average consumption patterns for all countries within the region. The per capita quantities consumed in each country provide the necessary weights - allowing however, a certain amount of substitution where different items are used in the different situations (e.g. potatoes or manioc; light-weight or heavy-weight clothing; trains or buses etc.). Prices obtained for each item in each country are then applied to the quantity weights in order to yield a total cost for the basket in each country. The comparison of the costs in the various countries provides a measure of comparative prices (both for totals and for component groups), an estimate of the purchasing power equivalent to each currency, and an evaluation of the parity exchange rate.

The formula used to express the relationship of prices for two countries K and O within the region is explained more precisely in the chapters on methodology but it may be noted here as:

$$\bar{P}_{k\sigma} = \frac{\sum_i \bar{q}_{io} \cdot P_{ik}}{\sum_i \bar{q}_{io} \cdot P_{io}} \qquad (k = a,b,c \ldots\ldots m \text{ countries};\ i = 1,2,3,\ldots\ldots n \text{ items})$$

2/ For a comparison with another region, however, the basket would need to be calculated in accordance with the importance of all individuals within the region and the average would be a weighted one - with greater importance to those countries with the greatest total purchasing power.

/where Pko

where $\bar{P}_{ko}$ is the price ratio of country K relative to country O (O being any other country within the group of countries)

q_{io} is the average per capita consumption of item i in all the countries concerned

p_{ik} is the price of item i in country K; and

p_{io} is the price of the same item in any country O.

The purchasing power equivalent (R_{ko}) of an item in country K relative to country O is equal to the reciprocal of the price ratio.3/

ie. $$R_{ko} = \frac{1}{P_{ko}}$$

or (for all items)4/:

$$\bar{R}_{ko} = \frac{1}{\bar{P}_{ko}}$$

Reversing the purchasing power relationships we get

$$R_{ok} = P_{ko}$$

$$R_{ko} = P_{ok}$$

When the calculation extends over all items of expenditure, the purchasing power relationships of two currencies is by definition equal to the parity exchange rate (E) for those currencies.

ie. $$E_{ok} = \bar{R}_{ok} = \bar{P}_{ko} = \frac{1}{\bar{P}_{ok}}$$

and $$E_{ko} = \bar{R}_{ko} = \bar{P}_{ok} = \frac{1}{\bar{P}_{ko}}$$

3/ For the time being, differences in needs of inhabitants because of climatic and other factors are ignored. Adjustments for such influences are, however, necessary if the approach is based on an equal satisfaction of needs, even though the magnitude of the adjustments would generally be small in relation to over-all totals.

4/ The sign "-" above a symbol signifies an average for all the commodities (or countries) concerned.

/Since the

Since the same weights are applied to the prices in each country, the results are mutually convertible and any country may be used as a reference point. In practice this signifies that the relationship of prices between, say, Argentina and Mexico, Mexico and Chile, Chile and Brazil will provide equally valid price relationships for Argentina - Chile, Argentina - Brazil, Mexico - Brazil, and so on for all twenty Latin American countries. What it will not do is to provide a price relationship for one of the Latin American countries vis-à-vis the United States or Europe; nor a parity rate of exchange expressed in dollars, francs or any non-Latin American currency. For such relationships, the calculations need to be extended and the methodology modified in certain respects to take into account the weighting pattern and the price structure of the extra-regional territories.

2. Procedure

(a) Preliminary investigations

In order to formulate a design for the adequate collection of price material and its subsequent elaboration, a substantial amount of preliminary work was necessary, taking into consideration the complete lack of suitable material which could be made available from alternative sources. A pilot study was accordingly carried out in two countries during 1958 in order to ascertain first-hand the types of durable goods available in Latin America and the manner in which technical problems (such as identification of items and their subsequent pricing) could be overcome. In 1959, a study was made in three countries which endeavoured amongst other objectives to find solutions to many problems involved in the inter-country comparison of prices for consumer goods and services.

A general plan was then developed for a more ambitious project which would eventually cover both private and governmental expenditure as well as investment in all Latin American countries, at the same time providing a link with one or more countries in other parts of the world.

/To a

To a considerable extent, ECLA was guided by work already done by other investigators in Europe and in the United States; and although an identical approach could not be adopted because of different objectives and different availabilities of basic material, ECLA was in particular aided by the pioneering work of Gilbert, Kravis and associates of the OEEC and by the various studies carried out by the United States Bureau of Labor Statistics in the field of inter-city price comparisons. A selection of goods and services most important in Latin American expenditure and investment was next carried out and specifications were formulated taking into consideration any work of this nature done by countries for their national price indexes. In many cases, where suitable items were not included in national price indexes (e.g. machinery or construction materials) technical specifications were elaborated by ECLA on the basis of the experience acquired during its 1958 pilot study and in the additional research which was found necessary.

(b) Field work

For the collection of data, pricing agents were appointed in each country and given precise instructions as to the timing of the enquiry, the manner in which the work was to be carried out, the type of outlet to be visited, the quality of the item to be considered, the way in which possible difficulties should be handled (e.g. where fruit or vegetables were sold by number rather than weight), the treatment of discounts and such other problems as could be envisaged in advance.

The collection of the material by the pricing agents was followed up almost immediately with a visit to the country concerned by a member of ECLA's staff specialized in this type of work who could ensure that, as far as possible, the pricing was carried out along comparable lines and for comparable items in all countries of the region. As a rule, the ECLA staff member test-priced and verified data for every item in at least one outlet in each city covered. For some items (particularly in the earlier part of the work when difficulties still existed in applying the specifications) ECLA relied almost entirely on the data collected by its own staff members (this was notably true for investment goods, even during

/the later

the later stages of the study). For a limited number of cases where precise information was difficult to obtain from the local representative or distributor, information was obtained by correspondence from the manufacturers or the parent company.

Since the magnitude of the study and the limited resources at ECLA's disposal made it impossible to carry out the collection of prices in all countries at the same point in time, the work was divided into various periods. During the initial stage, (1960), information was obtained from the capital cities in nine countries, including notably those where inflationary price movements might invalidate the comparison if the price data referred to a point in time too far from that selected as a weight-base - namely, June 1960. The results for the nine countries concerned were then presented in document E/CN.12/589 at ECLA's ninth session in May 1961. Later in 1961, information was collected for cities in six more countries;[5/] while in 1962 capital cities in all the remaining Latin American countries other than Cuba were covered. A special enquiry was carried out in mid 1962 by the United States Bureau of Labor Statistics, which sent three officials to Los Angeles and Houston to make a special collection of prices for consumer goods, services and construction materials in accordance with the specifications adopted by ECLA in its Latin America enquiry. A senior ECLA statistician visited the cities concerned at the same time so as to assist in solving the many problems of comparability which were inevitable for cities with income levels and living patterns appreciably different from those prevailing in Latin America.

During 1962, the question of maintaining price relatives and purchasing power equivalents up to date for different points of time was also considered. In a region where price movements for certain countries are notoriously irregular and often accentuated to an extreme, this problem has a greater significance than in Europe or North America. Five countries - Argentina, Brazil, Chile, Paraguay and Uruguay - where inflationary price changes had occurred since the initial price enquiry carried out by ECLA were selected and a further price enquiry was

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5/ Five Latin American cities plus Georgetown, British Guiana.

/conducted. The

conducted. The comparison of price levels for the same city at intervals of time two years apart has, it is hoped, helped to throw light on the variation of prices for the economy as a whole, the relative changes for each expenditure group and the extent to which national price indexes can be used for extrapolating inter-country price indexes and for keeping current the information on purchasing power equivalents and parity exchange rates.

(c) Adjustments for incomparabilities in basic data

Probably the biggest problem encountered by the investigator in the field of inter-spatial price comparisons is the variation which exists in the quality of items selected for the enquiry. Only in a few specific cases (e.g. where an item is made by the same company or in accordance with the same specifications) are commodities found to be truly identical. A diesel engine of a given make and of a given horse-power imported into two separate countries will at first sight appear to satisfy the requirement that items be identical in both places. In practice, other considerations need be taken into account since the engine may be imported with different accessories capable of influencing the prices up to thirty or forty per cent. In other cases, items even if having the same name are found to be of appreciably different quality in various countries - such as "corvina" fish in the Pacific (where the variety is large) and in certain Atlantic countries where, being small, it is often sold under different conditions (e.g. including the head, instead of per piece). Confusion is also possible because of different names for identical products - as for instance butter which is "manteca" in Argentina and "mantequilla" in Chile; and lard which is "manteca" in Chile, but "mantequilla" in Argentina.

To the maximum extent possible, ECLA endeavoured to solve the problems arising from such differences at the time its field investigations were carried out in each city. Where practicable, precisely identical varieties were selected; and where minor incomparabilities existed (as for the diesel engine quoted above), the prices were rectified so as to include in each country an item which was theoretically identical. In

/other cases,

other cases, advantage was taken of local knowledge in order to obtain a quality which, while differing slightly in specification, would give an equivalent amount of satisfaction in each country. To the extent that ECLA's resources permitted, use was made of technical advice - as for some textile items where samples were obtained for subsequent comparison purposes - but only for a limited number of items was such a procedure possible. For some items (e.g. transport services), adjustments for quality differences had to be made in accordance with the subjective judgement of the ECLA research statisticians directing the field work. For other items, particularly services, where no statistical evaluation of quality differences seemed possible, ECLA had not alternative but to consider the items identical (e.g. medical care, communications and domestic help).

Contrary to expectations, "unique" items which existed in one country but not in another did not prove to be an unduly disturbing problem. When as many as twenty countries were covered in the enquiry, the problem was simplified since the same product could generally be found in a contiguous or nearby country. Some estimate or adjustment of prices could then be made on the basis of price relationship with similar items in the second country. Piped gas did not, for instance, exist in many cities; on the other hand liquid gas was available in all. A relationship between piped and liquid gas was accordingly established and taken into account in order to place all cities on a similar footing. Comparable techniques were adopted for such items as tea and mate, potatoes and manioc, and to some extent light and heavy weight clothing. For machinery and equipment (e.g. looms or lathes) which were not available or could not easily be priced on a comparable basis in all countries, hypothetical prices were calculated on the basis of the factory price in the country of export, increased by freight, insurance, handling charges, consular fees, customs duties and such other elements (including distributors' mark-up) which might enter into the price paid by the final user. For many items, this technique was considered superior to direct pricing since identical specifications could thus be ensured for every

/country. Exceptions

country. Exceptions existed for certain important items in Argentina and Brazil where imports were prohibited and local production was both significant and of a different quality from that available elsewhere. However, since local production of major machinery and equipment items was generally in accordance with the design and specifications of a parent-firm in Europe or in the United States, the item available locally could often be identified without too much difficulty and a quality difference allowed for. Only in a limited number of cases (especially when the United States cities were brought into the comparison) was ECLA left in serious doubt as to the reliability and the comparability of the data. Figures for house rental in particular were felt to be subject to a wide margin of error, both because of the differences in quality and the existence of effective rental controls for some or all housing in certain countries covered in the enquiry.

(d) Seasonal variations

The collection of information at different points of time for countries in which appreciable price differences arise from one month to another automatically created a problem of comparability which ECLA has endeavoured to solve by the establishment of coefficients indicating for each commodity its price level in any given month relative to the month at which the price was lowest; i.e. the month with the greatest abundance of supply. While work is still proceeding in this direction, it is considered that the application of these coefficients to the price data collected in any given month for a country has helped materially to eliminate incomparabilities attributable to seasonal price movements.

(e) Price differentials within a country

The work so far carried out by ECLA relates only to selected cities in each country and price variations within a country may well create divergence between the results for the capital city indicated in this study and the results which would apply to the country as a whole. This could be true especially for a large area such as Brazil where availabilities and cost elements differ considerably in the various provinces. It no doubt also applies within smaller countries for items the prices of which are influenced considerably by local conditions (e.g. rent, transportation,

water, electricity and possibly domestic services). The problem is being studied by ECLA and field work has been carried out in selected cities in Argentina, Ecuador and Peru. Material available from national sources has also been collected for study. However, it is still too soon to make a statistical evaluation of the influence of this factor in determining national price levels and the purchasing power equivalents for each country as a whole.

(f) Final calculations

In accordance with the formula decided on, each item used in the price comparisons is given the relative importance which it has on a "per capita expenditure" basis for the various countries of the region. Such a system was adopted so as to give equal importance to each country and prevent countries of the greatest size or with the greatest population from dominating the weights. The per capita expenditure for the items was accordingly determined on the basis of national accounts data, family living studies, governmental budgets and related statistics. Prices already collected by ECLA in a particular country were then divided into the corresponding value figures in order to provide hypothetical quantities which reflected the per capita consumption of each item (as well as the consumption of similar items whose value had been imputed to the selected item). A summation of quantities for all countries and the derivation of a country average then provided the basis of the weighting system.

Using the "market-basket" approach, the calculation of purchasing power equivalents was a simple arithmetical operation. The multiplication of the quantity weights by the prices for the corresponding item gave the value of that item in each country's "basket"; and the comparison of the size of the basket (either in total or for selected groups) gave the amount of expenditure in the currency of one country which corresponded to a particular amount of expenditure in another.

The establishment of relative price levels, either at parity exchange rates (reflecting the purchasing power equivalent of the country for all items of expenditure) or at official or free market exchange rates

/was also

was also a simple operation involving few difficulties beyond the choosing of a suitable reference point. While the greatest interest would probably be in parity exchange rates expressed in terms of the United States dollar, the data available as well as the methodology used did not permit such a calculation at the present stage of the enquiry. Considerably more information on United States price levels would be required, while a new weighting pattern would need to be determined in order to take into account the distribution of expenditure in the United States and in Latin America as a whole. The difference in income levels and in expenditure patterns might well invalidate a price comparison of this kind, except for those countries where the dissimilarity in living standard is not of unduly large proportions.

For the present study, the reference point chosen was therefore a Latin American country - Mexico - the decision being influenced largely by its monetary stability, its price structure and its income level relative to the remaining countries in the region. At the same time, for selected zones and groups of countries, alternative bases or reference points have been chosen; while for particular arrangements of price relatives, an average of prices in all the countries of the region has been adopted as the basis of the comparisons.

It should finally be mentioned that as prices had been collected in different months during theperiod May 1960 to October 1962, it was considered advisable to adjust the results in order to relate to a common time basis - two reference points (June 1960 and June 1962) being chosen so as to illustrate the changes which had occurred in price levels and in comparative purchasing power in the meantime.

/A. METHODOLOGY

A. METHODOLOGY

Chapter I

BASIC CONSIDERATIONS

1. Differences in income levels and expenditure patterns

Before deciding in a method which can be adopted for a study of this kind, a number of theoretical and practical points have to be taken into consideration. One of the main difficulties is the variation in income levels which exists between countries, and between population groups within the same country. Much truth lies in Kenes' statement that: "We can give no meaning to a numerical comparison between the purchasing power of a money to a poor man and its purchasing power to a rich man, the two things being, so to speak, in different dimensions".6/ There are among Latin American countries fundamental differences in levels of income, in degrees of industrialization, in the skill, intelligence and productivity of the people, in the use of capital, in consumer preferences, and so forth. To compare, to aggregate or to average statistical material relating to widely divergent economies raises innumerable questions of validity, justification, compatibility, homogeneity and identity, all of which need to be taken into account in deciding on the way price relatives or purchasing power equivalents are to be calculated and the manner in which they should be interpreted.

The difference in expenditure patterns is particularly important since in each country it is a resultant of the various factors relating to basic needs, disposable income, availability of goods and services, consumer preferences and the national price structure.

For each situation, the expenditure pattern is under normal circumstances adjusted according to the level of prices in such a way as to maximise individual satisfactions - more of those commodities being purchased which are relatively cheap, and less of those which

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6/ A Treatise on Money, London (1930), Vol. I, p. 98.

/are expensive.7/

are expensive.[7] The inter-relationship of prices, incomes and expenditure patterns creates special difficulties when the assignment of appropriate weighting is considered; and has been the main reason why most inter-country price comparisons have been restricted to a series of binary relationships.

2. Quality differences

While the same commodities may to all intents and purposes be available for sale in all or many of the countries, closer examination will show that there is rarely a complete identity in the commodities consumed. Food may be more nutritious in one country, textiles more durable, clothing less subject to shrinkage, doctors better qualified, machinery better maintained, and so on. Only in isolated instances (e.g., where a particular model of a Swiss watch is obtained from the same source), are commodities identical in an absolute sense; yet even in the instance quoted, the investigator may find that the watch is fitted with one kind of watch-band in one country and a different kind in another - alternatively, that the dealer gives a longer, or a more effective, guarantee in one of the two countries.

In some cases, the quality difference may be ill-defined. The price of a cinema performance may for instance relate to an identical film in two places, but differences may exist in the type or length of supporting programmes, the comfort of the cinema or the quality of the sound reproduction. For transportation and for personal or professional services, similar quality differences may, and usually do, apply. In the case of public utilities, newspapers, even shop service (including packaging), certain elements of quality difference exist that may be appreciated by the inhabitants but are difficult to define in monetary terms.

To what extent, and in what way they are to be taken into account in an inter-spatial price comparison is one of the many problems which have to be resolved in practical form before purchasing power equivalents, price relatives or similar statistical measures can be calculated.

7/ This generalization tacitly assumes that other things (e.g. tastes or customs), are equal. It also assumes perfect competition as well as the ability of the individual to spend in the way most advantageous to him.

3. Problems of quantification

The difficulty of comparing the purchasing power of money for individuals in different income situations has already been referred to. A similar problem is the extent to which needs and satisfactions or well-being can be expressed in meaningful quantity terms, capable of comparison between countries. A corollary to this is the validity of an average or an index number to express in singular form a whole array of data subject to wide divergencies or variations in component elements as between countries. Opinion on this point is divided; and while recent schools of thought have inclined to the view that indexes cannot meaningfully be used as indicators for comparisons of satisfaction, well-being, utility, etc., the question is a debatable one which is outside the immediate scope of this investigation.

The attitude adopted in this study is that, for those who consider indexes or averages as usable indicators in relation to expenditure patterns, price levels and purchasing power equivalents, the calculations made for Latin American countries will, it is hoped, provide some useful and informative data not available from other sources.

4. Availability of information

It is obvious that, unless the basic material is actually or potentially available, no method or approach can be considered satisfactory, irrespective of its justification on theoretical grounds. In Latin America, all countries collect material of some kind in connexion with their wholesale and consumer price indexes. A certain amount of additional information is available from marketing statistics, from trade reports, from national accounts and from information collected by various governmental or commercial organizations. On closer examination, it will be found that little of this material is satisfactory for direct use in place-to-place comparisons. For retail price indexes, only a limited number of items is, for instance, covered (usually 50 to 100); and large blocks of expenditure (e.g. education or the purchase of furniture) are omitted entirely. Furthermore, no price data of any kind are generally available for prices of

investment goods, other than a small amount of usable information on building materials collected for the wholesale price index. The price enquiries furthermore relate in most cases to the capital cities or federal districts only, while the outlets from which prices are obtained are those patronized by selected classes - generally at the lower income levels.

The items covered by the price collections differ as between countries, and only a few basic items - mainly foodstuffs - can be considered comparable intra-regionally. In the majority of cases a technical specification is missing - or if it exists, is in such ill-defined terms that adjustments to take account of quality differences between countries is impossible.

Information on patterns of consumption and investment is very meagre and is as a rule inadequate for establishing the relative importance of the component items within each country. Few comprehensive and reliable consumer expenditure surveys have been conducted (Colombia being an outstanding exception); and weights assigned to each item of the cost-of-living indexes are often obtained from obsolete surveys covering a few families within a particular income group in the capital city only (in the worst of cases, weights appear to have no sound basis at all). If national accounts data are relied on for determining the pattern of consumption and investment, the position is improved to only a small degree; for while investment figures are available in total and by broad groups, no information is usually available for the more detailed component items; in addition, when compiling national accounts, consumption is frequently obtained as a residual and no detail is given by group of commodities or of services.

It will thus be appreciated that if a study of comparative prices is to be based only on data currently available in each country, and if undue attention is paid to the importance of a precisely-calculated pattern of expenditure and investment, the project must be abandoned as impossible. The problem is then to devise some method which will utilize to the maximum the little data in Latin America appropriate for the analysis,

/to supplement

to supplement this by material collected specially for this enquiry, and to combine the whole in some way which will produce meaningful price relationships as between countries, taking duly into account the differences in quality of goods or services available, in levels of income, and in the pattern of consumption and investment within the area.

(Lest it be inferred that the situation in Latin America is worse than in other regions, let it be said that, excluding a few statistically advanced countries in Europe and North America, a study of comparative price levels elsewhere would be no easier and in many cases more difficult.)

Chapter II

ALTERNATIVE APPROACHES

1. Adjusted exchange rates

For any statistical study, the methodology adopted must depend specifically on the objectives to be achieved and the extent to which available data can be utilized in order to achieve those objectives. Above all, a method is required which is precise, simple to compute, comprehensive in coverage, readily understood and capable of yielding results which are readily interpreted and are at the same time compatible with the freamework of the study. A theoretically sound approach might thus have to be rejected if difficult to put into practice - alternatively if the results were difficult to interpret or were not in keeping with the basic design of investigation. For similar reasons, what is appropriate for one study might have to be discarded for others.

In general, for the problem of measuring relative price levels and evaluating the purchasing power of national currencies, three main approaches have been commonly used. The simplest method is the adjustment of the prevailing exchange rate in some arbitrary way so as to reflect more accurately the real value or "worth" of one currency relative to another. In most cases, a reference period when conditions were considered to be "normal" is chosen, and the rate of exchange which applied in that period is projected forwards or backwards by means of index numbers which supposedly measure the movement of prices in the countries concerned. Let us assume, for instance, that a year such as 1938 is considered "normal" and that the exchange rate applicable to international transactions in that year gave a relationship of 100 pesos = 120 cruzeiros for countries A and B. Between 1938 and 1960, prices have risen 250 per cent in country A and 200 per cent in country B. The currency relationship in 1960 would be taken as 40 pesos = 60 cruzeiros; alternatively, 100 pesos = 150 cruzeiros.

/This method

This method has been frequently applied in past years by organizations such as the United Nations Statistical Office, the Economic Commission for Europe, the Organization for European Economic Co-operation and the International Labour Organization, in order to avoid the distortions which have arisen in recent decades with the widespread adoption of arbitrary or multiple rates of exchange, often maintained at levels which have little or no relation to parity conditions. Earliest calculations made by ECLA for national income figures expressed in United States dollars were based on this approach.[8/] However, as ECLA and other offices using the method have recognized, the adoption of a so-called "normal" year in no way solves the problem of correctly evaluating purchasing power in other years. It reduces the amount of error by avoiding periods when rates were "abnormal" - that is to say, when the influence of special factors causes the rate to be widely divergent from an equilibrium rate of exchange. For a year when the rate of exchange fluctuates violently, or when structrual changes are introduced into the system (e.g. with the application of a new preferential rate) there is probably no single rate which could be designated as a typical, much less an equilibrium rate for a country. Similarly, when the rate has been maintained artificially, notwithstanding a marked alteration in the relationship of domestic to international prices, the ruling rate has to be considered as an arbitrary one which is not indicative of the true value of the currency vis-à-vis other currencies. The adoption, then, of a reference year when problems of the kind mentioned above are unimportant can eliminate some of the error-creating factors. It does not, however, eliminate any inaccuracy inherent in the exchange rate system for the year chosen. It merely assumes that, in the reference year, the exchange rate correctly measures the relationship between prices or values in the various countries. For reasons already mentioned in the Introduction to this study, such an assumption is

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8/ For information regarding the concepts and methods used, see Economic Bulletin for Latin America, Vol. 1, N° 2, September 1956, pp. 32-38. The conversion factors adopted are given in the Explanatory Notes to Vol. V, N° 2, October 1960.

/unwarranted and,

unwarranted and, at best, the exchange rates equate only those values which apply to a country's international transactions. It would be coincidental that the price structures over the full range of transactions - both domestic and international - were equated, as they would have to be in order to achieve parity in purchasing power.

A further inaccuracy exists in that the price indexes used to project the exchange rate from the reference year to another time-period are not designed for such a purpose. Available indexes relate, as a rule, merely to consumer prices for a particular income-group in a selected city. Price changes for investment goods, for certain consumer goods, for many services, for government purchases, for other income groups and for other parts of the country are not therefore taken into account, except to the extent that they might follow the pattern of the consumer price index. Furthermore, in view of the structural changes continually taking place in the composition of expenditure and investment, the longer the period during which the index series is used to project the exchange rate, the greater the likelihood (and the greater the magnitude) of error.9/

The method of adopting an "equilibrium" exchange rate in a selected year and adjusting it for subsequent changes in prices of the countries concerned must then be discarded as statistically unsatisfactory so far as the measurement of the purchasing power for two or more currencies is concerned.

2. Equivalent wants and satisfactions

An alternative method which has been advocated by some writers is the equation of levels of income in accordance with the similarity - or dissimilarity - in the patterns of expenditure or consumption.

9/ In the third Edition of his Conditions of Economic Progress (pp. 43-44) Colin Clark, for instance, drew attention to the weakness of some of the index numbers he used for projecting price levels from one period to another.

/Such an

Such an approach, it is contended, would obviate the necessity of comparing prices directly or of combining the prices concerned into aggregates which may be meaningless if consumption patterns differ to any extent in the various situations. The rationale of the approach is that the structure of expenditure varies according to price levels; and that in a given situation a person's consumption habits would be different from that in another situation where a different price pattern prevailed. Ragner Frisch contended that: "The very concept of a basket full of commodities, the content of which remains unchanged while prices change, is therefore a contradiction to ideas that are basic to the central body of price theory".[10/] In order to avoid the direct use of price and quantity information, Frisch, Staehle, Wold and others endeavoured to locate some economic parameter that could be used as a criterion of equivalence for pairs of income in two situations. A parameter of this kind was suggested by the relationship of food expenditure for various income levels, observed by Engel and emobodied in the often-quoted Engel's Law. The existence of such a relationship, or the extent to which it holds true, above and below certain income levels is open to question.[11/] Nevertheless, in the work of the economists and investigators mentioned above, the percentages of total expenditure allocated to particular categories of consumption goods at successive income levels has been accepted as the criterion by which equivalence for two situations can be obtained (the fraction of the expenditure devoted to the class of goods or services in two or more situations being used to establish the identity between consumption levels or incomes).[12/]

10/ Some Basic Principles of Price of Living Measurements, Memorandum fra Universitets Socialkonomiske Institutt (Oslo) 25 June 1953, (mimeographed) p. 2.

11/ On this point see Dorothy S. Brady and Abner Hurwitz Measuring Comparative Purchasing Power, Studies in Income and Wealth, Volume Twenty, National Bureau of Economic Research, (U.S.A.) pp. 317-8.

12/ Some writers have used less restrictive methods of matching than that implied by the Engel ratios. Ragner Frisch based his equivalence of income in two situations on the flexibility of the marginal utility of money with respect to an increase in income while Staehle proposed a method whereby differences in the cost of living would be measured in accordance with the location in two countries of income groups for which the consumption pattern differs least.

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In its simplest form, the method would suggest that if, say, 70 per cent of total expenditure for families earning 4,000 pesos a year was devoted to food in country A and 70 per cent was spent by families earning 6,000 nacionales a year in country B, an income of 4,000 pesos in A is equivalent to 6,000 nacionales in B. Variations on this central theme have been suggested, but in the essential aspects, the equivalence of purchasing power has rested basically on some degree of similarity in the expenditure or consumption pattern in the countries being compared.

It will of course be observed that, for different income levels, different points of equivalence could be established. In the example above, for instance, the expenditure on food might be 60 per cent for incomes of 6,500 pesos and 9,000 nacionales in A and B respectively; 50 per cent for incomes of 10,000 pesos and 14,000 nacionales respectively, and so forth - thus giving a curve of income equivalence for the two situations. Exponents of the method have not been explicit as to the way in which the relationship or equivalence should be averaged in order to obtain an over-all measure of the purchasing power for the country - an exception being the United States Bureau of Labor Statistics in its study of comparative living costs for civil servants in San Juan (Puerto Rico), Honolulu and Washington D.C.[13/] It is furthermore difficult to envisage how the methodology would be applied to all aspects of expenditure, including investment.

Nortwithstanding, then, the illustration given by the Bureau of Labor Statistics, we must conclude that the limitations of a method of this type would make it impracticable for application to a region like Latin America where the basic data would be deficient and the results too restrictive in character to meet the objectives in mind.

3. Direct Price Comparisons

The third method to be discussed is that classically used in the inter-temporal comparisons of prices for a city or a country: viz. the selection of a basket of goods and services which is priced at the

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13/ It should be noted that the study referred to one class of salary-earners only, and not to people in general.

various points of time, the component items in the basket being combined in such a way as to reflect their relative importance within the aggregate (the comparison of the aggregates in each time-period affording the basis from which the inter-temporal index numbers are obtained).

While such a method is commonly used for indexes of retail prices, wholesale prices, market prices of shares, rents, wage or labour costs etc., it is not so easy to apply inter-spatially. In the first place, its accuracy depends upon the identification of specific commodities for each point of comparison; and while this is generally a minor problem for inter-temporal indexes (since a commodity identified in one time-period can as a rule be identified again in succeeding time periods), this is not the case inter-spatially. In many cases, even if an item is described by the same name, it may be of quite different quality in two countries or it may be marketed under completely different conditions. When more countries are included in the comparison, the problems of identification are multiplied proportionally.14/

In the second place, the combination of items so as to accord appropriate importance to each is complicated by the widely varying consumption patterns which exist as between countries. For a wholesale or retail price index, the difference in the relative importance of commodities for successive time-periods is not sufficient to cast doubts on the validity of the index unless the time-periods are extended too far (e.g. ten or more years) or unless some fundamental change has occurred in the meantime (e.g. the outbreak of war). Inter-spatially, the difference in consumption patterns between countries (and even for cities within the same country) is, however, usually appreciable; and if income levels, climatic and geographic conditions, tastes and customs, tax structures, transport costs and, above all, the relative cost of producing the items differ to any extent, the consumption patterns can be so divergent that the adoption of any common weighting system becomes problematical.

14/ It should be noted however, that in the field work done by ECLA it was found that the extension of the study to include more countries often simplified the problem of locating comparable items. This was particularly true for machinery and equipment, where "common" items could be selected and quality differences allowed for in subsequent price adjustments. He also applied in the case of "unique" products which, while not available in two selected countries, could be found in a third country for which meaningful price relationships vis-à-vis other products could be calculated.

The third factor which distinguishes inter-temporal from inter-country comparisons is the expression of prices and values in different currencies. Thus, while in country A the price of commodity i can be compared directly with that of commodity j (and similarly in country B), the comparison of prices for commodity i in countries A and B (or commodity join the same two countries) is complicated by the use of different monetary denominators.[15/] The magnitude of the conversion factor required to express prices in a uniform or common currency is the unknown which this study is designed to measure.

The final difference between inter-temporal and inter-spatial comparisons of the kind envisaged in this study is the scope and the nature of the investigation. For wholesale price indexes, the comparison is limited to transactions at that level; for cost-of-living studies - or more correctly consumer expenditure comparisons - the enquiry relates to the final goods and services which are destined for consumption by private individuals - thus excluding government expenditure as well as investment. Also for cost-of-living indexes, more generalized assumptions may be made regarding items for which no data are available (thus, if no price or unit-cost figures are readily available for education or vacation expenditure or if difficulty exists in identifying a representative type of furniture or of personal services, these items can be assimilated to similar ones or an assumption made that their prices would vary for each point of time in the same way that other prices have varied). Imputation for missing price data cannot usually be made with such ease in inter-spatial comparisons since the price movement

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15/ It may be noted that in constructing world indexes of agricultural production, the Food and Agricultural Organization endeavoured to circumvent the problem by expressing prices of agricultural products as relatives of the price of a selected commodity - wheat. With the latter price as a common base in all countries, weighted averages of the various price relatives were constructed so as to provide world averages. The problem of converting to a common denominator is not, however, solved in this way as the procedure assumes that the price of wheat in all countries adequately reflects the purchasing power (or the "worth") of currencies in those countries. Such an assumption may have had some validity in the 1934-38 period used as the FAO time-base; but it is certainly not so at the present time.

of individual items rarely conforms to any strict pattern. Lastly, it should be observed that while consumer expenditure indexes refer to a specific income class (e.g. wage-earners in a particular city) the inter-country comparisons of the kind contemplated in this enquiry should ideally give results which are representative of all classes within the community - failing which they could not be considered fully representative of the country.

Because of difficulties in obtaining either strict identity in commodities used or comprehensive data for weighting purposes, inter-country price comparisons using the common-basket approach have in many cases been restricted to one class of consumer goods - namely, foodstuffs. In other cases, the scope of the comparison has been enlarged to include clothing and, with difficulty, rent.[16/] Only in post-war years have the calculations extended to cover all consumer expenditure;[17/] while as far as investment goods are concerned, these have been included only in the comparisons made by Gilbert, Kravis and associates for the OEEC.[18/] Although food prices may be informative for the consumption of real wage levels (food representing between 40 and 50 per cent of consumer expenditure in most Latin American countries), the variations between the levels for food prices and for other prices is often very great indeed. A study based on food only is therefore subject to serious limitations. Likewise, since investment represents about one-quarter or one-fifth of total expenditure, and no reason exists for assuming that the prices for investment goods in Latin American countries would conform to the patterns for food or other consumer goods, the omission of this sector could affect the representativity of the results to a substantial degree. The problem of

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16/ See Technical Notes, section 1.

17/ Notably the study of the High Authority of the European Coal and Steel Community published in Informations statistiques, Vol. 2, No. 5, August-September 1955 (Luxembourg).

18/ An International Comparison of National Products and the Purchasing Power of Currencies, M. Gilbert and I.B. Kravis: OEEC (Paris) 1954; and Comparative National Products and Price Levels, M. Gilbert and Associates: OEEC (Paris).

/covering all

covering all classes of expenditure, including investment, is a practical rather than a conceptual one since, in the same way that (theoretically at least) an appropriate basket of consumer goods and services can be selected, so a basket of investment goods comprising tractors, trucks, lathes, generators, roads and buildings can be priced in the different situations in order to yield inter-temporal or inter-spatial comparisons.

Other practical problems also exist - as in determining the weights which can, or should, be used. These are discussed elsewhere. For the moment, the assumption is made that both price data and quantity data can be obtained (an assumption not always valid under Latin American conditions); and that the basic problem is how they should be combined in order to provide average price relatives and an evaluation of comparative purchasing power.

Chapter III

THE CHOICE OF A FORMULA

1. Basic equations

In the elaboration of index numbers for inter-temporal or inter-spatial comparisons, two variations of a basic formula are commonly used. The first involves quantity weights and may, in its most elementary form, be expressed as:

$$\bar{P}_{ko} = \frac{\sum_i W_i \cdot p_{ik}}{\sum_i W_i \cdot p_{io}}$$

Where K and O are two countries being compared;

$\bar{P}_{ko}$ is the price relationship of country K to country O;

i is any item ($i = 1,2,3, \ldots\ldots$ n items);

W is the weight given to various items;

P_{ik} and P_{io} are the prices of item i in countries K and O respectively.

The second alternative involves the application of some chosen weights (usually values) to the ratio of prices for each item in the various situations - the formula in elementary form being:

$$\bar{P}_{ko} = \frac{\sum_i W_i \cdot \frac{p_{ik}}{p_{io}}}{\sum_i W_i}$$

In the first instance, the quantity weights for the items being priced are generally those from either of the countries concerned or from some third source. If no problem of exchange rate conversion is involved and prices are already expressed in a common currency, the formula may then be expressed as either:

$$\bar{P}_{ko} = \frac{\sum_i q_{io} \cdot p_{ik}}{\sum_i q_{io} \cdot p_{io}} \quad \text{(using weights of country O);} \quad \ldots\ldots\ldots\ldots \quad (1)$$

or

$$\bar{P}_{ko} = \frac{\sum_i q_{ik} \cdot p_{ik}}{\sum_i q_{ik} \cdot p_{io}} \quad \text{(using weights of country k);} \quad \ldots\ldots\ldots\ldots \quad (2)$$

/or $\bar{P}_{ko}$ =

or $$\bar{P}_{ko} = \frac{\sum_i q_{ij} \cdot p_{ik}}{\sum_i q_{ij} \cdot p_{io}}$$ (using weights of some third source J. e.g. average regional quantities) ..... (3)

where q_{io}, q_{ik} and q_{ij} are the quantities consumed of item i in the situations O, K and J respectively.

If the second alternative is adopted, the values used as weights are as a rule again chosen from one of the countries concerned or from a third source. Expressing values as a product of quantities and prices, the formulae may be expressed in the alternative ways:

$$\bar{P}_{ko} = \frac{\sum_i q_{io}\, p_{io} \frac{p_{ik}}{p_{io}}}{\sum_i q_{io} p_{io}}$$ (with weights of country O) ..... (4)

or $$\bar{P}_{ko} = \frac{\sum_i q_{ik}\, p_{ik}}{\sum_i q_{ik}\, p_{ik} \frac{p_{io}}{p_{ik}}}$$ (with weights of country K) ..... (5)

or $$\bar{P}_{ko} = \frac{\sum_i q_{ij}\, p_{ij} \frac{p_{ik}}{p_{io}}}{\sum_i q_{ij}\, p_{ij}}$$ (with weights chosen from a third country or region J) ..... (6)

A few points need be noted:

(a) In equation (4), the formula corresponds to the Laspeyres type index; in equation (5), to the Paasche type (the geometric crossing of these two calculations resulting in a Fisher type index).

(b) Theoretically, equations (4) and (5) are equivalent to equations (1) and (2). In practice, this holds true only if values and prices have been obtained consistently, i.e. if the prices used as price relatives are the same as those used to determine value weights. (In most place-to-place and even time-to-time comparisons, the two prices are <u>not</u> usually identical.)

/(c) The

(c) The use of third country weights in expression (6) makes correspondence with expression (3) impossible unless the prices in country K are compared with those of the third country J - in which case (6) becomes identical in form with (4). The point is important if regional weighting is to be used.

For the above expressions, the assumption has been made that prices are already in the same currency and that no conversion problem is involved. Since the parity exchange rate is by definition that which equates the price levels in two different countries, the application of the formulae to data expressed in different currencies will give a measurement of the parity exchange rate, providing always that "i" extends over the whole range of goods and services, including investment. In this case, the parity exchange rate E_{ko} for country K in terms of the currency units of country O is equal to the inverse of the price ratio $\bar{P}_{ko}$.[19]

$$\text{i.e.} \quad E_{ko} = \frac{1}{\bar{P}_{ko}} \quad \ldots\ldots\ldots\ldots\ldots\ldots\ldots \quad (7)$$

$$\text{and} \quad E_{ok} = \bar{P}_{ko} \quad \ldots\ldots\ldots\ldots\ldots\ldots\ldots \quad (8)$$

These formulae merely state the number of currency units in the one country which have to be "exchanged" for currency units of the other country in order to make the cost of a representative market basket equal in the two situations. Extending this one step further, if the parity exchange rate E_{ko} (which expresses the currency of country K in units of O's currency) is applied to the prices used in any of the formulae (1) to (6), and "i" extends over all items, the result must be unity (or parity) for the equations. For example (using quantity weights chosen from the patterns of country O):[20]

$$\frac{\sum_i q_{io} \cdot (p_{ik} E_{ko})}{\sum_i q_{io} \cdot p_{io}} = 1 \quad \ldots\ldots\ldots\ldots\ldots\ldots\ldots \quad (9)$$

19/ As indicated elsewhere the sign "-" above a symbol signifies an average for all the commodities (or countries) concerned.

20/ If weighting is from country K or from any other country J, the equations would be in a form similar to (2) and (3) or (5) and (6).

/or (if

or (if value weights from the same base country are used):

$$\frac{\sum_i q_{io} \cdot p_{io} \frac{p_{ik} \cdot E_{ko}}{p_{io}}}{\sum_i q_{io} \cdot p_{io}} = 1 \quad \ldots\ldots\ldots\ldots\ldots\ldots \quad (10)$$

Should some other exchange rate (not being the parity rate) be used, the results will not give unity, but will provide an index of prices applicable for that particular rate of exchange (a different exchange rate naturally providing a different index). The reciprocal of this index is the purchasing power equivalent for the two countries when using the given exchange rate. The result may alternatively be interpreted as the coefficient which should be applied to the given rate of exchange in order to obtain a parity exchange rate (since, in correcting the given rate, the index now becomes unity). Where the calculations do not extend over the whole range of goods and services we obtain a price index for each group or sub groups, the reciprocal of which is the purchasing power equivalent for that group measured in accordance with the given rate of exchange.

2. Multilateral comparisons

As observed in the previous chapter, interspatial comparisons have in most cases been limited to a series of binary relationships - using first the weights of one country and then of another - thus endeavouring to avoid the selection of a common basket of goods and services which has appropriately assigned weights for each item. The consequence has generally been a confusing series of alternative solutions, some applicable to one situation and some only to another. In the study made by the High Authority of the European Coal and Steel Community,[21] these were, for instance, no fewer than thirty results indicative of the binary relationships of six coal-producing areas, and forty-two results for the seven areas producing steel - over seventy solutions in all when six mutually -

21/ Op. cit.

convertible solutions would perhaps have been the ideal. In the work of the OEEC, a commendable attempt was made to reduce the number of alternative answers by adopting average weights for European countries vis-a-vis the United States; and while the formula used in their first study[22] allowed the United States weighting patterns to influence intra-European comparisons, this shortcoming was rectified in their later work.[23]

Compromise solutions have been attempted by some organizations, arrived at by geometrically crossing the results obtained first with one set of country weights and then the other. While this may be justifiable for calculations where a binary comparison is the main interest, it in no way solves the problem of intra-regional comparisons where as many as twenty countries are of equal interest. As the ILO states: "Despite the popularity of Fisher's formula for place-to-place comparison, it has no objectively verifiable claim except in its ability to satisfy the rather arbitrary factor-reversal and time-reversal (or price-reversal) tests".[24] The ILO rightly pointed out the limitations that apply for the formula of a compromise type when the adoption of alternative weights result in answers of the opposite sign (country A being higher than country B with one set of weights but lower than B with the other).

Another compromise solution which has often been advocated[25] is the chaining of countries in a way which utilizes the binary comparisons between each of them, or between groups of them (as when countries have been arranged in zones or blocks, and all countries within that block are compared with a common country - the common country in turn being compared with a similar country in another block). This method was, however,

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22/ An International Comparison of National Products and the Purchasing Power of Currencies, op. cit.

23/ Comparative National Products and Price Levels, op. cit., pp. 153-7.

24/ The International Comparison of Real Wages, International Labour Office (Geneva), 1956, p. 36.

25/ e.g. by Everett E. Hagen of the Massachusetts Institute of Technology in his Comment on The Scope of Economic Activity in International Income Comparisons, (by I. B. Kravis), Studies in Income and Wealth, National Bureau of Economic Research (New York), Volume 20, p. 385.

rejected by the Fourth International Conference of Statisticians held in Geneva in 1931; and there are no new reasons why it might be considered justifiable in the present study.

A somewhat different approach based on a multilinear comparison of price levels amongst groups of countries was suggested by Dorothy Brady and Abner Hurwitz of the Bureau of Labor Statistics who reasoned that: "Just as in many problems of geometry the move from two to three or more dimensions reduces the number of indeterminate solutions, an increase in the scale of price comparisons might limit the number of answers to the same question".[26/] Basing their methodology on an approach advocated earlier by Smith and Jablon,[27/] they advocated the estimation of comparative purchasing power by a series of successive approximations which, when applied to the exchange rate used in the preceding step would gradually achieve parity in the price relationships for the group of countries. The fundamental characteristic of their solution was the comparison of the national price of each item (converted at exchange rates which gradually approximated the parity rate) with the weighted average of all available prices for the same item in all countries in which it was consumed. The calculations appended to the article of Mrs. Brady and Hurwitz are not as convincing as the text of their study. Nevertheless, the method they advocate has much to recommend it, and merits more attention than it has so far received by research workers in this field.

An alternative solution along rather similar lines was developed by R. C. Geary and included in a paper presented at the United Nations Seminar on National Income Statistics held at Rio de Janeiro in 1959.[28/] Geary's approach consisted in solving simultaneously a number of equations - one for each country - which realted the exchange rate to the price of each

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26/ Measuring Comparative Purchasing Power, Studies in Income and Wealth, Volume 20, National Bureau of Economic Research (New York), 1957.

27/ Described in a master's thesis by John O. Coleman: An Inquiry into the Problem of International Comparisons of Food Costs, The American University, June 1953.

28/ A Note on the Comparison of Exchange Rates and Purchasing Power between Countries; also Nuevo Método de comparación del poder adquisitivo de las monedas de diversos países, Seminario de las Naciones Unidas sobre Cuentas Nacionales para América Latina, Rio de Janeiro, 11-26 de junio de 1959, United Nations (New York), pp. 519-528.

/item as

item as compared with an "international" price - quantities consumed being introduced for weighting purposes.[29] The method was applied to the data collected by the High Authority of the European Coal and Steel Community,[30] and exchange rates were calculated which reduced the number of solutions from thirty to five (the sixth country, Germany, being used as the point of reference). The results of the calculation emphasized the desirability that parity exchange rates be mutually convertible; but the question must be asked if the method used to combine national data and solve the set of simultaneous equations could be practibable for an area like Latin America where twenty or more individual countries are involved. It certainly seems that the magnitude of the undertaking would necessitate the use, not of ordinary machine tabulating methods adopted for the European countries, but of electronic computers - which at the present time would be impracticable and excessive in cost for most national or international organizations and certainly for ECLA.

A first essential of any formula is, then, that it be practicable; and much though the approaches advocated by Mrs. Brady and Hurwitz or Geary have to recommend them, they cannot be considered if the amount of work involved is beyond the capabilities of the investigating agency. On the other hand one cannot accept a binary-type comparison if the results are unsatisfactory for the purpose of the investigation. The binary comparison is particularly objectionable if the two countries are measured relative to a third country in such a way that the price or quantity pattern of the third country affects the results. The problem is very similar to that encountered for time-to-time indexes when the comparison

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29/ The basic equations were:

$$C_i = \frac{\sum_k E_k \, p_{ik} \, q_{ik}}{\sum_k q_{ik}} \quad (i = 1,2,3 \ldots\ldots\ldots n \text{ items})$$

and

$$E_k = \frac{\sum_i C_i \, q_{ik}}{\sum_i p_{ik} q_{ik}} \quad (k = a,b,c \ldots\ldots\ldots m \text{ countries})$$

(where C_i is the international price of commodity i in a chosen currency; E_k is the number of currency units of the chosen currency equivalent to a unit of the national currency; and other symbols retain the significance to them in this chapter).

30/ Op. cit.

/of two

of two periods, neither of which is the base period, may be seriously affected by structural changes which have taken place since the base period. The adoption of the "third country" weights may thus give an unrealistic importance to the various items which are priced. The use of European weights, or United States weights for comparing the prices of Brazil with, say, Argentina, would inevitably lead to inconsistences or abnormalities since the expenditure patterns of the countries in question are so divergent. Except for special objectives, third country weights should not therefore be introduced into the formula.

The situation is different if the "third country" weights are averages for the countries being compared (as in the second of the OEEC studies relating to selected European countries).[31/] Conceptually the use of average regional weights has much in its favour since it represents the consumption pattern with the greatest similarity to, or the least variation from, the patterns of the individual countries. The approach is, above all, practical, while alternative approaches, or other weighting systems, may not be. For only a few countries in Latin America have adequate expenditure surveys been conducted; cost-of-living indexes have in most cases a limited breakdown and apply only to a selected part of the community; the country-detail of investment is confined to the broad aggregates for each type of investment which is specified separately in national accounts. For some countries (e.g. Uruguay), nothing exists which can be used with confidence for weighting purposes. The adoption of separate weights for each Latin American country is thus a virtual impossibility under present statistical conditions. On the other hand, if national accounts data are judiciously combined with the consumer expenditure or cost-of-living material available for each country, and if, where need be, certain assumptions are made that the distribution of expenditure would be the same in one country as in a similar one ("similar" referring either to income level, or to climatic and other living conditions), it is possible to work out for Latin America a weighting pattern which reflects the "average" expenditure for each item within the region as a whole.

31/ Comparative National Products and Price Levels, op. cit.

/Finally, it

Finally, it must be noted that the adoption of common regional weights gives results which are logical, easily understood and, above all, usable for a study of this kind. The purchasing power equivalents and the parity exchange rates are reduced to a minimum number of solutions; and these are applicable in a convertible (or reversable) form for all countries within the group.

3. The computation of regional averages

The adoption of regional averages - whether these be regional prices, regional quantities or regional values - raises the question of how the averages should be computed. More specifically: "Should they be calculated in such a way that countries like Brazil and Argentina with the greatest population and the greatest economic resources dominate the results by virtue of the weights assigned to them, or should each country be considered of equal interest and of equal importance in the study?" The answer lies in the objectives of the study. If it were to be a comparison of Latin American prices with those in Europe or the United States, the larger countries should certainly influence the regional total directly in proportion to their population or to their economic resources.[32/] For an intra-regional comparison of prices of purchasing power, the position is somewhat different. As previously stated, the purchasing power of a nation's currency can be expressed as the amount of goods and services (or the amount of satisfaction) which a unit of currency will buy. For one country compared with the next the comparative purchasing power is the amount which a person with a unit of currency can buy in the first country relative to the amount bought by a similar individual with a unit of currency in the second country. Each individual is of equal importance and our concept is a per capita rather than a total one. Accordingly, if "average quantities" are to be obtained for weighting purposes, they must be obtained in a manner consistent with this approach and must be the arithmetic average of the quantities which the representative individual can buy with the income available to him in

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32/ As in compiling regional prices for Latin American exports, when the weights for each country are proportional to the importance (in terms of value) of its export trade.

/each of

each of the various countries. Similarly, the concept of "average values" must relate to the average spent by the representative individual in each of the countries, and will accordingly reflect the level of per capita income (but not of total income) in the countries concerned.

Finally, the concept of an "average regional price" (though it will not be used by ECLA in the earlier stages of this investigation since it assumes the existence of exchange rates adequate for converting prices to common denominator) should, for the purposes of inter-country comparisons, relate to the unweighted average of prices for the same commodity or service in all countries of the region - notwithstanding the contrary viewpoint expressed by other investigators (notably OEEC, The High Authority of the European Coal and Steel Community, Geary, Brady and Hurwitz, etc. who favoured the weighted average).33/

4. Conclusions

Considering, then, the questions of practicability as well as theoretical desirability, the formula most suitable for comparing price-levels within Latin America, for calculating purchasing power equivalents and for establishing parity rates of exchange is considered to be:

$$E_{ok} = \bar{P}_{ko} = \frac{\sum_i q_{i\bar{o}} \cdot p_{ik}}{\sum_i q_{i\bar{o}} \cdot p_{io}} \quad \ldots\ldots\ldots\ldots\ldots\ldots\ldots \quad (11)$$

where o is any country within Latin America;

$\bar{o}$ is the average of all countries in Latin America; and other symbols maintain the significance that they have previously had in this study.

33/ On the other hand James Tobin of Yale University, when commenting on the method advocated by Mrs. Brady and Hurwitz, drew attention to the danger that "a large country may so dominate the calculation... that the model gives a fixed-weight index with the large country's quantities as weights". (Problems in the International Comparison of Economic Accounts, National Bureau of Economic Research, Studies in Income and Wealth, Volume 20, p. 345).

/The following

The following observations may be pertinent:

(a) The formula compares the cost of a regional quantity basket ($\sum_i q_{io}$) in any given country K, with that of some other country (o = a,b,c ..... m countries). K or O may be any country within the group and the results are mutually convertible. The parity exchange rates which emerge will therefore give a unique set of relationships between all Latin American currrencies - the result which is aimed for.

(b) The price denoted by p_{ik} and p_{io} is the market quotation for any item "i" in national currency - "i" being a final consumption or investment product for the countries concerned (i = 1,2,3 ..... n items)

(c) The quantity weight q_{io} is the per capita consumption (in quantity units) of item "i" averaged for all countries of the region.

$$\text{i.e.} \quad q_{io} = \frac{1}{m} \cdot \sum_m \frac{q_{io} \cdot p_{io}}{N_o \cdot p_{io}} \quad (o = 1,2,3 \ldots\ldots\ldots m \text{ countries}) \qquad \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots (12)$$

where N_o is the population of country o, and $q_{io}p_{io}$ is the total expenditure on item "i" in the same country ($\frac{q_{io}p_{io}}{N_o}$ being accordingly the per capita expenditure on item "i").

(d) The parity exchange rates (E_{ok} and E_{ko}) can be calculated only if i extends over all goods and services. The parity rates then correspond to the purchasing power equivalents $\bar{R}_{ok}$ and $\bar{R}_{ko}$ of the currencies in countries O and K respectively. These in turn equal the reciprocal of the price relation for all items in the two countries concerned.

$$\text{i.e.} \quad E_{ok} = \bar{R}_{ok} = \frac{1}{\bar{P}_{ok}} = \bar{P}_{ko} \qquad \ldots\ldots\ldots\ldots\ldots\ldots (13)$$

$$\text{and} \quad E_{ko} = \bar{R}_{ko} = \frac{1}{\bar{P}_{ko}} = \bar{P}_{ok} \qquad \ldots\ldots\ldots\ldots\ldots\ldots (14)$$

(e) As the basic formula is expressed in aggregative form, the results may be obtained by summating sub-groups, groups and sectors. For each of these, an inter-country price ratio or a purchasing power equivalent can be computed. A parity exchange rate cannot, however, be computed at the group or sector level since, by definition, it applies only to the total expenditure transactions in a country.

/(f) In

(f) In the basic formula, prices are expressed in national currencies since this gives the most direct evaluation of purchasing power equivalents and (in the case of total expenditure) the parity exchange rate. For some purposes, it may be desirable to introduce a prevailing exchange rate so as to convert prices in the various currencies to a common denomitaror. This does not affect the validity of the results, but merely changes the interpretation. The formula now becomes

$$\bar{P}'_{ko} = \frac{1}{\bar{R}'_{ko}} = \bar{R}'_{ok} = \frac{\sum_i q_{io}(p_{ik}.E'_k)}{\sum_i q_{io}(p_{io}.E'_o)} \quad \ldots\ldots\ldots\ldots\ldots\ldots (15)$$

where E'_k and E'_o are the conversion factors necessary to put prices of K and O in a common currency;
$\bar{R}'_{ko}$ is the purchasing power equivalent of K to O when the exchange rates E'_k and E'_o are applied;
$\bar{R}'_{ok}$ is the purchasing power equivalent of O to K using the same exchange rates; and
P'_{ko} is the price ratio for countries O and K, again when the exchange rates E'_k and E'_o are applied.

This variation to the basic formula does not provide a direct evaluation of the parity exchange rate. However, since $\bar{P}'_{ko}$ measures the relative level of prices between the two countries when exchange rates E'_k and E'_o are employed, it represents the correction factor which must be applied in order to equate the selected and the parity exchange rates.

i.e. $$E_{ok} = E'_{ok} \times \bar{P}'_{ko} = \frac{E'_{ok}}{\bar{P}'_{ok}} \quad \ldots\ldots\ldots\ldots\ldots\ldots (16)$$

and $$E_{ko} = E'_{ko} \times \bar{P}'_{ok} = \frac{E'_{ko}}{\bar{P}'_{ko}} \quad \ldots\ldots\ldots\ldots\ldots\ldots (17)$$

/B. PROCEDURE

B. PROCEDURE

Chapter I

THE DESIGN OF THE PROJECT

1. The scope of the enquiry

For any statistical investigation a first essential is the definition of the field to be covered and of the component sectors. To a large extent, the decision will depend on the objectives of the enquiry and the considerations which are of greatest importance in the final analysis.

In the classical cost of living enquiry, the initial question to be asked is (to quote Professor Kravis[34/]) "What expenditure in situation A is necessary to yield an equivalent level of well-being in situation B?" "Well-being" has of course to be defined. Should it, for instance, include access to culture, arts, recreation facilities, availability and efficiency of public or personal services, or should it be limited to those attributes which command a monetary value in the countries concerned? Should a person with an income which enables him to buy precisely the same goods and services in Venezuela as in Bolivia be treated as enjoying a similar level of well-being? On the one hand he might consider his well-being affected by the altitude, in the other case by the climate. The extent to which health factors, working conditions, housing availabilities, personal satisfaction or preferences have to be considered is an open question, the accepted practice being to take into account only those elements which have a monetary value or could be assigned one.

34/ The Scope of Economic Activity in International Income Comparisons, National Bureau of Economic Research, Studies in Income and Wealth, Volume 20, p. 351.

/In this

In this study it was decided that only final products which can be bought and sold should be covered, including capital goods and durable consumer goods.[35] This means that current goods and services purchased by the Governments are included as well as governmental investment, seeing that, in maintaining a health sercice or providing protection, education, administrative services, roads, bridges, public buildings, etc., the Government is acting on behalf of the individual inhabitant, financing the cost out of funds provided directly or indirectly by the people.

The field of the enquiry thus covers the following items of national expenditure:

(a) Goods and services purchased by individuals for final comsumption.

(b) Goods and services purchased by Governments to provide collective services to the inhabitants.

(c) Fixed investment of individuals.

(d) Fixed investment of the Government.

Changes in inventories are not included, because they do not reflect monetary transactions which actually take place.

2. Preliminary investigations

Because of the magnitude of the study and the large number of difficulties to be surmounted, a certain amount of experimental work was considered essential before finally deciding on the design of the investigation and the detailed methodology which would be applied both in the determination of prices and of quantity weights as well as in the elaboration of results. To a large extent this decision was influenced by the lack of usable statistical material for nearly all aspects of expenditure, and specially in the case of consumer durable equipment and investment goods. A pilot study was accordingly conducted in 1958 for two countries - Brazil and Chile - so as to ascertain the types and models of investment goods which were available in both places and to establish a list of durable goods

35/ It may be observed that in accordance with accepted national accounting practices, final products must include goods consumed by the producer (e.g. food on farms); also the imputed rent for owner-occupied houses.

/which could

which could be considered representative of investment patterns in the region - information being gathered regarding technical specifications, conditions of sale and prices ex-factory, ex-rail, ex-port or at the point of distribution. No attempt was made to combine the price material into over-all totals or to establish inter-country relationships since the work was entirely of an exploratory nature designed to ascertain the difficulties which would be encountered when the enquiry was extended to all parts of Latin America.

For consumer goods, studies of retail price levels and the pattern of expenditure in Chile had already provided ECLA with a certain amount of practical knowledge regarding the problems involved and the solutions which might be attempted. During 1959, experimental work was carried one step further in an unpublished study which was designed to afford an indication of the level of real wages in three countries - Panama, Venezuela and Colombia. The retail price material collected by national statistical offices, together with weighting patterns used for the cost-of-living indexes in each of the capital cities provided the main information upon which relative price levels for the year 1958 were based. At the same time, the material was co-ordinated with other data, taken mainly from the ILO Yearbook of Labour Statistics (for food) and from the United Nations Statistical Office investigations of retail price levels for international salary determination purposes[36/] in order to obtain preliminary estimates of the parity exchange rates applicable to the currencies of a number of Latin American countries.

Profiting by the practical aspects of studies made by other investigators - notably Gilbert and Kravis of the OEEC[37/] - ECLA in 1960 expanded its work into a more ambitious project which could eventually cover all Latin American republics and afford a link with countries or regions in other parts of the world where similar studies might be carried out.

36/ Statistical Papers, Series M N° 14, Add.1 and Add.2 (United Nations Publications, Sales N°: 1954.XVII.1 and 59.XVII.4, respectively.

37/ Op. cit.

3. The general plan

Because of the difficulty of covering all countries completely at one and the same time, the investigation was divided into various stages. The first phase covered the capital cities of nine selected countries, including notably those where inflationary price movements could invalidate the analysis and conclusions if the period in which prices were collected was too distant from that used for weighting purposes. This stage was completed during 1960 and the results were presented at the ninth session of the Commission as document E/CN.12/589.

For the second stage, it was planned that the work would extend to the capital cities in the remaining Latin American countries and provide a first approximation of the price relationships and the purchasing power equivalents for all countries in the region. It was hoped that, at the same time, some indication could be obtained for similar relationships vis-à-vis the United States, Canada or some European country. The present document is the culmination of this work.

A third stage (yet to be commenced) would provide for amplification of the study to include other cities or zones within a country where different price patterns ought to be taken into account in order to make the data fully representative of the country as a whole. Work should also be completed for such sectors as governmental expenditure or investment where problems still remained after completing the first two stages. The combination of all three stages would then give reliable results for all countries throughout the region and at the same time provide a means for calculating sub-regional and regional totals. The extension of the study to include dependent territories as well as the newly independent nations of Jamaica and Trinidad was, in view of the interest expressed by various representatives, at the ninth session considered to be a desirable feature which could be incorporated without difficulty during any of the later stages of the work.[38] Greater difficulties appeared to present themselves

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38/ A certain amount of exploratory work has already been carried out in British Guiana, Jamaica and Trinidad.

in relating the results to extra-regional territories in Europe, Africa or Asia because of the conceptual, methodological and practical problems involved as well as the limited resources at ECLA's disposal.

In the same way the broadening of the study (envisaged in ECLA's resolution 197 (IX) so as to include relationship between price, wage and income levels, and an analysis of the causes underlying the difference in the price structure of each country, was, through lack of resources, left pending.

4. The selection of items

Since practical considerations necessarily ruled out the possibility of obtaining prices for all items of expenditure in any country, the initial step in the practical work was the selection of those items which were individually the most important and those which could be considered representative of important groups of items or "product-classes". A procedure such as this is universally adopted for inter-temporal price indexes - on the assumption that the price movement over time for one item will tend to be the same as the price movement over time for similar items. While the same reasoning may not be true where inter-spatial price indexes are concerned, there is nevertheless a marked positive correlation between the price levels of similar items in two or more locations even if these be in different countries. (For instance, if first-quality meat is x per cent higher in city A than in city B, the probability is that second-quality meat is also x per cent higher.)

The consumer price material available for some Latin American countries - notably Panama, El Salvador, Peru, Ecuador and Chile - was found to provide a certain amount of information regarding the items which were important in a family budget. Unfortunately, only one family expenditure survey (conducted by Colombia in 1952) was available in very great detail; while in most cases, only a few representative items in main groups were specified. Certain expenditure categories - notably education, hotels and restaurants, and to a large extent consumer durable goods - were omitted entirely from the expenditure surveys and the cost-of-living indexes. In order to obtain

/an adequate

an adequate expenditure breakdown within the framework of the available material, items used by the United States Bureau of Labor Statistics for its consumer price index and by the United Nations Statistical Office and the International Labour Office in their comparisons of international price levels were examined. In addition, a certain amount of field work was also carried out to ensue that all aspects of consumer expenditure were fully covered.

For investment, virtually nothing of a detailed nature was directly available from national statistics, other than information on imports of machinery and equipment. The work done by Gilbert and Kravis from the OEEC[39/] did, however, privide a useful list of machinery and equipment items which served to supplement the investigations ECLA had already carried out in Brazil and Chile. The main difficulty centered around construction, since investment in roads, buildings, etc., is influenced to a large extent by wage costs. Two approaches were therefore chosen - the pricing of individual materials used - cement, timber, etc.; and the pricing per square metre, or per unit, of the finished construction (e.g. cost per square metre of paved roading). In the case of industrial machinery, problems were encountered because of the large amount of equipment imported directly by the user to meet a specific need; while a sizable proportion of machinery entering a country in one year had no counterpart in the same country in other years, or in other countries in the same year.

In general, however, it was found that, despite the different climatic conditions, the differing levels of income and the different stages of economic development in Latin American countries, it was possible to select a list of items which were adequately representative of consumer expenditure and investment throughout Latin America. The number of important consumer goods which existed in some countries but not in all was limited in the main to tropical foodstuffs, to heavy winter clothing, to fuels (notably gas), and to certain forms of transportation. In general, ECLA experience thus suggested that the emphasis placed by theoreticians on the dissimilarity in availabilities of consumption items was out of all proportion to the number of items or the percentage of expenditure involved. Only in

39/ An International Comparison of National Products and the Purchasing Power of Currencies, op. cit., pp. 189-192.

/the case

the case of industrial machinery was the problem at all a serious one. Even here, it must be noted that, outside of a narrow range of industries, capital requirements for Latin American countries are satisfied by imports rather than by local production, and statistics built up from the import side suggest an alternative approach with comparable results even for those items which can be classified as only potentially available in a given country (duties, freight costs, handling charges, import mark-ups, etc. being in most phases relatively uniform as between different classes of machinery).

The further observation may be made that in many respects the more countries included in the enquiry, the easier it was to locate similar items elsewhere and to make adjustment for quality differences (a third country often providing a link between two countries in which alternative qualities - or alternative products - existed).

5. Classification by expenditure groups

A brief description of each commodity group used to subdivide consumer expenditure and investment into meaningful categories is given in the Technical Notes. In general, the classification adopted by ECLA followed the lines of the grouping most generally adopted in national income statistics, since these provided the framework for the weighting system used in this enquiry. The main groups and the number of items included in the price enquiry in each country were as follows:

For consumption

Food	:	110
Beverages, tobacco	:	11
Clothing and textiles	:	86
Housing	:	69
Transportation	:	25
Personal care	:	35
Recreation	:	33
Government services	:	12

/and for

and for Investment

Producer's equipment	:	50
Transport equipment	:	11
Construction	:	52

giving a total of 361 consumption and 113 investment items (many of the latter being subdivided so as to cover a range of sizes and designs).[40/] A subdivision of the broad groups was made in accordance with the breakdown most commonly available from family expenditure surveys which provided the secondary source of material used in calculating weights. In the case of investment, machinery and equipment, items were arranged as far as possible in accordance with the Standard International Trade Classification so that due advantage could be taken of information relating to imports into the various Latin American countries available in the trade publications.

Within the Government sector, it was unfortunately not usually possible to distinguish the goods and services which represented the end-use of the funds concerned, since most accounts were arranged along other lines, for example, "expenditure on defence" rather than "foods for troops, clothing, equipment, etc.". A further problem existed with education since governmental and private expenditure were frequently inter-related.[41/]

For this reason, no subdivision of governmental accounts (except into the broad sectors of public works, health, education, justice, etc.) was made.

6. Specifications

The problem of obtaining a specification sufficiently precise for each item of consumer goods to be identified accurately in each country was facilitated by the existence for Panama of a detailed set of such information for all items covered by its consumer price index. This material was supplemented for certain items with specifications elaborated

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40/ A certain number of items had later to be omitted from final calculations because of insufficient or inadequate price information in certain countries.

41/ While, generally speaking, private schools were financed by private individuals, and public (or governmental) schools by the Government, some expenditure by private individuals went towards the financing of public schools and some Government expenditure went to subsidize private schools.

/by the

for the International Labour Office for the purpose of comparing prices used for salary determination purposes; and although in many cases the items concerned were of higher quality than those envisaged for the Latin American enquiry, this was taken care of by suitably modifying the specifications in question.

Since prices are to some extent dependent on the cost of packaging, and are not directly proportionate to size, a selection of the alternative sizes available was made so that the variety of the items represented that which was purchased by a "typical" or representative family in each country. Thus, if coal was sold by the quintal or by the ton (with a smaller unit price for larger quantities), the quintal was preferred on the grounds that it represented better the typical purchase. (Similar examples exist in the case of canned or bottled goods, pharmaceutical products, toilet articles and in general all commodities where the method of packaging is influential in determining prices.) In other cases (e.g. consumer durable goods), the concept of a "typical" or representatnve family was adopted as a guide to the quality or the size of the item which was included in the study.

For investment goods, the sizes or models were specified to represent as far as possible those most commonly used in industry, commerce, agriculture construction, etc. - though in view of the difficulty in obtaining precisely comparable information, a greater latitude was given to the pricing agent, on the assumption that the necessary adjustment could be made later to take account of differing points of technical detail as between countries.

In the United States the volume of purchases commonly made for certain consumer and investment goods differed substantially from that usual in Latin America. Accordingly different sizes were selected as typical for some items purchased in that country. Thus, for construction materials, in Latin America the quantities purchased for a single house were considered appropriate for pricing purposes, but in the case of the United States the unit prices were based on the quantity of materials necessary for six houses. The prices in the United States and in the different countries of Latin America were in this way considered to be more realistic once transport charges, handling, packaging, discounts and such other factors as might influence the final price were taken into account.

7. The pricing-level

As already noted, the study has been designed to measure representative prices paid by the consumer or the investor in different countries. The level of prices for consumer goods is then, at the point of retail, inclusive of indirect taxes and net of subsidies which normally figure in the prices of the countries concerned, and after deducting all discounts which are made on a more-or-less general basis. (However, special discounts granted to selected customers or in accordance with abnormal sale conditions, e.g. for very large quantities, are ignored.) The concept thus relates to "market prices" rather than "factor cost" (which is the summation of the payments made to the various factors of production associated with producing and distributing the product).

In the case of investment goods, a large variety of price-levels exist - notably factory to dealer, dealer to distributor, distributor to sub-distributor, distributor to retailer, distributor to final user, retailer to final user, etc. Those price levels envolving subsequent resale were ignored in view of the concept of "final" price adopted for this study - similarly, purchases of the selected item which would be incorporated in other manufactured equipment (e.g. gasoline engines purchased by manufacturers of pumps or concrete mixers). Retail prices were rejected on the grounds that these constituted a very small part of final transactions - the bulk being purchases by producers (whether factory owner or farmer) directly from the local distributor of the item concerned.

For investment in construction, the selection of the point at which pricing should take place was more problematic because of the alternative conditions under which work was carried out. In some cases (as with small homes) the construction was effected on a "owner-builder" basis in accordance with which the owner purchased the materials and either did the work himself or employed workers to do it directly for him. In other cases, construction firms would finance the entire cost of the buildings and retain ownership. In the case of central and provincial governments, materials were frequently purchased directly by the governmental agency concerned, which would also provide the necessary labour. However, in many cases

/work would

work would be done on a contractual basis or (particularly in the case of housing) would be carried out specifically with the sale of the completed building in view. For both these alternatives, the logical item to be priced is the square metre of housing space, the kilometre of paved road, or the bridge of specified design. For the purposes of this study, ECLA therefore decided to use both approaches i.e. to obtain prices per unit of finished construction, and to obtain prices paid by constructors for materials used as well as the labour involved.

In general, from three to five prices were considered desirable for each item in each city covered so as to avoid distortions due to unrepresentative quotations. It was accordingly planned that, whenever possible, these quotations should be obtained in such a way that the income distributed within a city was adequately taken into account. The ECLA study in the case of consumer goods therefore aimed to select more prices from the working class ("obrero") districts, and only about one-third from the shops patronized by the employee ("empleado") class. Higher-income groups were attributed a correspondingly smaller share of price quotations, except for such items as consumer durable goods, furniture, etc., where the bulk of the expenditure originated from the more well-to-do inhabitants.

Chapter II

COLLECTION AND TABULATION OF DATA

1. The collection of price material

Two conflicting factors determined the lines which price collection took: (a) the need for local knowledge of shops, services, consumer preferences, marketing conditions, etc., and (b) the need for ensuring comparability between all countries (along with the related problem of assessing adjustments which might have to be made to the prices of each item so as to take account of differences in tastes, customs, marketing conditions, etc.).

Pricing agents familiar with local conditions were therefore appointed to collect prices in a specified month of the year for each of the cities concerned. As indicated in the previous chapter, precise specifications were drawn up for each of the 463 goods and services selected to represent consumer expenditure and 87 investment items in such a way that accurate identification of the item could normally be made in all countries. Instructions were formulated regarding the way in which data were to be obtained, the type of shop or outlet to be covered, the quantity of the item to be priced, the treatment of cash discounts, and the variations in specifications which might be permissible to meet local conditions.[42/] The collection of prices was followed up by a visit to the country by a number of ECLA's Statistical Research Section familiar with the work done elsewhere and able to make on-the-spot decisions regarding problems which might have arisen. This procedure was deemed essential in order to cope with the many price-influencing factors which existed because of local conditions, many of them being difficult to express in monetary terms. Certain items, such as housing, transportation and services could

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42/ For instance, the substitution of one type of furniture for another (price adjustments being later made to cover the quality differences).

not, for instance, be specified with sufficient precision to ensure strict comparability as between countries; and an element of subjective judgement had therefore to be introduced in order to ensure that similar goods or services were being priced. In some cases technical advice was sought either in the country concerned or upon return to ECLA headquarters when a careful appraisal of the material obtained for all countries could provide a basis for assessing price differences which were due to quality variation.

The sequence of countries for the collection of prices was determined by three factors:

(i) The ease or difficulty with which data in any particular area could be obtained;

(ii) The need to cover at a date corresponding as closely as possible to the weighting period (mid-1960) those countries where prices were subject to frequent change; and

(iii) The desirability of obtaining price data at two different points of time one or two years apart in order to study the problem of keeping results up to date (especially in those countries subject to inflationary price movements not shared equally by all sectors of the economy).

The dates at which the statistical material was collected and the cities covered by the enquiry are indicated in the Technical Notes.

2. Adjustment for quality differences

Three classes of items could be distinguished in the price material gathered in the various countries:[43/]

(a) Identical items

These conformed precisely to the required specification in all countries. They referred for the most part to well-known brands or particular models of merchandise which conformed to manufacturer's specification e.g. "Colgate toothpaste", "Kellog's corn flakes"; or

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43/ Adopting the terminology and the concepts referred to by Gilbert and Kravis in Empirical Problems in International Comparisons of National Product, International Association for Research in Income and Wealth: Income and Wealth, Series IV, pages 108-9.

a "Caterpillar D8 Tractor"; etc. In other cases, the identification was a conventional one since no qualitative or quantitative tests were practicable within the framework of this study, e.g. electricity, fuel oil, postal, telegraph and most other services (including doctors, dentists, domestic servants, hairdressers, etc.). Within this class were a large number of other items - particularly food - which although not precisely identical in all countries, differed in a very minor degree or in some intangible aspect (e.g. flavour) so that adjustment for price difference was impossible or unnecessary. In the same way, no account could be taken of variation in conditions under which goods were sold (e.g. the cleanliness of markets) even though considerable differences existed as between countries.

(b) Common items

While these items varied in some respects between countries, price adjustments could be made to take account of the points of difference Comparability was thus obtainable indirectly throughout the region. This applied particularly to durable goods, machinery and equipment where the makes or models differed somewhat as between countries, but not in a way which prevented an evaluation of the price element involved. (It might again be observed that if the difference for items in two countries was not measurable in monetary terms (e.g. flavour) or if the variations involved no cost element - such as the cost of producing an "artistic" or an "unartistic" piece of furniture -, the items were treated as identical).

(c) Unique items

These existed in only one or a very few of the countries concerned. Examples were common in the investment group, since many items (e.g. paper making machinery) could be located only in the more industrialized countries. In some cases, the item was one produced to satisfy local tastes or preferences - notably "maiz tupí" and "harina de mandioca" in Paraguay, "tortillas" in Mexico. In other cases its existence was determined, or influenced, by climatic conditions, e.g. mangoes, papaya and pacae in tropical countries; apricots, nectarines and chestnuts in the more temperate zones -, similarly heavy-weight (or light weight) clothing

/plus heating

plus heating (or air conditioning) for houses in the respective areas. Other examples could be found in the services groups - notably in the case of transportation where underground railways existed in one country, suburban trains, trolleys or boat-services in others.

In practice, it was found that virtually no items of importance in any one country were "unique" in an absolute sense. Most of the items in question were "unique" only if groups of countries were compared (e.g. tropical and temperate zones). However, in most cases some country could be found where equivalent items suitable for substitution purposes in the different groups of countries existed (e.g. in Peru) where both tropical and temperate zones foodstuffs were available. As a general rule the extension of the survey to cover additional countries also simplified the problem of obtaining comparable items in the various cities. Thus, while in the tabulations made in 1960 (published in document E/CN.12/589) "tortillas" were unique to Mexico, in the subsequent stage of the work, they were found to be common to all countries in Central America (as well as to Mexico). In the same way, a machinery model available in a given country could more readily be located elsewhere when there were twenty rather than ten countries in the enquiry. Even in the case of producers' equipment where a selected item (such as a weaving loom) was available for sale in one country only, a theoretical price could be built up with exactitude for remaining countries on the basis of information relating to the original cost, freight, insurance, taxes, handling charges and distributor's profits. Unique items which had no counterpart in any other country - e.g. the underground railway (metro) in Buenos Aires - were not of fundamental importance since they could be assimilated to items performing a similar function (e.g. trains or buses in the instance quoted). The problems involved in dealing with unique products were therefore found in practice to be very much exaggerated by theorists who have written on this subject.

So far as common items and identical items are concerned, it was found that much depended on the degree of detail included in the specification and the faithfulness with which price enumerators had

followed instructions. Where the items were adequately defined, identification was as a rule simplified and the necessity for price adjustments was eliminated. This was particularly true for those items where price was not proportional to size, and each size had to be treated as a separate variety or quality of the same item. In other cases, much depended on the interpretation of quality adopted by the enumerators (since what was considered "good" in one country would sometimes be classed as "inferior" or "average" in another). However, the verification of price data by ECLA staff members familiar with the data in other countries reduced the number of common products substantially and left fewer adjustments necessary for the achievement of precise comparability. Only in the case of house rentals, furniture, certain machinery items, labour costs involved in construction and governmental services did any serious doubts remain, once adjustments had been made for quality variation.

3. Correction for seasonal influences

The problem of seasonable price variation is one which can be solved only with an adequate knowledge of prices in all periods of the year. The comparison of a January price for tomatoes or pears in two countries may give a very unrealistic relationship when it is the peak season for one country and the off-season for another. Even for countries in the same hemisphere (e.g. Paraguay and Argentina), the adoption of the same month for the comparisons can lead to erroneous price relationships. To overcome this problem, ECLA deemed it essential to obtain price data in all months for fruit, vegetables, and other products where seasonality was important. Unfortunately the time and resources at ECLA's disposal limited the collection of this material and a system of correction coefficients was therefore devised as an interim measure which could put all prices on a comparable basis. For calculating these coefficients, information available monthly from national statistical offices was examined in order to provide, for various zones throughout the region, an index for each product, which would relate the level of prices in each month of the year to the level of prices during the month when the product was sold in greatest

abundance (or at the lowest price). The coefficients were then applied to the fruit and vegetables prices collected for each country in order to convert them all to a common (and hence comparable) basis. This device has a disadvantage in that, since the common benchmark is the month when prices are lowest, it takes no account of the spread of prices during the year. However, in those countries where a marked price range is evident it will usually be found that the bulk of the sales for the product covered occurs in a limited period of not more than three months, of which the month with the lowest price is normally the central point. The technique adopted was accordingly considered superior to any other available to ECLA at the present stage of this enquiry.

4. The calculation of weights

In accordance with the approach adopted, the use of a regional basket of goods and services involved a weighting system which evaluated correctly the relative importance of each item. When value weighting is used - as in time-to-time indexes of prices within a country - the problem is simplified since the percentage of total expenditure allocated to each item furnishes an acceptable estimate of its relative importance. With the system of quantity weighting chosen in this study, the situation was complicated by the fact that data were often expressed in different units of measurement; and even if the same unit was used, conversion could not be made directly from one item into equivalents of another (e.g. kilogrammes of pears into kilogrammes of apples). Conceptually, however, the principle of weighting proportional to the importance of items within the expenditure pattern still holds true; and the practical work for the study resolved itself into an evaluation in quantity terms of each item consumed by the typical individual or family.

For the present investigation, the estimation of quantity weights was accordingly carried out in three stages:

1. An evaluation of the personal or governmental expenditure for each item in each country was made on the basis of national accounts data, family living studies, import or production statistics and governmental budgets.

/2. The

2. The prices already collected in each country were divided into the corresponding value expenditure data in order to provide quantity figures for each item in each country.
3. The quantity figures for each item were summated regionally in order to provide averages of the quantities consumed in the region.

The following points may be noted:

(a) For no Latin American country was it possible to obtain values of personal expenditure broken down in the detail required for a study of this kind. National accounts statistics provided the basic figures for broad groups, e.g. food, clothing, industrial machinery and equipment construction, governmental expenditure, etc. In the case of consumer non-durable goods a sub-division of the values concerned had then to be made on the basis of family living enquiries where these existed; and for the consumer durable goods, machinery vehicles and other equipment on the basis of trade or production data. For private construction, information was obtained from architects and builders regarding the relative importance of the component materials as well as labour, while government accounts were used for the government sector. When national statistics were not sufficiently detailed to provide such fine discrimination as was required for this study, the sub-division was based on the expenditure pattern of a similar country.

(b) If a price was not available or was considered defective, a price based on that of some similar commodity was used. In a limited number of cases, the relationship of prices for two commodities in a similar country was used to make a price estimate. Where no suitable method of estimation was available, the value of the item was imputed to a similar item in order to maintain the correct importance of the group or sub-group. In no case were items omitted entirely from the weighting pattern if they were entered into the expenditure pattern of the country concerned.

(c) The imputation implicit in the selection and evaluation of representative items signified a certain amount of artificiality in the quantity weights. A consumption figure of 10 kg of lamb might for instance represent 9 kg of lamb actually consumed and 1 kg to cover, by imputation,

the consumption of goat meat for which no price was separately collected. Imputation of quantities is, however, essential in the weighting structure if the price of one item is to be considered representative of similar items - which is the method universally adopted in the construction of price indexes.

(d) Since the value of consumption for each item related to per capita expenditure, the quantity figures were likewise on a per capita basis. The summation and averaging of the quantities therefore provided data which represent the average of the amounts consumed per person in each of the countries covered by the enquiry.

(e) Since price figures have now been collected in the capital cities in all parts of the region, (excepting Cuba) the weights refer to the expenditure pattern of all nineteen countries covered by this enquiry. The pattern of United States expenditure has not been taken into account as this was not considered compatible with the main objectives of the study.

5. Calculation of the results

The formula chosen involves the application of prices in each country to a common basket of goods and services. Applying this approach, the ECLA calculations provided for each item in each country a valuation expressed in the currency of the country covered. Summating items in each country, totals for groups and sub-groups of expenditure were obtained. When each of these was related to a corresponding group or sub-group in another country, a purchasing power equivalent was derived for that group or sub-group (the "purchasing power equivalent" showing the number of units of currency in each country which buy equal amounts of the commodities or services in question). The aggregate of all groups provided the over-all purchasing power equivalent for each country's currency vis-à-vis that of another. This by definition equals the parity exchange rate applicable to the currencies of the countries concerned.

Alternative calculations were also made in order to provide results in conformity with the prevailing exchange rates. This in theory involved the application of the exchange rate to individual prices for each country

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in order to place all data on the basis of a common monetary denominator. In practice, however, this was unnecessary since the same results could be obtained more simply by relating the exchange rates to the totals or sub-totals which had been determined in accordance with the preceding paragraph. In this way, a series of price relatives expressed in accordance with prevailing exchange rates were obtained.

The expression of price relatives signified the adoption of some country or countries as a reference point. Because of the methodology used, any country within the group could serve as such a point. Nevertheless, for reasons of space, tabulations could not be presented according to all the alternatives. It was accordingly considered desirable to choose a single country as a reference point - the choice being influenced mainly by questions of representativity, monetary stability, price structure, income level and the pattern of expenditure for both consumption and investment. In accordance with these criteria, Mexico was chosen as the principal point of reference.

The adoption of a particular country as the reference point has, of course, the disadvantage that not only is its general price level placed at 100 but so is the level for each individual product-class or group. It is thus not possible to judge the level of prices for a group of items in that country vis-à-vis other groups for the same country. In the same way, if prices in the reference country for the items concerned are low, the price relatives for other countries appear relatively high (and vice versa). To avoid these shortcomings, an additional set of price relatives were calculated with the average for all Latin American countries placed at 100. In this way, not only can an indication be obtained for each country's prices vis-à-vis other countries but also a valuation of price levels for each group of items or product class vis-à-vis other groups and product-classes for the country of reference. The question may be raised why the United States was not selected as the comparison basis so that all price relatives and purchasing power equivalents could be expressed in terms of the United States dollar. This, however, could not be justified statistically since, in the first place, ECLA has not yet collected sufficient data to

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provide an "average" or a representative United States price for each commodity; in the second place, the quality of many items consumed in the less-industrialized countries of Latin America is often too much at variance with United States qualities to permit direct comparability; and thirdly, the pattern of expenditure in the United States is so different from that prevailing in certain parts of Latin America that a satisfactory basis for a weighting system is difficult to establish.

6. Adjustment for time differences

As mentioned earlier, for practical reasons not all prices were collected in the same month or even in the same year. For countries where price conditions were stable, this created no serious problem. On the other hand, for those countries with rapidly changing price levels, a difference of a few months could in extreme cases affect the results as much as 10 or 15 per cent. It was accordingly decided that the data would be presented with alternative benchmark periods - June 1960 and June 1962 - and that the data would be adjusted as far as possible to conform to these dates.

For the adjustments, national price indexes were examined in order to ascertain the changes which had taken place between the benchmark periods and the time when ECLA had collected the price data. In some cases, only general indicators of the over-all consumer price level were available. However, coefficients were established for as many expenditure groups or sub-groups as was possible for each country and were applied to the results obtained in accordance with the ECLA enquiry. (Thus, if in country A the prices of cereals had risen 2.4 per cent between June 1960 and the month in which ECLA's enquiry was conducted, ECLA's initial results were reduced by the corresponding percentages in order to arrive at a figure for that sub-group in June 1960.)

In the case of investment goods no indexes measuring the levels of final prices were available for adjustment purposes. To overcome this disadvantage, indexes of wholesale prices of building materials were used for correcting the figures relating to construction; while for machinery and equipment, price levels were adjusted in accordance with the movement

of exchange rates and the changes, if any, in original cost, customs tariffs, insurance and other charges (on the grounds that in most Latin American countries heavy equipment is generally imported and its price is influenced almost entirely by the level of factory prices, freight rates and the various taxes payable on, or prior to, its arrival in the country concerned). Since the most important variable is the rate of exchange applicable to imports of the equipment concerned,[44/] it was found that a correction for this element took care of most of the price changes in the periods concerned. Slightly different procedures were necessary for Argentina, Mexico and Brazil, where a greater proportion of the equipment was home-produced - the solution adopted by ECLA being a combination of (a) adjustments attributable to exchange rates, customs duties etc.; and (b) adjustments reflecting changes in the internal price structure of the country.

It should at the same time be noted that for these three countries (likewise for Chile, Paraguay and Uruguay) price information had been collected in both 1960 and 1962 and the adjustments to correct short-term price changes for investment goods were not of any significant magnitude.

44/ Customs taxes on an ad valorem basis, for example, normally vary in direct relationship to the exchange rate - likewise distributors' commissions, maritime insurance, consular fees, etc.

III. THE RESULTS OF THE INVESTIGATION

Chapter I

THE GENERAL PRICE LEVEL

1. Parity exchange rates

The parity exchange rate is by definition that which equates the over-all price levels for the countries concerned - alternatively, the rate which, when applied to the currencies of the various countries, equates the over-all purchasing power of those currencies. In accordance with the methodology adopted by ECLA and described in previous chapters, this has been arrived at by comparing the cost of a given basket of goods and services in each country - the cost in one country relative to another providing the desired parity rate. As nineteen Latin American countries are involved in the comparison,[45/] eighteen mutually convertible rates emerge, - the currency of the nineteenth country serving as a point of reference. Since any one of the countries may be the reference point, a network of inter-related exchange rates can be obtained.

For reasons given earlier, Mexico was chosen as the country which would serve best for comparison purposes. The parity exchange rates calculated by ECLA are therefore presented, in the first instance, in terms of the Mexican peso - the following table showing the number of currency units in each country equivalent in purchasing power to one Mexican peso.

It will be seen that in 1960, 6.10 Argentine pesos had the same purchasing power in Argentina as 14.06 cruzeiros in Brazil, .109 escudos in Chile, 1.34 sucres in Ecuador, 8.98 guaranis in Paraguay, .110 balboas in Panama and so forth - all being equal in purchasing power to one Mexican peso in the country of reference.

45/ Cuba being excluded, as comparable data was not obtainable.

/Table 1

Table 1

PARITY EXCHANGE RATES IN LATIN AMERICA: 1960 AND 1962

(Units of domestic currency equivalent to one Mexican peso)

Country and Currency	June 1960	June 1962	Country and Currency	June 1960	June 1962
Argentina : peso	6.10	9.57	Guatemala : quetzal	.112	.110
Bolivia : peso	.878	.999	Haiti : gourde	.462	.465
Brazil : cruzeiro	14.1	29.1	Honduras : lempira	.235	.237
Chile : escudo	.109	.128	Nicaragua : cordoba	.779	.791
Colombia : peso	.578	.641	Panama : balboa	.110	.110
Costa Rica: colon	.602	.650	Paraguay : guarani	8.98	10.87
Dominican Republic : peso	.120	.128	Peru : sol	1.98	2.14
Ecuador : sucre	1.34	1.45	Uruguay : peso	.790	1.044
El Salvador: colon	.254	.254	Venezuela : bolivar	.565	.571

It will be observed from the table that for many countries changes in domestic price levels had created a new parity situation for 1962. Where as, for instance, in June 1960, 6.10 Argentine pesos bought as much as one Mexican peso, by June 1962, the resident of Argentine had to spend 9.57 pesos to obtain the quantity of goods and services that one peso would buy in Mexico. Similarly, in the case of Brazil, 29.1 cruzeiros were required in June 1962 to buy what 14.1 cruzeiros had bought two years previously. Other notable changes will be observed for Uruguay, Paraguay and to a lesser extent Bolivia, Chile, Colombia, Costa Rica, Ecuador and Peru. On the other hand, for most countries of Central America and the Caribbean, the situation showed little change in the two years concerned.

Within limitations, the relationship of the parity exchange rates for 1960 and 1962 provide a means of estimating an index of prices for the years concerned. Care should however be exercised in interpreting the results. In the first place, the data calculated by ECLA for the years concerned refer to

/all aspects

all aspects of expenditure, including investment as well as consumer goods (to which national cost of living or consumer price indexes normally refer). While for some countries (Argentina, Brazil, Chile, Paraguay and Uruguay) the parity rates for 1960 and 1962 were arrived at in accordance with independent price collections for all items in the two years, for other countries use was made of consumer price indexes, wholesale price indexes of building materials and specially computed indexes for prices of imported equipment in order to arrive at either the 1960 or the 1962 figure. The results should therefore not be interpreted as an independent measure of price change except for the five countries mentioned above. Finally, it should be pointed out that for some expenditure sectors a certain amount of price change during the period under review occurred in Mexico, which was used as base for Table 1 - some prices rising and others (e.g. food and construction materials) falling. National price indexes derived from the data shown in Table 1 can therefore be affected by the weighting accorded to each item or group of items, and by the pattern of prices in Mexico.

An alternative arrangement of the same data is presented in Table 2 - the reference point this time being Panama, a country in which prices were notably stable during the 1960-1962 period.

Since the national currency in Panama, the balboa, is nominally at par with the United States dollar, the figures in Table 2 are more readily interpreted. Thus, while according to prevailing exchange rates, the dollar (and hence the balboa) was equivalent to 82.8 Argentine pesos in June 1960, according to ECLA calculations only 55.8 Argentine pesos at that time were necessary to buy the amount of goods and services which one balboa would buy in Panama. On the other hand, in June 1962 while one balboa was worth 135.0 Argentine pesos according to free market rates of exchange, the parity rate was 87.2. In the same way for Brazil in June 1960 the balboa equalled 187 cruzeiros according to the free market rate of exchange but only 129 cruzeiros according to ECLA's calculation of parity rates.

/Table 2

Table 2

PARITY EXCHANGE RATES: JUNE 1960 AND JUNE 1962

(Units of domestic currency equivalent to one Panamanian balboa)

Country and Currency	June 1960	June 1962	Country and Currency	June 1960	June 1962
Argentina : peso	55.8	87.2	Guatemala : quetzal	1.02	1.00
Bolivia : peso	8.04	9.11	Haiti : gourde	4.24	4.25
Brazil : cruzeiro	129	265	Honduras : lempira	2.16	2.16
Chile : escudo	1.00	1.16	Nicaragua : cordoba	7.14	7.21
Colombia : peso	5.30	5.84	Mexico : peso	9.14	9.14
Costa Rica : colon	5.52	5.93	Paraguay : guarani	81.3	99.1
Dominican Republic : peso	1.10	1.16	Peru : sol	18.1	19.5
Ecuador : sucre	12.32	13.23	Uruguay : peso	7.24	9.52
El Salvador: colon	2.33	2.31	Venezuela : bolivar	5.18	5.21

Since the full network of parity rates and prevailing exchange rates may be of interest, these are presented in Tables 3-6 for pairs of countries in each of the two periods covered by this study. A geographical arrangement has been made to keep together in Tables 3 and 4 those countries in South America on the one hand, and those in Central America and the Caribbean on the other. In Tables 5 and 6 are shown the exchange rates which apply when currencies of South American countries are related to currencies for countries in the Central American and Caribbean area.

Data for British Guiana which had been collected for most items were also tabulated, and the parity rates of exchange for this country are included in the Tables.

It will be observed that in June 1960, for a block of countries comprising the greater part of South America, the free market and the parity rates were not very divergent. Similarly, if Central American countries are compared with one

/Table

Tables: 3a - 3b
4a - 4b
5a - 5b
6a - 6b

Table 3 a

PARITY, FREE MARKET AND CONTROLLED RATES OF EXCHANGE WITHIN SOUTH AMERICA
(a) JUNE 1960
(Units of other currencies equivalent to one unit of the domestic currency)

Currency / Rate	M$N Argentina	$B. Bolivia	Cr.$ Brazil	$ Colombia	E° Chile	S/- Ecuador	Gs. Paraguay	S/o Peru	$ Uruguay	Bs. Venezuela
				ARGENTINA						
				Units equivalent to one Argentine peso (M$N)						
Free market	x	.143	2.26	.0823	.0127	.218	1.47	.331	.138	.0404
Parity	x	.144	2.31	.0949	.0180	.221	1.47	.325	.130	.0927
				BOLIVIA						
				Units equivalent to one Bolivian peso ($B)						
Free market	6.97	x	15.8	.574	.0884	1.52	10.27	2.31	.962	.282
Parity	6.95	x	16.0	.659	.1250	1.53	10.23	2.26	.901	.644
				BRAZIL						
				Units equivalent to one Cruzeiro (Cr.$)						
Free market	.442	.0634	x	.0364	.0056	.0964	.651	1.46	.0610	.0170
Parity	.434	.0624	x	.0412	.0078	.0957	.639	1.41	.0562	.0402
				COLOMBIA						
				Units equivalent to one Colombian peso ($)						
Controlled	12.4	1.77	28.0	x	.157	2.26[a]	18.2	4.10	1.71	.500
Free market	12.1	1.74	27.5	x	.154	2.65[a]	17.9	4.02	1.68	.491
Parity	10.5	1.52	24.3	x	.189	2.33	15.5	3.42	1.37	.977
				CHILE						
				Units equivalent to one Escudo (E°)						
Free market	78.9	11.31	178	6.50	x	17.2	116	26.1	10.88	3.19
Parity	55.7	8.02	128	5.29	x	12.3	82	18.1	7.22	5.16
				ECUADOR						
				Units equivalent to one Sucre (S/-)						
Controlled	9.47	.784	12.4	.442[a]	.0693	x	8.05	1.81	.754	.221
Free market	4.59	.658	10.4	.378[a]	.0581	x	6.76	1.52	.633	.186
Parity	4.53	.652	10.4	.430	.0814	x	6.68	1.47	.587	.420
				PARAGUAY						
				Units equivalent to one Guarani (Gs.)						
Free market	.679	.0974	1.54	.0559	.0086	.148	x	.225	.0837	.0275
Parity	.679	.0917	1.56	.0644	.0122	.149	x	.220	.0880	.0629
				PERU						
				Units equivalent to one Sol (S/o)						
Free market	3.02	.433	6.82	.248	.0383	.658	4.45	x	.416	.122
Parity	3.08	.443	7.10	.292	.0553	.680	4.54	x	.399	.286
				URUGUAY						
				Units equivalent to one Uruguayan peso ($)						
Free market	7.25	1.04	16.4	.597	.0919	1.58	10.7	2.40	x	.293
Parity	7.71	1.11	17.8	.732	.1385	1.70	11.4	2.50	x	.715
				VENEZUELA						
				Units equivalent to one Bolivar (Bs.)						
Free market	24.7	3.55	55.9	2.04	.313	5.39	36.4	8.19	3.41	x
Parity	10.8	1.55	24.9	1.02	.194	2.38	15.9	3.50	1.40	x

a/ For countries where two or more rates existed, free rates were related to the free rates in other countries; and controlled rates to any other controlled rates (otherwise, to the free rates).

/Table 3b

Table 3 b

PARITY, FREE MARKET AND CONTROLLED RATES OF EXCHANGE WITHIN SOUTH AMERICA
(b) JUNE 1962
(Units of other currencies equivalent to one unit of the domestic currency)

Rate \ Currency	M$N Argentina	$B. Bolivia	Cr.$ Brazil	$ Colombia	E° Chile	S/- Ecuador	Gs. Paraguay	S/o Peru	$ Uruguay	Bs. Venezuela
					ARGENTINA					
					Units equivalent to one Argentine peso (M$N)					
Free market	x	.088	2.66	.0647	.0121	.170	.93	.199	.081	.0336
Parity	x	.104	3.04	.0670	.0133	.152	1.14	.223	.108	.0597
					BOLIVIA					
					Units equivalent to one Bolivian peso ($B)					
Free market	11.36	x	30.3	.736	.137	1.93	10.6	2.26	.924	.382
Parity	9.58	x	29.1	.642	.128	1.45	10.9	2.14	1.044	.572
					BRAZIL					
					Units equivalent to one Cruzeiro (Cr.$)					
Free market	.376	.0330	x	.0243	.0045	.0638	.350	.0746	.0305	.0126
Parity	.329	.0343	x	.0220	.0044	.0498	.373	.0734	.0359	.0196
					COLOMBIA					
					Units equivalent to one Colombian peso ($)					
Controlled	20.2	1.77	53.7	x	.157[a]	2.71[a]	18.8	4.00	1.64	.500[a]
Free market	15.4	1.36	41.1	x	.186[a]	2.62[a]	14.4	3.07	1.26	.519[a]
Parity	14.9	1.56	45.4	x	.199	2.26	17.0	3.33	1.63	.891
					CHILE					
					Units equivalent to one Escudo (E°)					
Controlled	128.6	11.31	342	6.38[a]	x	17.3[a]	120	25.5	10.46	3.19[a]
Free market	82.8	7.29	221	5.36[a]	x	14.1[a]	77	16.4	6.74	2.79[a]
Parity	75.0	7.83	228	5.02	x	11.4	85	16.8	8.18	4.48
					ECUADOR					
					Units equivalent to one Sucre (S/-)					
Controlled	7.42	.653	19.8	.368[a]	.0577[a]	x	6.93	1.47	.604	.184[a]
Free market	5.89	.518	15.7	.381[a]	.0711[a]	x	5.50	1.17	.479	.198[a]
Parity	6.59	.688	20.1	.442	.0880	x	7.49	1.47	.720	.394
					PARAGUAY					
					Units equivalent to one Guarani (Gs.)					
Free market	1.07	.0943	2.85	.0694	.0129	.182	x	.213	.0871	.0360
Parity	.88	.0919	2.68	.0590	.0117	.133	x	.197	.0960	.0525
					PERU					
					Units equivalent to one Sol (S/o)					
Free market	5.04	.443	13.4	.326	.0608	.855	4.70	x	.410	.169
Parity	4.48	.467	13.6	.300	.0597	.679	5.09	x	.489	.267
					URUGUAY					
					Units equivalent to one Uruguayan peso ($)					
Free market	12.30	1.082	32.7	.796	.148	2.09	11.48	2.44	x	.414
Parity	9.16	.956	27.9	.614	.122	1.39	10.41	2.05	x	.547
					VENEZUELA					
					Units equivalent to one Bolivar (Bs.)					
Controlled	40.3	3.55	107.3	2.00[a]	.313[a]	5.43[a]	37.6	8.00	3.28	x
Free market	29.7	2.62	79.1	1.93[a]	.359[a]	5.05[a]	27.8	5.91	2.42	x
Parity	16.8	1.75	51.0	1.12	.223	2.54	19.0	3.74	1.83	x

a/ For countries where two or more rates existed, free rates were related to the free rates in other countries; and controlled rates to any other controlled rates (otherwise, to the free rates).

/Table 4a

Table 4 a

PARITY, FREE MARKET AND CONTROLLED RATES OF EXCHANGE WITHIN CENTRAL AMERICA AND THE CARIBBEAN
(a) JUNE 1960

(Units of other currencies equivalent to one unit of the domestic currency)

Rate \ Currency	¢ Costa Rica	¢ El Salvador	Q Guatemala	G Haiti	L Honduras	$ Mexico	C$ Nicaragua	B/- Panama	RD$ Dominican Rep.	BWI$ British Guiana b/
COSTA RICA										
Units equivalent to one Costa Rican colon (¢)										
Controlled	x	.441	.176	.882	.353	2.20	1.24 a/	.176	.176	.302
Free market	x	.346	.150	.752	.301	1.88	1.10 a/	.150	.150	.257
Parity	x	.422	.186	.767	.391	1.66	1.29	.181	.199	.246
EL SALVADOR										
Units equivalent to one Salvadoran colon (¢)										
Free market	2.66	x	.400	2.00	.800	5.00	2.92	.400	.400	.684
Parity	2.37	x	.440	1.82	.924	3.93	3.06	.429	.472	.583
GUATEMALA										
Units equivalent to one Quetzal (Q)										
Free market	6.65	2.50	x	5.00	2.00	12.49	7.30	1.000	1.000	1.71
Parity	5.38	2.27	x	4.13	2.10	8.94	6.96	.975	1.049	1.33
HAITI										
Units equivalent to one Gourde (G)										
Free market	1.33	.500	.200	x	.400	2.50	1.46	.200	.200	.342
Parity	1.30	.551	.242	x	.509	2.16	1.69	.236	.260	.321
HONDURAS										
Units equivalent to one Lempira (L)										
Free market	3.32	1.25	.500	2.50	x	6.24	3.65	.500	.500	.855
Parity	2.56	1.08	.475	1.96	x	4.25	3.31	.464	.510	.630
MEXICO										
Units equivalent to one Mexican peso ($)										
Free market	.532	.200	.080	.400	.160	x	.584	.080	.080	.137
Parity	.602	.254	.112	.462	.235	x	.779	.110	.120	.148
NICARAGUA										
Units equivalent to one Cordoba (C$)										
Controlled	.804 a/	.354	.142	.709	.284	1.77	x	.142	.142	.242
Free market	.911 a/	.342	.137	.685	.274	1.71	x	.137	.137	.234
Parity	.773	.327	.144	.593	.302	1.28	x	.140	.154	.190
PANAMA										
Units equivalent to one Balboa (B/-)										
Free market	6.65	2.50	1.00	5.00	2.00	12.49	7.30	x	1.00	1.71
Parity	5.52	2.33	1.02	4.23	2.16	9.14	7.14	x	1.10	1.36
DOMINICAN REPUBLIC										
Units equivalent to one Dominican peso (RD$)										
Free market	6.65	2.50	1.000	5.00	2.00	12.49	7.30	1.000	x	1.71
Parity	5.01	2.12	.932	3.85	1.96	8.32	6.49	.909	x	1.24
BRITISH GUIANA b/										
Units equivalent to one dollar (BWI$)										
Free market	3.89	1.46	.585	2.92	1.17	7.30	4.27	.585	.585	x
Parity	4.06	1.72	.754	3.11	1.58	6.74	5.25	.736	.810	x

a/ For countries where two or more rates existed, free rates were related to the free rates in other countries; and controlled rates to any other controlled rates (otherwise, to the rates).

b/ For convenience in presentation, British Guiana has been included with Central American and Caribbean countries.

/Table 4 b

Table 4 b

PARITY, FREE MARKET AND CONTROLLED RATES OF EXCHANGE WITHIN CENTRAL AMERICA AND THE CARIBBEAN

(b) JUNE 1962

(Units of other currencies equivalent to one unit of the domestic currency)

Rate \ Currency	¢ Costa Rica	¢ El Salvador	Q Guatemala	G Haiti	L Honduras	$ Mexico	C$ Nicaragua	B/- Panama	RD$ Dominican Rep.	BWI$ British Guiana b/
					COSTA RICA					
					Units equivalent to one Costa Rican colon (¢)					
Free market	x	.376	.150	.752	.301	1.88	1.12	.150	.150	.257
Parity	x	.390	.169	.716	.364	1.54	1.22	.168	.196	.229
					EL SALVADOR					
					Units equivalent to one Salvadoran colon (¢)					
Free market	2.66	x	.400	2.00	.800	5.00	2.98	.400	.400	.684
Parity	2.57	x	.434	1.84	.935	3.94	3.12	.433	.503	.588
					GUATEMALA					
					Units equivalent to one Quetzal (Q)					
Free market	6.65	2.50	x	5.00	2.00	12.49	7.45	1.000	1.00	1.71
Parity	5.91	2.30	x	4.24	2.16	9.10	7.19	.998	1.16	1.36
					HAITI					
					Units equivalent to one Gourde (G)					
Free market	1.33	.500	.200	x	.400	2.50	1.49	.200	.200	.342
Parity	1.40	.544	.236	x	.509	2.15	1.70	.234	.274	.320
					HONDURAS					
					Units equivalent to one Lempira (L)					
Free market	3.32	1.25	.500	2.50	x	6.24	3.72	.500	.500	.855
Parity	2.74	1.07	.464	1.97	x	4.22	3.34	.463	.538	.629
					MEXICO					
					Units equivalent to one Mexican peso ($)					
Free market	.532	.200	.080	.400	.160	x	.596	.080	.080	.137
Parity	.650	.254	.110	.465	.237	x	.791	.110	.128	.149
					NICARAGUA					
					Units equivalent to one Cordoba (C$)					
Controlled a/	.943	.355	.142	.709	.284	1.77	x	.142	.142	.243
Free market	.893	.336	.134	.671	.268	1.68	x	.134	.134	.230
Parity	.823	.321	.139	.589	.300	1.26	x	.139	.161	.188
					PANAMA					
					Units equivalent to one Balboa (B/-)					
Free market	6.65	2.50	1.00	5.00	2.00	12.49	7.45	x	1.00	1.71
Parity	5.93	2.31	1.00	4.24	2.16	9.14	7.21	x	1.16	1.36
					DOMINICAN REPUBLIC					
					Units equivalent to one Dominican peso (RD$)					
Free market	6.65	2.50	1.000	5.00	2.00	12.49	7.45	1.000	x	1.71
Parity	5.10	1.99	.862	3.62	1.86	7.84	6.20	.860	x	1.17
					BRITISH GUIANA b/					
					Units equivalent to one dollar (BWI$)					
Free market	3.89	1.46	.585	2.92	1.17	7.30	4.36	.585	.585	x
Parity	4.36	1.70	.738	3.12	1.59	6.71	5.30	.736	.856	x

a/ For countries where two or more rates existed, free rates were related to the free rates in other countries; and controlled rates to any other controlled rates (otherwise, to the free rates).

b/ For convenience in presentation British Guiana has been included with Central American and Caribbean countries.

/Table 5a

Table 5 a

PARITY, FREE MARKET AND CONTROLLED RATES OF EXCHANGE FOR SOUTH AMERICA RELATIVE TO CENTRAL AMERICA AND THE CARIBBEAN

(a) JUNE 1960

(Units of other currencies equivalent to one unit of the domestic currency)

Currency / Rate	¢ Costa Rica	¢ El Salvador	Q Guatemala	G Haiti	L Honduras	$ Mexico	C$ Nicaragua	B/- Panama	RD$ Dominican Rep.	BWI$ British Guiana b/
					ARGENTINA					
					Units equivalent to one Argentine peso (M$N)					
Free market	.0803	.0302	.0121	.0604	.0241	.151	.088	.0121	.0121	.0206
Parity	.0988	.0418	.0184	.0758	.0386	.164	.128	.0179	.0197	.0243
					BOLIVIA					
					Units equivalent to one Bolivian peso ($B)					
Free market	.560	.210	.0842	.421	.168	1.051	.614	.0842	.0842	.144
Parity	.686	.290	.1275	.527	.268	1.139	.888	.1244	.1369	.169
					BRAZIL					
					Units equivalent to one Cruzeiro (Cr.$)					
Free market	.0355	.0133	.0053	.0267	.0107	.0667	.0390	.0053	.0053	.0091
Parity	.0429	.0181	.0080	.0329	.0167	.0711	.0554	.0078	.0086	.0106
					COLOMBIA					
					Units equivalent to one Colombian peso ($)					
Controlled	.846 a/	.373	.149	.746	.298	1.86	1.052 a/	.149	.149	.255
Free market	.975 a/	.367	.147	.733	.293	1.83	1.070 a/	.147	.147	.251
Parity	1.041	.440	.193	.799	.407	1.73	1.347	.189	.208	.256
					CHILE					
					Units equivalent to one Escudo (E°)					
Free market	6.33	2.38	.952	4.76	1.90	11.90	6.95	.952	.952	1.63
Parity	5.50	2.33	1.023	4.22	2.15	9.14	7.12	.998	1.098	1.36
					ECUADOR					
					Units equivalent to one Sucre (S/-)					
Controlled	.374 a/	.165	.0660	.330	.132	.824	.465 a/	.0660	.0660	.1128
Free market	.368 a/	.138	.0554	.277	.111	.692	.404 a/	.0554	.0554	.0947
Parity	.448	.189	.0832	.344	.175	.743	.579	.0812	.0893	.1103
					PARAGUAY					
					Units equivalent to one Guarani (Gs)					
Free market	.0545	.0205	.0082	.0410	.0164	.102	.0598	.0082	.0082	.0140
Parity	.0671	.0283	.0125	.0515	.0262	.111	.0868	.0122	.1132	.0165
					PERU					
					Units equivalent to one Sol (S/o)					
Free market	.242	.0911	.0364	.182	.0729	.455	.266	.0364	.0364	.0623
Parity	.304	.1286	.0566	.234	.1189	.505	.394	.0552	.0607	.0750
					URUGUAY					
					Units equivalent to one Uruguayan peso ($)					
Free market	.582	.219	.0875	.437	.175	1.093	.638	.0875	.0875	.150
Parity	.762	.322	.1416	.585	.298	1.266	.986	.1381	.1520	.188
					VENEZUELA					
					Units equivalent to one Bolivar (Bs)					
Free market	1.98	.746	.298	1.49	.597	3.73	2.18	.298	.298	.510
Parity	1.07	.450	.198	.82	.416	1.77	1.38	.193	.213	.263

a/ : For countries where two or more rates existed, free rates were related to the free rates in other countries; and controlled rates to any other controlled rates (otherwise, to the free rates).

b/ For convenience in presentation, British Guiana has been included with Central American and Caribbean countries.

/Table 5b

Table 5 b

PARITY, FREE MARKET AND CONTROLLED RATES OF EXCHANGE FOR SOUTH AMERICA RELATIVE TO CENTRAL AMERICA AND THE CARIBBEAN

(b) JUNE 1962

(Units of other currencies equivalent to one unit of the domestic currency)

Currency / Rate	₡ Costa Rica	₡ El Salvador	Q Guatemala	G Haiti	L Honduras	$ Mexico	C$ Nicaragua	B/- Panama	RD$ Dominican Rep.	BWI $ British Guiana b/
					ARGENTINA					
					Units equivalent to one Argentine peso (M$N)					
Free market	.0493	.0185	.0074	.0370	.0148	.092	.055	.0074	.0074	.0127
Parity	.0680	.0265	.0115	.0487	.0248	.104	.083	.0115	.0133	.0156
					BOLIVIA					
					Units equivalent to one Bolivian peso ($B)					
Free market	.560	.210	.0842	.421	.168	1.05	.627	.0842	.0842	.114
Parity	.651	.254	.1101	.466	.237	1.00	.792	.1098	.1278	.149
					BRAZIL					
					Units equivalent to one Cruzeiro (Cr.$)					
Free market	.0185	.0070	.0028	.0139	.0056	.0347	.0207	.0028	.0028	.0048
Parity	.0224	.0087	.0038	.0160	.0081	.0344	.0272	.0034	.0044	.0051
					COLOMBIA					
					Units equivalent to one Colombian peso ($)					
Controlled	.992	.373	.149	.746	.298	1.86	1.052 a/	.149	.149	.256
Free market	.761	.286	.114	.572	.229	1.43	.852 a/	.114	.144	.196
Parity	1.015	.396	.172	.726	.370	1.56	1.233	.171	.199	.232
					CHILE					
					Units equivalent to one Escudo (E°)					
Controlled	6.33	2.38	.952	4.76	1.90	11.90	6.71 a/	.952	.952	1.63
Free market	4.08	1.53	.614	3.07	1.23	7.66	4.57 a/	.614	.614	1.05
Parity	5.10	1.99	.862	3.65	1.86	7.84	6.20	.860	1.000	1.17
					ECUADOR					
					Units equivalent to one Sucre (S/-)					
Controlled	.366	.138	.0550	.275	.110	.687	.388 a/	.0550	.0550	.0943
Free market	.290	.109	.0436	.218	.087	.545	.325 a/	.0436	.0436	.0746
Parity	.448	.175	.0758	.321	.163	.689	.545	.0756	.0880	.1028
					PARAGUAY					
					Units ecuivalent to one Guarani (Gs.)					
Free market	.0528	.0198	.0079	.0397	.0159	.0991	.0591	.0079	.0079	.0136
Parity	.0598	.0233	.0101	.0428	.0218	.0920	.0727	.0101	.0117	.0137
					PERU					
					Units equivalent to one Sol (S/o)					
Free market	.248	.0932	.0373	.186	.0746	.466	.278	.0373	.0373	.0638
Parity	.304	.1186	.0514	.218	.1109	.468	.370	.0513	.0597	.0698
					URUGUAY					
					Units equivalent to one Uruguayan peso ($)					
Free market	.606	.228	.091	.455	.182	1.14	.678	.091	.091	.156
Parity	.623	.243	.105	.446	.227	.96	.757	.105	.122	.143
					VENEZUELA					
					Units equivalent to one Bolivar (Bs.)					
Controlled	1.99	.746	.298	1.49	.597	3.73	2.10 a/	.299	.299	.510
Free market	1.46	.551	.220	1.10	.440	2.75	1.64 a/	.220	.220	.376
Parity	1.14	.444	.192	.82	.415	1.75	1.38	.192	.223	.261

a/ For countries where two or more rates existed, free rates were related to the free rates in other countries; and controlled rates to any other controlled rates (otherwise, to the free rates).

b/ For convenience in presentation, British Guiana has been included with Central American and Caribbean countries.

/Table 6a

Table 6 a

PARITY, FREE MARKET AND CONTROLLED RATES OF EXCHANGE FOR CENTRAL AMERICA AND THE CARIBBEAN RELATIVE TO SOUTH AMERICA

(a) JUNE 1960

(Units of other currencies equivalent to one unit of the domestic currency)

Rate \ Currency	M$N Argentina	$B Bolivia	Cr.$ Brazil	$ Colombia	E° Chile	S/- Ecuador	Gs. Paraguay	S/o Peru	$ Uruguay	Bs. Venezuela
COSTA RICA										
Units equivalent to one Costa Rican colon (¢)										
Controlled	14.6	2.10	33.0	1.182[a]	.185	2.67[a]	21.5	4.84	2.02	.591
Free market	12.4	1.79	28.2	1.026[a]	.158	2.72[a]	18.3	4.13	1.72	.504
Parity	10.1	1.46	23.3	.960	.182	2.23	14.9	3.28	1.31	.938
EL SALVADOR										
Units equivalent to one Salvadoran colon (¢)										
Free market	33.1	4.75	74.9	2.73	.420	7.22	48.8	10.98	4.57	1.34
Parity	23.9	3.44	55.2	2.27	.430	5.28	35.3	7.77	3.10	2.22
GUATEMALA										
Units equivalent to one Quetzal (Q)										
Free market	82.8	11.88	187	6.82	1.050	18.1	122.0	27.4	11.40	3.35
Parity	54.5	7.84	126	5.17	.978	12.0	80.2	17.7	7.06	5.05
HAITI										
Units equivalent to one Gourde (G)										
Free market	16.6	2.38	37.5	1.36	.210	3.61	24.4	5.49	2.29	.670
Parity	13.2	1.90	30.4	1.25	.237	2.91	19.4	4.28	1.71	1.222
HONDURAS										
Units equivalent to one Lempira (L)										
Free market	41.4	5.94	93.7	3.41	.525	9.03	61.0	13.72	5.72	1.68
Parity	25.9	3.73	59.7	2.46	.465	5.72	38.2	8.41	3.36	2.40
MEXICO										
Units equivalent to one Mexican peso ($)										
Free market	6.63	.951	15.00	5.46	.084	1.45	9.77	2.20	.915	.268
Parity	6.10	.878	14.06	.578	.109	1.34	8.98	1.98	.790	.565
NICARAGUA										
Units equivalent to one Cordoba (C$)										
Controlled	11.75	1.68	26.6	.950[a]	.149	2.15[a]	17.3	3.89	1.62	.475
Free market	11.35	1.63	25.6	.934[a]	.144	2.47[a]	16.7	3.76	1.56	.459
Parity	7.82	1.12	18.0	.742	.140	1.73	11.5	2.54	1.01	.725
PANAMA										
Units equivalent to one Balboa (B/-)										
Free market	82.8	11.88	187	6.82	1.05	18.1	122.0	27.4	11.40	3.35
Parity	55.8	8.04	129	5.30	1.00	12.3	81.3	18.2	7.24	5.18
DOMINICAN REPUBLIC										
Units equivalent to one Dominican peso (RD$)										
Free market	82.8	11.88	187	6.82	1.050	18.1	122.0	27.4	11.40	3.35
Parity	5.07	7.30	117	4.82	.911	11.2	74.8	16.5	6.58	4.70
BRITISH GUIANA b/										
Units equivalent to one dollar (BWI$)										
Free market	48.4	6.95	110	3.99	.614	10.56	71.3	16.0	6.68	1.96
Parity	41.1	5.91	95	3.90	.738	9.06	60.5	13.3	5.32	3.81

a/ For countries where two or more rates existed, free rates were related to the free rates in other countries; and controlled rates to any other controlled rates (otherwise, to the free rates).

b/ For convenience in presentation, British Guiana has been included with Central America and Caribbean countries.

/Table 6b

Table 6 b

PARITY, FREE MARKET AND CONTROLLED RATES OF EXCHANGE FOR CENTRAL AMERICA AND THE CARIBBEAN RELATIVE TO SOUTH AMERICA
(b) JUNE 1962

(Units of other currencies equivalent to one unit of the domestic currency)

Rate \ Currency	M$N Argentina	B$ Bolivia	Cr.$ Brazil	$ Colombia	E° Chile	S/- Ecuador	Gs. Paraguay	S/o Peru	$ Uruguay	Bs. Venezuela
				COSTA RICA						
				Units equivalent to one Costa Rican colon (¢)						
Free market	20.3	1.79	54.1	1.314	.245	3.45	18.9	4.03	1.65	.683
Parity	14.7	1.53	44.7	.985	.196	2.23	16.7	3.28	1.60	.878
				EL SALVADOR						
				Units equivalent to one Salvadoran colon (¢)						
Free market	54.0	4.75	144	3.50	.652	9.17	50.4	10.72	4.39	1.82
Parity	37.7	3.94	115	2.53	.503	5.72	42.9	8.43	4.12	2.25
				GUATEMALA						
				Units equivalent to one Quetzal (Q)						
Free market	135	11.88	360	8.74	1.63	22.9	126	26.8	10.98	4.54
Parity	87	9.08	265	5.83	1.16	13.2	99	19.4	9.50	5.19
				HAITI						
				Units equivalent to one Gourde (G)						
Free market	27.0	2.38	71.9	1.75	.326	4.59	25.2	5.36	2.20	.908
Parity	20.5	2.14	62.5	1.38	.274	3.11	23.3	4.59	2.24	1.226
				HONDURAS						
				Units equivalent to one Lempira (L)						
Free market	67.5	5.94	180	4.37	.815	11.46	63.0	13.40	5.49	2.27
Parity	40.4	4.21	123	2.70	.538	6.12	45.9	9.02	4.40	2.41
				MEXICO						
				Units equivalent to one Mexican peso ($)						
Free market	10.81	.951	28.78	.700	.130	1.84	10.09	2.15	.879	.364
Parity	9.57	.999	29.10	.641	.128	1.45	10.87	2.14	1.044	.571
				NICARAGUA						
				Units equivalent to one Cordoba (C$)						
Controlled	19.1	1.68	51.0	.95[a]	.149[a]	2.58[a]	17.9	3.80	1.56	.475[a]
Free market	18.1	1.59	48.2	1.17[a]	.219[a]	3.08[a]	16.9	3.60	1.47	.609[a]
Parity	12.1	1.26	36.8	.81	.161	1.83	13.7	2.70	1.32	.722
				PANAMA						
				Units equivalent to one Balboa (B/.)						
Free market	135.0	11.88	359	8.74	1.63	22.9	126.0	26.8	10.98	4.54
Parity	87.2	9.11	265	5.84	1.16	13.2	99.1	19.5	9.52	5.21
				DOMINICAN REPUBLIC						
				Units equivalent to one Dominican peso (RD$)						
Free market	135.0	11.88	359	8.74	1.63	22.9	126.0	26.8	10.98	4.54
Parity	75.0	7.83	228	5.02	1.00	11.4	85.2	16.8	8.18	4.48
				BRITISH GUIANA [b]						
				Units equivalent to one dollar (BWI$)						
Free market	78.9	6.95	210	5.11	.953	13.41	73.7	15.7	6.42	2.66
Parity	64.2	6.70	195	4.30	.856	9.73	72.9	14.3	7.00	3.83

[a] For countries where two or more rates existed, free rates were related to the free rates in other countries; and controlled rates to any other controlled rates (otherwise, to the free rates).

[b] For convenience in presentation, British Guiana has been included with Central American and Caribbean countries.

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another the figures are approximately the same whether free market or parity rates are used. However, if countries in one block are compared with countries in the other block, wide differences exist - the magnitude being approximately 25 to 45 per cent. That is to say, the price levels for countries in the Central American region were generally 25 to 45 per cent higher than those prevailing in the greater part of South America.

It will be seen that neither Mexico, Chile nor Venezuela conformed to the pattern of exchange rates for nearby countries - the situation for Mexico resembling that applicable to South American countries; and Chile (in 1960) that for countries in Central America and the Caribbean. For Venezuela, 1960 parity exchange rates bore no resemblance to free market rates for any country in Latin America - the difference between the two being extreme when Venezuela was related to Uruguay, Peru, Argentina or any other country except Chile in South America and still quite marked in relation to countries in Central America or the Caribbean.

For 1962, the situation was virtually unchanged for countries within Central America and the Caribbean - little modification being observed in relation to 1960 for either the free market or the parity exchange rates (Costa Rica being a possible exception). In the case of South America, while price levels were still generally 25 to 45 per cent below those ruling in Central America and the Caribbean, significant changes occurred for individual countries. In some instances, a devaluation of the currency is indicated by marked changes in the free market rates; in other cases, rising domestic prices are reflected in the higher figures shown for the parity rates. In June 1962 the situation for Chile, instead of resembling Central American countries, resembled that for other countries in South America. In the case of Uruguay, the 1960 parity exchange rate had been well below the free market rate when the Uruguayan peso was compared with the currency of other South American countries. In June 1962, the parity rate for Uruguay exceeded the free market rate vis-a-vis all countries in the South American region except Venezuela - indicating that its price level (calculated in accordance with prevailing rates of exchange) was now higher and not lower than the price level in other parts of South America. For Venezuela, the currency devaluation which applied to part of the exchange transactions of that country is

/reflected in

reflected in the lower free market rate which now resembled the parity exchange rate vis-a-vis the Dominican Republic and Honduras. The former rate of exchange still applied in Venezuela to a certain range of transactions and it should be noted that if this rate, rather than that ruling in the free market, were compared with the parity rate, the situation in 1962 was approximately the same as in 1960.

Controlled as well as free market rates existed not only for Venezuela, but also for Colombia, Ecuador and Nicaragua in 1960 and 1962, and for Costa Rica in 1960 and Chile in 1962. Since these rates applied to important classes of transactions (as for instance essential imports and government expenditure) they need to be taken into account when a comparison is made between prevailing and parity exchange rates. The controlled rates as well as free market rates are accordingly quoted in Tables 3 to 6.

2. Price relatives (at prevailing exchange rates)

As implied in previous paragraphs, the relationship between the parity exchange rates and free market or controlled exchange rates provides the simplest and most direct means of determining the relative level of prices in the various countries (valued at prevailing rates of exchange). These are given in Table 7: the figures in each horizontal column or row representing an index of prices, with the country mentioned at the left of the table as the base. The nineteen Latin American countries covered by the enquiry have been arranged in sequence according to the level of their prices or the relative "cheapness" of their currencies. Thus, in June 1960, prices were lowest in Uruguay, highest in Venezuela and at an intermediate level for such countries as Paraguay, Haiti and Costa Rica. The similarity in price levels (valued according to free market rates of exchange) is particularly noticeable for all countries in South America other than Chile and Venezuela; Mexico also falls within the range of price levels for this block. Equally obvious is the similarity of prices for countries in Central America. For the Caribbean, Haiti was situated at a point intermediate between South and Central American countries, while the Dominican Republic was at a high extreme, exceeded only by Venezuela. Prices in the latter country were almost two and a half times as high as in Uruguay (the cheapest country), more than twice as high as in

/Table 7 a

Table 7 a

PRICE RELATIVES AND THE PURCHASING POWER OF CURRENCIES AT FREE MARKET RATES OF EXCHANGE: (a) JUNE 1960

(Indexes: base country = 100)

Country	Uruguay	Peru	Argentina	Paraguay	Bolivia	Ecuador	Brazil	Mexico	Colombia	Costa Rica
Uruguay	100	105	107	107	108	108	109	116	122	132
Peru	95	100	102	102	103	103	104	111	117	126
Argentina	94	98	100	100	101	101	102	109	114	124
Paraguay	93	98	100	100	100	101	102	109	114	124
Bolivia	93	97	100	100	100	100	102	108	114	123
Ecuador	92	97	99	99	99	100	101	108	113	123
Brazil	92	96	98	98	98	99	100	107	112	121
Mexico	86	90	92	92	92	93	94	100	105	114
Colombia	82	86	87	87	88	88	89	95	100	108
Costa Rica	76	79	81	81	81	82	82	88	92	100
Haiti	75	78	80	80	80	81	81	87	91	99
El Salvador	67	71	72	72	72	73	74	79	82	89
Nicaragua	64	67	68	68	69	69	70	74	78	85
Panama	63	66	67	67	68	68	69	73	78	83
Chile	63	66	67	67	68	68	69	73	77	83
Guatemala	62	64	66	66	66	66	67	71	75	81
Honduras	58	61	62	62	63	63	64	68	72	77
Dominican Republic	57	60	61	61	62	62	62	67	71	76
Venezuela	41	43	44	44	44	44	45	48	50	54
British Guiana	81	85	87	87	87	88	89	95	99	108

Table 7 a (continued)

Country	Haiti	El Salvador	Nicaragua	Panama	Chile	Guatemala	Honduras	Dominican Rep.	Venezuela	British Guiana
Uruguay	134	148	157	158	158	163	171	175	244	123
Peru	128	142	149	151	151	165	163	167	233	118
Argentina	126	138	146	148	148	152	160	163	228	115
Paraguay	126	138	146	148	148	152	160	163	228	115
Bolivia	125	137	145	147	147	152	159	162	227	114
Ecuador	124	137	145	147	147	150	158	162	226	114
Brazil	123	136	143	145	145	149	157	160	223	113
Mexico	115	127	134	137	137	140	147	150	209	106
Colombia	110	121	128	129	130	133	140	143	199	101
Costa Rica	101	112	118	120	120	123	129	132	184	93
Haiti	100	111	117	118	118	121	128	130	182	92
El Salvador	90	100	106	107	107	110	115	118	164	83
Nicaragua	86	95	100	101	102	104	109	112	156	79
Panama	85	93	98	100	100	102	108	110	155	79
Chile	85	93	98	100	100	102	108	110	154	78
Guatemala	82	91	96	97	97	100	105	107	150	76
Honduras	78	87	91	92	93	95	100	102	142	72
Dominican Republic	77	85	90	91	91	93	98	100	140	71
Venezuela	55	61	64	65	65	67	70	72	100	51
British Guiana	109	120	127	129	129	132	139	142	198	100

NOTE: Horizontal Columns = Indexes of prices
Vertical Columns = Indexes of purchasing power.

/Table 7b

Table 7 b

PRICE RELATIVES AND THE PURCHASING POWER OF CURRENCIES AT FREE MARKET RATES OF EXCHANGE:(b)JUNE 1962
(Indexes: Base country = 100)

Country	Ecuador	Argentina	Colombia	Chile	Peru	Mexico	Brazil	Bolivia	Paraguay	Haiti
Ecuador	100	112	116	125	127	127	128	134	137	147
Argentina	89	100	104	111	113	113	114	119	122	131
Colombia	86	97	100	108	109	109	110	115	118	127
Chile	80	90	93	100	101	102	103	107	109	118
Peru	79	89	92	99	100	100	101	105	108	116
Mexico	79	89	92	98	100	100	101	105	108	116
Brazil	78	88	91	97	99	99	100	104	106	115
Bolivia	75	84	87	94	95	95	96	100	102	110
Paraguay	73	82	85	92	93	93	94	98	100	108
Haiti	68	76	79	85	86	86	87	90	93	100
Uruguay	66	75	77	83	84	84	85	89	91	98
Costa Rica	64	72	75	80	82	82	83	86	88	95
El Salvador	62	70	72	78	79	78	80	83	85	91
Nicaragua	60	67	70	75	76	76	77	80	82	88
Panama	58	65	67	71	73	73	74	77	79	84
Guatemala	57	64	67	71	73	73	74	76	78	84
Honduras	53	60	62	66	68	68	68	71	73	78
Venezuela	50	56	58	62	63	63	64	66	68	73
Dominican Republic	49	55	57	62	62	62	63	66	67	73
British Guiana	74	83	86	93	94	94	95	99	101	109

Table 7 b (continued)

Country	Uruguay	Costa Rica	El Salvador	Nicaragua	Panama	Guatemala	Honduras	Venezuela	Dominican Rep.	British Guiana
Ecuador	150	156	161	167	174	174	188	201	203	135
Argentina	134	139	144	149	155	155	167	179	181	120
Colombia	130	134	139	144	150	150	162	173	175	116
Chile	120	124	129	134	140	140	150	161	162	108
Peru	119	123	127	132	138	138	148	159	160	106
Mexico	119	123	127	132	137	137	147	159	160	106
Brazil	117	121	126	130	136	136	146	157	158	105
Bolivia	113	116	121	125	130	131	141	151	152	101
Paraguay	110	114	118	122	127	128	138	147	149	99
Haiti	102	106	109	113	118	118	127	137	138	92
Uruguay	100	103	107	111	115	116	125	134	135	90
Costa Rica	97	100	104	108	112	112	121	129	130	87
El Salvador	93	96	100	104	108	108	117	125	126	84
Nicaragua	90	93	96	100	103	104	112	120	121	81
Panama	87	89	92	97	100	100	108	115	116	79
Guatemala	86	89	92	96	100	100	108	114	116	77
Honduras	80	83	86	89	93	93	100	107	108	72
Venezuela	75	77	80	83	87	87	93	100	101	67
Dominican Republic	74	77	79	82	86	86	93	99	100	66
British Guiana	111	115	119	124	126	129	139	149	150	100

NOTE: Horizontal Columns = Indexes of prices
Vertical Columns = Indexes of purchasing power.

/other South

other South American countries and 50 to 65 per cent higher than prices in Central America.

The magnitude of price differences between Central and South American countries can be seen by making a comparison of Panama and Brazil with other countries (price levels for each being typical of Central and South America respectively). In the case of Brazil, for example, while most other South American countries had price levels differing by only a few per cent (Chile and Venezuela being the exception), the price levels for the countries in the Central American and Caribbean region were from 27 to 50 per cent higher. Conversely, while for most countries in Central America and the Caribbean, prices were within ten per cent of the Panama level, prices in the South American group[46/] were from 23 to 37 per cent lower.

For 1962, the situation changed only in respect of countries in South America. The outstanding features in the new pattern of price relatives were as follows:

(a) Venezuela, instead of being the most expensive country (when prices were converted at free market exchange rates) was now second to the Dominican Republic. The new situation reflected, however, the devaluation which applied to free market transactions rather than an absolute reduction in internal prices (the parity rate of exchange for June 1962 remaining much the same as it was in 1960).

(b) A marked increase in the price level of Uruguay without any corresponding modification in the free market exchange rate made that country the most expensive in South America, after Venezuela (instead of being the cheapest, as it was in 1960).

(c) A reverse situation applied to Ecuador, where currency devaluation was not accompanied by any equivalent price change - Ecuador ranking as the cheapest in Latin America in 1962 as compared with its sixth position two years earlier.

46/ Excluding Chile and Venezuela.

/(d) While

(d) While in 1960 Chile was one of the most expensive countries in Latin America (being exceeded only by Venezuela, the Dominican Republic and Honduras), in 1962, despite a 20 per cent increase in internal prices during the two previous years, it now ranked as the fourth cheapest.47/

(e) Paraguay had also devaluated its currency but not to the extent of internal price changes. In consequence, Paraguay ranked ninth cheapest in 1962 instead of third in 1960. A reverse situation applied to Colombia.

(f) In the case of Argentina, parity and free market rates had changed in a roughly similar fashion - the price rise having somewhat the same magnitude as the depreciation of the national currency. The relative price level was therefore not affected very much and the ranking of this country (in terms of cheapness of prices at free market exchange rates) was almost the same in 1962 as it was in 1960. A somewhat comparable situation applied to Brazil, its ranking remaining unchanged despite inflation in domestic prices.

Table 8

RANKING OF COUNTRIES ACCORDING TO THEIR RELATIVE PRICE LEVELS

(at free market exchange rates)

Country	1960	1962	Country	1960	1962
Argentina	3	2	Haiti	11	10
Bolivia	5	8	Honduras	17	17
Brazil	7	7	Mexico	8	6
Chile	15	4	Nicaragua	13	14
Colombia	9	3	Panama	14	15
Costa Rica	10	12	Paraguay	3	9
Dominican Rep.	18	19	Peru	2	5
Ecuador	6	1	Uruguay	1	11
El Salvador	12	13	Venezuela	19	18
Guatemala	16	16			

47/ It should be noted that in Chile the devaluation which began in January 1961 had by June 1962 not yet applied to the official (or controlled) exchange rate. The ranking of that country if the parity rate is compared with the official rate would be third highest - that is to say, exceeded only by the Dominican Republic and Venezuela.

3. Comparative purchasing power of currencies (at prevailing rates of exchange)

If countries with somewhat similar living conditions, income levels and expenditure patterns are compared with each other, the purchasing power of each currency is directly proportional to the level of prices in each place.[48/] The data given in Table 7 may thus be used not only to show price levels but also to provide an indication of comparative purchasing power for the currencies of the Latin American countries. In this case, since purchasing power is a reciprocal of the price relationship, the figures in Table 8 should be compared vertically rather than horizontally; that is to say, each vertical column provides an index of comparative purchasing power with the country mentioned at the head of the column as base.

It will, for example, be seen that compared with the Mexican peso at free market rates of exchange, the currency of both Panama and Chile had, in 1960, 73 per cent of the purchasing power of the Mexican peso, the Dominican currency had 67 per cent, but the Venezuela bolivar only 48 per cent. On the other hand, for Brazil, Ecuador, Argentina, Peru and Uruguay, equivalent amounts of currency would at free market rates of exchange respectively purchase 7, 8, 9, 11 and 16 per cent more goods and services than a peso would in Mexico. In like manner, one could obtain 58 per cent more goods and services in Uruguay, 48 per cent more in Argentina, 45 per cent more in Brazil, 37 per cent more in Mexico and 7 per cent more in Nicaragua than was possible for equivalent amounts of currency in Chile or in Panama (in only four countries - Guatemala,

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48/ If conditions are not similar (e.g. in tropical and temperate areas, or for high income versus low income countries) some adjustment may be necessary to take into account different needs or different consumer preferences. For Latin American countries, reliance was placed on a system of equivalences designed to correct the relatively small number of incomparabilities present in the price data. Only in a few extreme cases, was the wighting pattern allowed to vary in order to take account of differing consumption habits.

/Honduras, the

Honduras, the Dominican Republic and Venezuela - could less goods and services be obtained for equivalent amounts of currency than was possible in Chile or Panama). Compared with Venezuela, one could buy in Uruguay 2.44 times as many goods and services; in Brazil 2.23, Colombia 1.99, Panama and Chile 1.54 and Honduras 1.42 times as many for equivalent amounts of currency. That is to say, the bolivar had in June 1960 a purchasing power 41, 45, 50, 65 and 70 per cent of that possessed by the national currencies in Uruguay, Brazil, Colombia, Panama (or Chile) and Honduras. The devaluation of the bolivar in 1961 reduced the amount of other currencies equivalent to a bolivar and increased the purchasing power of the bolivar (relative to other currencies). Inflationary price movements in certain countries accentuated this increase in the purchasing power of the bolivar relative to other currencies at free market rates of exchange. It was, for instance, possible in June 1962 to obtain 78 per cent of what an equivalent number of pesos would bring in Uruguay - as against 41 per cent in 1960.

So far as the currencies of other countries were concerned, attention might be drawn to the much increased purchasing power in June 1962 of the escudo, the Colombian peso and the sucre - as against a decreased purchasing power of the guarani, the Bolivian peso, the sol, the Costa Rican colon, the cruzeiro and the Dominican peso.

As prices and excange rates were stable in Panama during the period under review, the relative purchasing power of each Latin American country vis-a-vis the balboa in June 1960 and again in June 1962 provides the simplest means of assessing the modification in purchasing power for each currency during the period under review. The following table shows in percentage form the change which occurred.

/Table 9

Table 9

CHANGES IN THE PURCHASING POWER OF AN AMOUNT OF NATIONAL CURRENCY CORRESPONDING TO ONE BALBOA a/

June 1962 compared to June 1960

(Indexes: Purchasing power in June 1960 = 100)

Country	Currency	Index	Country	Currency	Index
Argentina	peso	104.8	Haití	gourde	100.2
Bolivia	peso	88.2	Honduras	lempira	100.3
Brazil	cruzeiro	93.5	Mexico	peso	100.0
Chile	escudo	139.6	Nicaragua	cordoba	103.1
Colombia	peso	116.0	Panama	balboa	100.0
Costa Rica	colon	93.4	Paraguay	guarani	86.3
Dominican Republic	peso	94.5	Peru	sol	91.0
Ecuador	sucre	119.0	Uruguay	peso	73.2
El Salvador	colon	101.4	Venezuela	bolivar	133.4
Guatemala	quetzal	102.7	Brit. Guiana	BWI dollar	100.4

a/ Converted in accordance with free market rates of exchange.

CHAPTER II

ANALYSIS BY MAIN EXPENDITURE GROUPS

1. Purchasing power equivalents

In tables 3 to 6, the parity of exchange which applied to total expenditure was given. This, by definition, equated the over-all purchasing power of the nineteen Latin American currencies. Purchasing power equivalents expressing the number of currency units necessary to buy a given amount of goods or services in each country have also been calculated for main expenditure groups. Because of the number of series involved, the tables are not fully reproduced in this chapter but are included in the Statistical Annex. However, in order to provide an indication of the pattern for each country, Table 10 presents the purchasing power equivalents in terms of the Mexican peso for twelve main expenditure sectors. Similar data in terms of the Panamanian balboa are given in Table 11.

It will be observed, by way of example that in June 1960 one peso spent on Food in Mexico bought as much as 4.79 m$n in Argentina, .878 Bolivian pesos in Bolivia, 11.7 cruzeiros in Brazil, 8.7 guaranis in Paraguay or 1.96 soles in Peru (the same data being shown in reciprocal form in Table VI of the Statistical Annex, where it will be seen that one peso spent on food in Argentina could buy as much as .209 Mexican pesos, .183 Bolivian pesos, 2.44 cruzeiros, 1.68 guaranis, .395 soles and so forth). For Clothing and Textiles, on the other hand, one Mexican peso in June 1960 bought as much as 5.68 Argentine pesos, 12.9 cruzeiros, 8.5 guaranis, 1.97 soles, .085 quetzales, or .176 lempiras. Similarly (from Table 11) one balboa spent in 1960 on Clothing corresponded in purchasing power to 4.93 Colombian pesos, 1.53 escudos or 4.99 bolivares - as against 5.19 Colombian pesos, 1.14 escudos or 4.53 bolivares if spent on Housing.

/Table 10a

Table 10 a

PURCHASING POWER EQUIVALENTS FOR MAIN EXPENDITURE SECTORS: (a) JUNE 1960
(Units of national currency per Mexican peso)

(1) South America

Sector \ Country	Argentina	Bolivia	Brazil	Colombia	Chile	Ecuador	Paraguay	Peru	Uruguay	Venezuela
Currency	M$N	$B	Cr.$	$	E°	S/-	Gs.	S/o	$	Bs.
Exchange rate	6.63	.951	15.0	.546	.084	1.45	9.8	2.20	.915	.268
CONSUMER EXPENDITURE: TOTAL	5.65	.868	13.7	.589	.111	1.36	8.7	1.96	.742	.596
I. Food	4.79	.878	11.7	.635	.090	1.42	8.0	1.89	.726	.532
II. Beverages	5.23	1.422	9.9	.874	.090	1.74	10.5	2.16	.742	.730
III. Tobacco	5.95	.594	10.3	.284	.107	1.39	8.5	.78	.490	.615
IV. Clothing, Textiles	5.68	.806	12.9	.401	.125	1.02	8.5	1.97	.769	.406
V. Housing	8.36	1.195	19.3	.743	.163	1.64	10.6	2.38	.966	.649
VI. Transport, Communication	8.83	.874	21.3	.763	.098	2.04	11.1	2.49	.863	.640
VII. Personal care	5.75	1.000	12.4	.593	.129	1.63	10.9	2.52	.937	.747
VIII. Recreation	6.79	.847	13.5	.638	.131	1.58	11.0	2.90	.715	.704
IX. Goverment services	4.05	.463	13.7	.432	.083	0.90	6.2	1.21	.497	.762
FIXED INVESTMENT: TOTAL	9.21	.969	16.9	.536	.103	1.27	11.4	2.15	1.101	.391
X. Construction	8.39	.830	13.9	.455	.084	1.04	9.8	2.00	.940	.504
XI. Producers' equipment	9.39	1.043	19.2	.563	.114	1.49	13.4	2.22	1.040	.263
XII. Transport equipment	11.66	1.277	21.4	.745	.144	1.54	11.8	2.50	1.822	.309
TOTAL EXPENDITURE	6.10	.878	14.1	.578	.109	1.34	9.0	1.98	.790	.565

(2) Central America, the Caribbean and British Guiana

Sector \ Country	Costa Rica	El Salvador	Guatemala	Haiti	Honduras	Mexico	Nicaragua	Panama	Dominican Rep.	British Guiana
Currency	¢	¢	Q	G	L.	$	C$	B/.	RD$	BWI$
Exchange rate	.532	.200	.080	.400	.160	1.00	.584	.080	.080	.137
CONSUMER EXPENDITURE: TOTAL	.614	.265	.117	.480	.246	1.00	.796	.112	.125	.151
I. Food	.610	.309	.123	.505	.269	1.00	.844	.115	.139	.138
II. Beverages	1.542	.514	.195	.965	.448	1.00	1.216	.157	.223	.330
III. Tobacco	.827	.158	.122	.545	.081	1.00	.797	.073	.158	.190
IV. Clothing, Textiles	.489	.210	.085	.360	.176	1.00	.672	.081	.090	.120
V. Housing	.771	.221	.130	.505	.312	1.00	.863	.143	.142	.167
VI. Transport, Communication	.677	.416	.158	.730	.277	1.00	.782	.152	.153	.182
VII. Personal care	.454	.278	.136	.420	.266	1.00	.815	.120	.106	.121
VIII. Recreation	.573	.247	.136	.430	.269	1.00	.747	.105	.092	.191
IX. Goverment services	.454	.205	.087	.375	.154	1.00	.661	.085	.083	.155
FIXED INVESTMENT: TOTAL	.550	.194	.081	.380	.176	1.00	.703	.098	.096	.137
X. Construction	.593	.195	.083	.375	.187	1.00	.790	.116	.102	.143
XI. Producers' equipment	.456	.183	.077	.375	.169	1.00	.580	.081	.090	.130
XII. Transport equipment	.632	.221	.084	.400	.158	1.00	.710	.075	.088	.136
TOTAL EXPENDITURE	.602	.254	.110	.462	.235	1.00	.779	.110	.120	.148

/Table 10b

Table 10 b

PURCHASING POWER EQUIVALENTS FOR MAIN EXPENDITURE SECTORS: (b) JUNE 1962
(Units of national currency per Mexican peso)

(1) South America

Sector	Country	Argentina	Bolivia	Brazil	Colombia	Chile	Ecuador	Paraguay	Peru	Uruguay	Venezuela
	Currency	M$N	$B	Cr.$	$	E°	S/-	Gs.	S/o	$	Bs.
	Exchange rate	10.81	.951	28.8	.700	.130	1.84	10.1	2.15	.879	.364
CONSUMER EXPENDITURE: TOTAL		8.97	.992	28.4	.652	.130	1.45	10.6	2.13	1.013	.595
I. Food		7.86	.967	23.6	.710	.108	1.51	10.1	2.11	.874	.508
II. Beverages		9.47	1.614	21.6	.948	.139	2.00	11.7	2.32	1.147	.852
III. Tobacco		9.90	.674	22.6	.307	.127	1.42	5.5	.86	.483	.587
IV. Clothing, Textiles		10.65	.900	36.0	.446	.133	1.09	10.7	2.20	1.126	.474
V. Housing		11.45	1.556	38.4	.815	.195	1.72	12.1	2.46	1.493	.672
VI. Transport,Communication		12.30	.991	28.8	.827	.109	2.09	16.0	2.76	1.004	.610
VII. Personal care		11.53	1.029	20.2	.665	.146	1.73	13.9	2.63	1.304	.745
VIII. Recreation		12.21	.870	25.0	.716	.153	1.72	14.3	3.02	1.017	.728
IX. Goverment services		5.06	.571	28.5	.469	.100	.97	7.4	1.30	.692	.703
FIXED INVESTMENT: TOTAL		13.40	1.042	33.9	.572	.115	1.45	12.7	2.17	1.247	.418
X. Construction		12.69	.974	32.8	.513	.102	1.09	11.6	2.04	1.280	.515
XI. Producers: equipment		13.64	1.043	35.1	.563	.119	1.79	13.9	2.22	1.020	.288
XII. Transport equipment		15.31	1.277	35.0	.801	.152	1.89	13.8	2.50	1.695	.408
TOTAL EXPENDITURE		9.57	.999	29.1	.641	.128	1.45	10.9	2.14	1.044	.571

(2) Central America, the Caribbean and British Guiana

Sector	Country	Costa Rica	El Salvador	Guatemala	Haití	Honduras	México	Nicaragua	Panama	Dominican Rep.	British Guiana
	Currency	₡	₡	Q	G	L.	$	C$	B/.	RD$	BWI$
	Exchange rate	.532	.200	.080	.400	.160	1.00	.596	.080	.080	.137
CONSUMER EXPENDITURE: TOTAL		.658	.263	.115	.480	.246	1.00	.803	.111	.132	.151
I. Food		.625	.309	.121	.505	.256	1.00	.871	.116	.144	.139
II. Beverages		2.438	.494	.187	.955	.457	1.00	1.192	.154	.235	.324
III. Tobacco		.857	.152	.117	.535	.083	1.00	.782	.071	.148	.186
IV. Clothing,Textiles		.497	.193	.084	.395	.192	1.00	.687	.083	.118	.123
V. Housing		.816	.210	.127	.485	.322	1.00	.859	.143	.134	.166
VI. Transport,Communication		.684	.400	.151	.725	.282	1.00	.767	.149	.161	.179
VII. Personal care		.465	.284	.130	.415	.271	1.00	.796	.118	.134	.119
VIII. Recreation		.591	.252	.130	.460	.274	1.00	.733	.103	.116	.187
IX. Goverment services		.472	.205	.083	.375	.156	1.00	.650	.083	.088	.153
FIXED INVESTMENT: TOTAL		.603	.196	.080	.380	.178	1.00	.709	.099	.096	.139
X. Construction		.622	.198	.082	.380	.190	1.00	.804	.118	.103	.146
XI. Producers: equipment		.536	.183	.077	.375	.169	1.00	.580	.081	.090	.130
XII. Transport equipment		.701	.221	.084	.400	.158	1.00	.710	.075	.088	.136
TOTAL EXPENDITURE		.650	.254	.110	.465	.237	1.00	.791	.110	.128	.149

/Table 11a

Table 11 a

PURCHASING POWER EQUIVALENTS FOR MAIN EXPENDITURE SECTORS: (a) JUNE 1960

(Units of currency per Balboa)

(1) South America

Sector \ Country	Argentina	Bolivia	Brazil	Colombia	Chile	Ecuador	Paraguay	Peru	Uruguay	Venezuela
Currency	M$N	$B	Cr.$	$	E°	S/-	Gs.	S/o	$	Bs.
Exchange rate	82.8	11.88	187	6.82	1.053	18.1	122	27.4	11.43	3.35
CONSUMER EXPENDITURE: TOTAL	50.6	7.77	123	5.27	.993	12.2	78	17.6	6.68	5.34
I. Food	41.5	7.61	101	5.50	.788	12.3	70	16.4	6.30	4.60
II. Beverages	33.4	9.06	63	5.58	.571	11.1	67	13.8	4.73	4.65
III. Tobacco	81.6	8.15	141	3.89	1.468	19.0	116	10.6	6.73	6.44
IV. Clothing, Textiles	69.7	9.90	159	4.93	1.530	12.6	105	24.2	9.45	4.99
V. Housing	58.4	8.30	134	5.19	1.140	11.5	74	16.6	6.74	4.53
VI. Transport, Communication	58.2	5.76	141	5.03	.648	13.5	73	16.4	5.69	4.22
VII. Personal care	47.9	8.35	103	4.94	1.076	13.6	91	21.0	7.81	6.23
VIII. Recreation	64.9	8.10	129	6.10	1.250	15.2	105	27.7	6.84	6.73
IX. Goverment services	47.6	5.45	162	5.08	1.039	10.6	72	14.2	5.85	8.96
FIXED INVESTMENT: TOTAL	94.0	9.89	172	5.48	1.050	13.0	116	21.9	11.25	4.00
X. Construction	72.1	7.14	120	3.91	.718	8.9	85	17.2	8.09	4.33
XI. Producers' equipment	116.1	12.89	238	6.96	1.409	18.4	166	27.4	12.86	3.26
XII. Transport equipment	155.8	17.07	286	9.95	1.922	20.6	157	33.5	24.34	4.13
TOTAL EXPENDITURE	55.8	8.04	129	5.30	1.000	12.3	81	18.1	7.24	5.18

(2) Central America, the Caribbean and British Guiana

Sector \ Country	Costa Rica	El Salvador	Guatemala	Haiti	Honduras	Mexico	Nicaragua	Panama	Dominican Rep.	British Guiana
Currency	¢	¢	Q	G	L.	$	C$	B/.	RD$	BWI$
Exchange rate	6.65	2.50	1.000	5.00	2.00	12.49	7.30	1.00	1.000	1.71
CONSUMER EXPENDITURE: TOTAL	5.69	2.38	1.051	4.29	2.20	8.96	7.13	1.00	1.117	1.40
I. Food	5.28	2.63	1.069	4.42	2.33	8.66	7.31	1.00	1.205	1.20
II. Beverages	9.83	3.28	1.246	6.16	2.86	6.38	7.75	1.00	1.423	2.11
III. Tobacco	11.35	2.17	1.680	7.45	1.12	13.72	10.94	1.00	2.163	2.60
IV. Clothing, Textiles	6.00	2.58	1.041	4.42	2.16	12.29	8.26	1.00	1.109	1.48
V. Housing	5.38	1.54	.911	3.54	2.18	6.98	6.02	1.00	.995	1.17
VI. Transport, Communication	4.46	2.74	1.044	4.82	1.82	6.59	5.16	1.00	1.009	1.20
VII. Personal care	3.78	2.32	1.137	3.50	2.22	8.34	6.80	1.00	.885	1.01
VIII. Recreation	5.48	2.36	1.298	4.12	2.57	9.56	7.14	1.00	.876	1.82
IX. Goverment services	5.34	2.42	1.024	4.41	1.81	11.76	7.77	1.00	.973	1.82
FIXED INVESTMENT: TOTAL	5.62	1.97	.825	3.86	1.80	10.21	7.18	1.00	.976	1.40
X. Construction	5.10	1.68	.721	3.20	1.60	8.60	6.80	1.00	.875	1.23
XI. Producers' equipment	5.63	2.26	.945	4.66	2.08	12.36	7.17	1.00	1.107	1.61
XII. Transport equipment	8.44	3.00	1.118	5.38	2.12	13.36	9.50	1.00	1.180	1.82
TOTAL EXPENDITURE	5.52	2.33	1.025	4.24	2.16	9.14	7.14	1.00	1.101	1.36

/Table 11b

Table 11 b

PURCHASING POWER EQUIVALENTS FOR MAIN EXPENDITURE SECTORS:(b) JUNE 1962
(Units of currency per Balboa)

(1) South America

Sector \ Country	Argentina	Bolivia	Brazil	Colombia	Chile	Ecuador	Paraguay	Peru	Uruguay	Venezuela
Currency	M$N	$B	Cr.$	$	E°	S/-	Gs.	S/o	$	Bs.
Exchange rate	135.0	11.88	359	8.74	1.630	22.9	126	26.8	10.98	4.54
CONSUMER EXPENDITURE: TOTAL	80.5	8.90	254	5.85	1.166	13.0	98	19.1	9.09	5.34
I. Food	67.8	8.35	204	6.12	.935	13.0	87	18.2	7.54	4.38
II. Beverages	61.6	10.50	140	6.17	.906	13.0	76	15.1	7.46	5.54
III. Tobacco	138.5	9.44	316	4.30	1.778	19.9	77	12.0	6.76	8.21
IV. Clothing, Textiles	128.0	10.83	433	5.37	1.596	13.1	128	26.5	13.54	5.70
V. Housing	80.2	10.90	268	5.71	1.365	12.1	85	17.2	10.46	4.70
VI. Transport,Communication	82.7	6.67	194	5.56	.734	14.1	108	18.6	6.75	4.10
VII. Personal care	98.0	8.75	171	5.65	1.247	14.7	118	22.3	11.09	6.34
VIII. Recreation	119.0	8.48	244	6.98	1.489	16.8	139	29.5	9.91	7.10
IX. Goverment services	60.6	6.16	341	5.62	1.197	11.6	88	15.6	8.29	8.42
FIXED INVESTMENT: TOTAL	135.7	10.55	343	5.80	1.168	14.7	129	22.0	12.63	4.23
X. Construction	107.2	8.23	277	4.34	.866	9.2	98	17.2	10.82	4.33
XI. Producers' equipment	168.5	12.89	434	6.96	1.466	22.1	172	27.4	12.60	3.57
XII. Transport equipment	204.5	17.07	467	10.72	2.033	25.2	184	33.5	22.65	5.45
TOTAL EXPENDITURE	87.2	9.11	265	5.84	1.163	13.2	99	19.5	9.52	5.21

(2) Central America, the Caribbean and British Guiana

Sector \ Country	Costa Rica	El Salvador	Guatemala	Haiti	Honduras	Mexico	Nicaragua	Panama	Dominican Rep.	British Guiana
Currency	¢	¢	Q	G	L	$	C$	B/.	RD$	BWI$
Exchange rate	6.65	2.50	1.000	5.00	2.00	12.49	7.45	1.00	1.000	1.71
CONSUMER EXPENDITURE: TOTAL	5.91	2.36	1.028	4.30	2.21	8.98	7.46	1.00	1.188	1.35
I. Food	5.40	2.67	1.042	4.38	2.21	8.63	7.52	1.00	1.243	1.20
II. Beverages	15.85	3.21	1.214	6.20	2.97	6.50	7.75	1.00	1.526	2.11
III. Tobacco	11.99	2.12	1.637	7.51	1.16	13.99	10.94	1.00	2.073	2.60
IV. Clothing, textiles	5.97	2.32	1.014	4.74	2.31	12.03	8.26	1.00	1.417	1.48
V. Housing	5.72	1.47	.892	3.39	2.25	7.00	6.02	1.00	.938	1.17
VI. Transport,Communication	4.60	2.70	1.018	4.86	1.90	6.72	5.16	1.00	1.082	1.20
VII. Personal care	3.95	2.41	1.108	3.53	2.31	8.50	6.77	1.00	1.142	1.01
VIII. Recreation	5.76	2.46	1.264	4.46	2.67	9.75	7.14	1.00	1.129	1.82
IX. Goverment services	5.66	2.46	.996	4.48	1.87	11.97	7.78	1.00	1.050	1.83
FIXED INVESTMENT: TOTAL	6.10	1.99	.812	3.86	1.80	10.13	7.18	1.00	.976	1.40
X. Construction	5.26	1.68	.691	3.21	1.60	8.45	6.80	1.00	.875	1.23
XI. Producers' equipment	5.63	2.26	.945	4.66	2.08	12.36	7.17	1.00	1.107	1.61
XII. Transport equipment	9.37	2.96	1.118	5.38	2.12	13.36	9.49	1.00	1.180	1.82
TOTAL EXPENDITURE	5.93	2.31	1.002	4.25	2.16	9.14	7.21	1.00	1.163	1.36

/Again, for

Again, for Investment in Peru it was necessary to spend 27,400 soles on Producer's Equipment in 1960 as against 33,500 soles on Transport Equipment (but only 17,200 soles on Construction) in order to obtain quantities equal to those obtainable in Panama with 1,000 balboas.

The purchasing power equivalents may be related to each other so as to make a direct comparison of countries independent of Mexico or Panama. Thus, (from Table 10) 11.7 cruzeiros in June 1960 bought as much food as 1.42 sucres in Ecuador, .726 pesos in Uruguay, .610 colones in Costa Rica or .139 pesos in the Dominican Republic.

Tables 10 and 11 also provide the purchasing power equivalents in June 1960 as well as June 1962. It was, for example, necessary to spend 195 escudos in June 1962 to get an amount of Housing and household equipment in Chile for which only 163 escudos were needed in 1960. Care must, however, be exercised in making such comparisons since the changes in the price structure of the country used as the reference point can well influence the results. Thus, in June 1960, 1,000 Mexican pesos bought as much Construction as 13,900 cruzeiros; in June 1962, 1,000 Mexican pesos bought as much as 32,800 cruzeiros. However, since prices of construction materials fell in Mexico between 1960 and 1962, more construction could be bought for 32,800 cruzeiros in June 1962 than was possible with 13,900 cruzeiros in 1960. The purchasing power in 1962 relative to 1960 is better compared for individual groups on the basis of a country in which prices were stable during the period under review - Panama being probably the most suitable for this purpose (in the example quoted, 277,000 cruzeiros in June 1962 bought an amount of construction which cost 120,000 cruzeiros in June 1960 - both being equivalent to a sum of money - 1,000 balboas which maintained an equal purchasing power during the period concerned).

/2. Price

2. Price relatives (at prevailing exchange rates)

In order to express data in the form of price relatives, the purchasing power equivalents for each group have been compared with the free market rate - in this way providing a set of indexes similar in presentation and in manner of interpretation to those shown for total expenditure in Table 7. The reciprocal arrangements of indexes for main groups in all countries are included in the Statistical Annex. However, in order to present a synthesis of the data, Table 12 has been compiled wherein for twelve main sectors of expenditure the prices in each country are expressed relative to prices in Mexico.

When a given country is, however, used as a base or reference point, the price level for each item or group of items in that country is automatically placed at 100; and the "cheapness" or "expensiveness" of the item there is not taken into account. Price levels for other countries which are related to the given country are accordingly at a comparatively low level for items which are expensive in the base country and at a comparatively high level for the items which are cheap in the base country.

To overcome this disadvantage, a further set of data has been elaborated in which the average of the prices in all nineteen Latin American countries has been used as base - Table 13 - showing for each of the twelve expenditure groups the relationship which prices in each country (including Mexico) bore to the average of prices for the same group in the whole region.

Thus, the June 1960 price of Foods in Argentina (converted in accordance with free market rates of exchange) was 61 per cent of the average price for Latin America, in contrast to 163 per cent in the case of Venezuela, 144 per cent for the Dominican Republic and 139 per cent for Honduras. (For all South American countries except Venezuela, prices were below the regional average, while for Central America and the Caribbean, all except Mexico and Costa Rica were above that average).

For Beverages and Tobacco the price levels reflect to a considerable extent the tax policies which applied in each country. In the case of beverages, however, an influential factor was undoubtedly the low production

Table 12 a

PRICE RELATIVES AT FREE MARKET RATES OF EXCHANGE : (a) JUNE 1960
(Indexes: Mexico = 100)

(1) South America

Expenditure Sector	Argentina	Bolivia	Brazil	Colombia	Chile	Ecuador	Paraguay	Peru	Uruguay	Venezuela
CONSUMER EXPENDITURE: TOTAL	85	91	91	107	139	94	89	89	81	221
I. Food	72	92	78	116	112	98	82	86	79	197
II. Beverages	79	150	66	159	112	120	108	98	81	270
III. Tobacco	90	62	69	52	134	96	87	35	53	182
IV. Clothing, Textiles	86	85	86	73	156	71	87	90	84	150
V. Housing	126	126	129	135	204	113	108	108	105	240
VI. Transport,Communication	133	92	142	139	122	141	114	113	94	237
VII. Personal care	88	105	83	108	161	112	112	114	102	277
VIII. Recreation	102	89	90	116	164	109	112	132	78	261
IX. Goverment services	61	49	92	78	104	62	63	55	54	282
FIXED INVESTMENT: TOTAL	139	102	112	98	123	88	116	98	120	146
X. Construction	126	87	93	83	100	72	101	91	103	188
XI. Producers' equipment	142	110	128	103	136	103	137	101	114	98
XII. Transport equipment	176	134	143	136	171	107	121	114	199	115
TOTAL EXPENDITURE	92	92	94	105	136	93	92	90	86	209

(2) Central America, the Caribbean and British Guiana

Expenditure Sector	Costa Rica	El Salvador	Guatemala	Haiti	Honduras	Mexico	Nicaragua	Panama	Dominican Rep.	British Guiana
CONSUMER EXPENDITURE: TOTAL	116	132	146	120	154	100	137	140	156	108
I. Food	115	152	154	126	168	100	146	144	174	98
II. Beverages	291	257	244	241	280	100	210	196	279	236
III. Tobacco	156	79	152	136	51	100	137	91	198	136
IV. Clothing, Textiles	92	105	106	90	110	100	116	101	112	86
V. Housing	146	110	162	126	195	100	149	179	178	119
VI. Transport,Communication	128	208	198	182	173	100	135	190	191	130
VII. Personal care	86	139	170	105	166	100	140	150	132	86
VIII. Recreation	108	124	170	108	168	100	129	131	115	136
IX. Goverment services	86	102	109	94	96	100	114	106	104	111
FIXED INVESTMENT: TOTAL	104	97	95	95	110	100	120	122	119	100
X. Construction	113	97	94	94	117	100	135	145	127	104
XI. Producers' equipment	86	91	96	94	106	100	99	101	112	95
XII. Transport equipment	120	110	101	101	99	100	121	93	110	99
TOTAL EXPENDITURE	114	127	140	116	147	100	134	137	150	106

/Table 12b

Table 12 b

PRICE RELATIVES AT FREE MARKET RATES OF EXCHANGE : (b) JUNE 1962
(indexes: Mexico = 100)

(1) South America

Expenditure Sector	Argentina	Bolivia	Brazil	Colombia	Chile	Ecuador	Paraguay	Peru	Uruguay	Venezuela
CONSUMER EXPENDITURE: TOTAL	83	104	98	93	100	79	105	100	115	165
I. Food	73	102	82	101	83	82	100	99	99	141
II. Beverages	88	170	75	135	107	109	116	109	130	237
III. Tobacco	92	71	78	44	98	77	54	40	55	163
IV. Clothing, Textiles	98	95	125	64	102	59	106	103	128	132
V. Housing	106	164	133	116	150	94	120	115	170	186
VI. Transport, Communication	114	104	100	118	84	114	159	129	114	169
VII. Personal care	113	108	70	95	112	94	138	123	148	207
VIII. Recreation	113	92	87	102	118	94	141	141	116	202
IX. Goverment services	47	54	99	67	77	53	73	61	79	195
FIXED INVESTMENT: TOTAL	124	110	118	82	88	79	126	101	142	115
X. Construction	117	102	114	73	78	59	115	95	146	141
XI. Producers' equipment	126	110	122	80	91	97	138	103	116	79
XII. Transport equipment	142	110	122	114	117	103	136	117	193	112
TOTAL EXPENDITURE	89	105	101	92	98	79	108	100	119	159

(2) Central America, the Caribbean and British Guiana

Expenditure Sector	Costa Rica	El Salvador	Guatemala	Haiti	Honduras	Mexico	Nicaragua	Panama	Dominican Rep.	British Guiana
CONSUMER EXPENDITURE: TOTAL	124	132	144	120	154	100	134	139	165	108
I. Food	118	154	151	126	160	100	145	145	180	99
II. Beverages	460	247	234	239	286	100	199	192	293	231
III. Tobacco	162	76	146	134	52	100	130	89	185	133
IV. Clothing, Textiles	94	96	105	99	120	100	114	104	148	88
V. Housing	154	105	159	121	201	100	143	179	168	119
VI. Transport, Communication	129	200	189	181	176	100	128	186	201	128
VII. Personal care	88	142	162	104	169	100	133	148	168	85
VIII. Recreation	112	126	162	115	171	100	122	129	145	134
IX. Goverment services	89	102	104	94	98	100	108	104	110	109
FIXED INVESTMENT: TOTAL	115	98	95	95	111	100	119	123	120	101
X. Construction	118	99	95	96	119	100	135	147	129	107
XI. Producers' equipment	101	91	96	94	106	100	97	101	112	95
XII. Transport equipment	133	110	101	101	99	100	119	93	110	99
TOTAL EXPENDITURE	123	127	137	116	147	100	132	137	160	106

/Table 13 a

Table 13 a

PRICE RELATIVES AT FREE MARKET RATES OF EXCHANGE : (a) JUNE 1960
(Indexes: average of 19 Latin American countries = 100)

(1) South America

Expenditure Sector	Argentina	Bolivia	Brazil	Colombia	Chile	Ecuador	Paraguay	Peru	Uruguay	Venezuela
CONSUMER EXPENDITURE: TOTAL	71	76	76	89	115	78	74	74	67	183
I. Food	61	76	64	95	96	81	73	71	66	163
II. Beverages	45	85	38	91	64	68	61	56	46	154
III. Tobacco	87	61	67	50	130	93	84	34	52	176
IV. Clothing, Textiles	80	79	80	68	146	66	81	83	78	266
V. Housing	87	87	89	93	141	78	75	75	73	166
VI. Transport,Communication	89	62	96	93	82	95	76	76	63	159
VII. Personal care	67	82	64	84	125	87	87	89	79	215
VIII. Recreation	81	70	71	93	129	86	88	104	61	206
IX. Goverment services	64	51	96	82	109	65	66	58	57	296
FIXED INVESTMENT: TOTAL	125	92	101	89	111	79	105	88	108	132
X. Construction	116	80	85	77	92	66	93	84	94	173
XI. Producers' equipment	131	102	118	95	125	95	127	93	105	91
XII. Transport Equipment	140	107	114	109	137	85	96	91	159	92
TOTAL EXPENDITURE	77	78	79	87	115	78	77	76	72	176

(2) Central America, the Caribbean and British Guiana

Expenditure Sector	Costa Rica	El Salvador	Guatemala	Haiti	Honduras	Mexico	Nicaragua	Panama	Dominican Rep.	British Guiana
CONSUMER EXPENDITURE: TOTAL	96	110	121	100	128	83	114	116	130	89
I. Food	95	125	127	106	139	83	120	119	144	65
II. Beverages	165	146	139	137	159	57	119	112	159	134
III. Tobacco	151	77	148	132	49	97	133	89	192	132
IV. Clothing, Textiles	86	98	99	86	103	93	108	94	105	80
V. Housing	101	76	112	87	135	69	103	124	123	82
VI. Transport,Communication	86	140	133	122	116	67	90	128	128	87
VII. Personal care	66	108	132	81	129	78	109	116	103	67
VIII. Recreation	85	98	134	85	133	79	102	105	91	108
IX. Goverment services	90	108	114	98	101	105	120	112	109	116
FIXED INVESTMENT: TOTAL	94	87	86	86	99	90	108	110	108	90
X. Construction	104	90	86	86	107	92	124	133	117	96
XI. Producers' equipment	79	84	88	87	98	92	92	93	103	88
XII. Transport equipment	96	88	80	80	79	80	97	75	88	79
TOTAL EXPENDITURE	96	107	118	97	124	84	113	116	126	89

/Table 13b

Table 13 b

PRICE RELATIVES AT FREE MARKET RATES OF EXCHANGE : (b) JUNE 1962
(Indexes: average of 19 Latin American countries = 100)

(1) South America

Expenditure Sector	Argentina	Bolivia	Brazil	Colombia	Chile	Ecuador	Paraguay	Peru	Uruguay	Venezuela
CONSUMER EXPENDITURE: TOTAL	70	88	83	78	84	66	88	84	97	139
I. Food	62	86	69	85	70	69	84	83	84	119
II. Beverages	47	91	40	73	57	58	62	58	70	127
III. Tobacco	94	73	80	45	100	79	56	41	56	167
IV. Clothing, Textiles	93	89	118	60	96	56	99	97	120	124
V. Housing	75	115	94	82	106	66	85	81	120	131
VI. Transport,Communication	80	73	70	83	59	80	111	90	80	119
VII. Personal care	89	85	55	75	88	74	108	97	117	163
VIII. Recreation	89	72	69	81	108	74	112	111	91	160
IX. Goverment services	52	60	110	74	85	59	81	67	87	217
FIXED INVESTMENT: TOTAL	114	101	109	75	81	73	116	93	131	106
X. Construction	107	94	104	67	72	54	105	87	133	129
XI. Producers' equipment	122	106	118	78	88	94	134	100	112	76
XII. Transport equipment	120	94	103	97	99	88	116	99	164	95
TOTAL EXPENDITURE	75	90	86	78	84	67	92	85	105	135

(2) Central America, the Caribbean and British Guiana

Expenditure Sector	Costa Rica	El Salvador	Guatemala	Haiti	Honduras	Mexico	Nicaragua	Panama	Dominican Rep.	British Guiana
CONSUMER EXPENDITURE: TOTAL	105	111	121	101	130	84	113	117	139	91
I. Food	99	130	127	107	135	84	122	122	151	84
II. Beverages	247	132	125	128	153	54	107	103	157	124
III. Tobacco	165	78	150	137	53	102	133	91	189	136
IV. Clothing, Textiles	88	91	99	93	113	94	108	97	139	83
V. Housing	108	74	112	85	142	70	101	126	118	84
VI. Transport,Communication	91	140	132	127	124	70	90	131	141	90
VII. Personal care	69	112	128	81	133	79	104	116	132	67
VIII. Recreation	88	100	128	91	135	79	97	102	115	106
IX. Goverment Services	99	114	115	104	108	111	120	115	122	121
FIXED INVESTMENT: TOTAL	105	90	88	88	102	92	110	114	111	93
X. Construction	108	90	87	88	108	91	123	135	118	97
XI. Producers' equipment	97	88	93	91	102	97	94	98	108	92
XII. Transport equipment	113	94	86	86	84	85	101	79	94	84
TOTAL EXPENDITURE	104	108	117	99	126	85	112	116	136	91

/costs in

costs in certain countries - Argentina, Brazil, Chile, Peru and Mexico being specially cheap in both of the periods under review.

Prices of Clothing in June 1960 were little different in Central American and Caribbean countries from those applicable to most parts of South America, except Chile and Venezuela. For 1962, however, the devaluation of the currencies of the latter two countries changed the position considerably; and at free market rates of exchange, Chile was 4 per cent below the regional average, while Venezuela was only 24 per cent higher (as compared with 39 per cent for the Dominican Republic and 20 per cent for Uruguay). Significant changes also occured in the case of Brazil (which with an especially high price increase for this group was in mid-1962 some 18 per cent above the regional average instead of being 20 per cent below it).

For Housing, Venezuela and Chile were in June 1960 again the most expensive countries; but in June 1962, at free market rates of average, Venezuela was second to Honduras. Chile was in turn exceeded by Panama, Uruguay (which had been cheapest in 1960) the Dominican Republic, Bolivia, Guatemala and Costa Rica. The indexes are, however, subject to an appreciable margin of error because of the difficulty in assessing average rentals - particularly in the countries where rent controls were enforced. (In general, ECIA data are based on non-controlled rents).

Transport services in 1960 were notably cheap in Bolivia, Uruguay, Mexico, Paraguay, Peru and Chile - again being most expensive in Venezuela, in Central America and in the Caribbean area. For 1962, with an index of 59 Chile became easily the cheapest - the next being Brazil and Mexico (70), Bolivia (73), and Argentina, Ecuador and Uruguay (all 80). As will be pointed out later, however, different price relatives applied to the component product - classes within this group - the operation of private transport being expensive in those countries where public transportation was cheap and vice versa.

Personal Care and Recreation were two expenditure sectors with a similar pattern of price relatives - expensive countries in 1960 being Venezuela, Guatemala, Honduras and Chile. For 1962, little change in the order of countries is apparent, except that the Dominican Republic

/replaced Chile

replaced Chile - prices in the latter country now being at levels similar to those prevailing in Mexico, Haiti, Costa Rica and the various South American countries.

Data for Government Services are based on salaries applicable to selected occupations or professions, and prices for non-investment goods purchased by Governments. Unfortunately, not all countries replied to ECIA's questionnaire on salaries; and information for Argentina, Brazil, Haiti, Mexico and the Dominican Republic had to be estimated on the basis of other information available to ECIA. Difficulties also exist with regard to the comparability of the services concerned, and the figures given in this study should be used with considerable caution. The relative price level for Mexico, for example, is probably too high, and that for Argentina possibly too low. Generally speaking, however, the price or cost pattern was similar to that applicable to private consumer expenditure. That is to say, the levels in South American countries (except Chile and Venezuela) in 1960 were lower that in Central America or the Caribbean. Similarly in 1962, little significant change is apparent in the relative position, except for those countries where marked price rises occurred without corresponding currency devaluation, or vice versa (Uruguay and Paraguay on the one hand, and Chile, Ecuador, and Venezuela on the other being notable examples).

Summarizing Total Consumer Expenditure, it may be said that for June 1960, the level of prices in Mexico and all South American countries except Chile and Venezuela were 15 to 30 per cent below the regional average, while Central America and Caribbean countries were mostly grouped some 10 to 30 per cent above it. The 1962 position was little different for the latter group of countries; but rising prices, sometimes with and sometimes without corresponding currency devaluation, changed the relative position of many South American countries. In the case of Chile for instance, the mid-1962 price level at free market exchange rates approximated that of other countries in the South American zone (instead of being substantially higher). Price levels also fell for Colombia and Ecuador as well as Venezuela; but for Bolivia, Brazil, Paraguay, Peru and in particular Uruguay they were from 7 to 10 per cent higher than in June 1960.

/For Investment

For Investment a marked reversal of the price situation which applied to Consumer Expenditure is apparent. Instead of being more expensive at free market rates of exchange, prices in Central America and the Caribbean countries are now seen to be equal to or less than those applicable for most South American countries. Countries with low per capita incomes were generally the ones where price levels were lowest. Countries with higher per capita income, such as Uruguay, Argentina, Chile, Venezuela, Brazil and Panama were those with highest relative prices. Exceptions were Paraguay, Nicaragua and the Dominican Republic - high construction costs in the two latter countries contributing to unusually high price levels for the investment sector. Construction was also expensive in Costa Rica and Honduras, but relative low prices for machinery and equipment reduced their 1960 investment price indexes to levels compatible with those in other Central American countries. It should be noted, however, that the devaluation which took place in 1961 increased the cost of imported equipment in Costa Rica and raised its investment-cost index appreciably.

Producers Equipment was, in June 1960, most expensive in Argentina, followed by Paraguay, Chile and Brazil (the high costs in Paraguay being attributable to greater freight costs, customs duties and an exchange surcharge of some 25 per cent). Cheapest countries were those without protective customs tariffs and with relatively cheap freight costs (most Central American countries falling into this category). In two instances, Colombia and Ecuador, (also Venezuela in 1962) the low price level was in part due to the preferential exchange rates applicable to imports of machinery - the official rather than the free market rate applying to most purchases of this kind.

Transport Equipment was subject to high fiscal tariffs in most Latin American countries, particularly Argentina, Brazil and Chile where tariffs also had a protective aspect (local production at comparatively high costs replacing imports for many types of vehicles). Cheapest countries were, once again, those in Central America and the Caribbean, together with Ecuador and (in contrast to the situation for other types of expenditure) Venezuela.

Chapter III

COMPARATIVE PRICE STRUCTURES (AT PARITY EXCHANGE RATES)

1. Relative price levels for main expenditure sectors

Once parity exchange rates have been established for the various countries, these can be used to measure in a more satisfactory form: (a) the dispersion of price levels for different items in a particular country; and (b) the comparative price structure for similar items in all the countries concerned. In order to do this and place prices at levels relative to (i) the average prices of all items in the same country; and (ii) the average of all prices for the same item in other countries, a further tabulation was made in which the parity exchange rates were used to express all expenditures in a common currency.[49/] Average expenditure for each group of items was then calculated and expenditure for given items or groups of items in the individual countries was expressed relative to that average so as to provide a set of price relatives at parity rates of exchange.

It follows that, since a common basket of commodities was used for all countries (quantities being identical, and prices being converted in accordance with the parity exchange rates) the aggregate expenditure for each country must be the same.[50/]

The aggregate expenditure can be considered as 100 in all countries so as to express all data in index form. The average of the price relatives for each particular group is, by definition, also equal to 100.

49/ Any of the nineteen currencies would serve for this purpose as the parity rates are mutually convertible. In practice, the Mexican peso was used.

50/ By definition, the parity rate is that which equates the cost of a representative basket of goods and services in each of the countries concerned.

Any deviation from the average price level for an individual item or group of items in any country will now be indicated by an index which is greater or less than 100 for the item or the group concerned. The indexes thus show simultaneously: (a) the ratio which the price of an item has to the price of the same item in all other countries; and (b) the deviation of the price of the item concerned from the general price level of a particular country.

These data are given in Table 14. The weighting pattern in the table, it may be observed, reflects the share of each group in the total expenditure, valued in accordance with the parity exchange rates. Though implicit in previous calculations, these weights could not be explicitly quantified in percentage value terms until the parity exchange rates had been determined.

Data for both June 1960 and June 1962 are presented, but it must once more be pointed out that only in the case of Argentina, Brazil, Chile, Paraguay, Uruguay and (for investment goods) Mexico, were the two sets of figures calculated independently. For other countries, data were collected in one of the years[51/] and were estimated for the other year in accordance with various price indexex. Notwithstanding the fact that in nearly all such cases changes in domestic prices were negligible (the exceptions being Bolivia with a 16 per cent increase[52/] between 1960 and 1962, Colombia 10 per cent, Ecuador, Peru and Costa Rica 7 per cent, and the Dominican Republic 5 per cent), caution should be exercised in relating the figures of one year in Table 14 to those of another.

Comments in this chapter will accordingly be limited to data for June 1960, except for countries where price information was specially collected in both years.

51/ See Technical Notes, Section 2.

52/ Percentage figures relate to a composite index in which prices of investment goods are combined with those for consumer goods and services. Levels may therefore differ from national cost of living or consumer price indexes.

/Table 14a

Table 14 a

COMPARATIVE PRICE STRUCTURES AT PARITY RATES OF EXCHANGE: (a) JUNE 1960
(Indexes: average of the countries = 100)

(1) South America

Expenditure Sector	Weight % a/	Argentina	Bolivia	Brazil	Colombia	Chile	Ecuador	Paraguay	Peru	Uruguay	Venezuela
CONSUMER EXPENDITURE: TOTAL	86.8	92	98	97	101	100	101	96	98	93	104
I. Food	32.7	78	99	82	109	82	105	89	95	91	93
II. Beverages	3.4	59	112	49	105	57	89	81	76	65	89
III. Tobacco	1.4	112	78	84	56	112	118	108	45	71	125
IV. Clothing, Textiles	10.7	109	107	107	81	133	89	111	116	113	84
V. Housing	16.3	112	112	112	105	122	100	96	98	100	94
VI. Transport, Communications	3.5	115	79	120	105	71	120	98	100	86	90
VII. Personal care	5.4	87	106	82	95	109	112	112	118	109	123
VIII. Recreation	3.1	105	91	90	104	112	111	114	137	85	117
IX. Goverment services	10.3	85	68	126	96	104	85	88	79	81	173
FIXED INVESTMENT: TOTAL	13.2	154	113	122	94	95	95	129	111	142	71
X. Construction	6.4	147	101	106	84	82	83	117	108	127	96
XI. Producers' equipment	4.6	158	122	140	100	107	113	153	115	135	48
XII. Transport equipment	2.2	168	128	134	113	116	101	115	111	202	48
TOTAL EXPENDITURE	100.0	100	100	100	100	100	100	100	100	100	100

(2) Central America, the Caribbean and British Guiana

Expenditure Sector	Weight % a/	Costa Rica	El Salvador	Guatemala	Haiti	Honduras	Mexico	Nicaragua	Panama	Dominican Rep.	Average
CONSUMER EXPENDITURE: TOTAL	86.8	101	104	104	103	104	99	101	102	102	100
I. Food	32.7	100	118	109	109	114	99	107	105	115	100
II. Beverages	3.4	177	140	121	144	132	69	108	99	128	100
III. Tobacco	1.4	158	71	126	135	40	115	117	77	151	100
IV. Clothing, Textiles	10.7	95	96	88	91	87	117	101	87	88	100
V. Housing	16.3	105	71	96	90	109	82	90	108	97	100
VI. Transport, Communication	3.5	90	129	112	125	93	79	79	110	101	100
VII. Personal care	5.4	70	101	113	84	105	93	97	102	82	100
VIII. Recreation	3.1	89	91	114	87	107	94	90	90	72	100
IX. Goverment services	10.3	97	104	100	104	84	129	109	100	88	100
FIXED INVESTMENT: TOTAL	13.2	93	78	74	84	76	102	92	92	81	100
X. Construction	6.4	105	82	79	86	85	107	108	114	91	100
XI. Producers' equipment	4.6	78	74	70	84	74	103	76	76	77	100
XII. Transport equipment	2.2	92	76	66	76	59	88	80	60	65	100
TOTAL EXPENDITURE	100.0	100	100	100	100	100	100	100	100	100	100

a/ Percentages are based on per capita expenditure averaged for the nineteen countries (if based on aggregate expenditure in those countries, different percentages would be obtained).

/Table 14b

Table 14 b

COMPARATIVE PRICE STRUCTURES AT PARITY RATES OF EXCHANGE: (b) JUNE 1962

(Indexes: average of the countries = 100)

(1) South America

Expenditure Sector	Argentina	Bolivia	Brazil	Colombia	Chile	Ecuador	Paraguay	Peru	Uruguay	Venezuela
CONSUMER EXPENDITURE: TOTAL	92	104	95	101	100	98	95	97	100	102
I. Food	82	100	81	111	85	104	93	99	84	89
II. Beverages	65	105	48	97	71	90	70	71	71	97
III. Tobacco	126	82	95	58	121	119	61	49	56	125
IV. Clothing, Textiles	124	100	138	77	116	83	109	115	119	92
V. Housing	99	129	109	105	127	98	92	95	118	97
VI. Transport, Communication	106	82	82	107	71	119	122	107	79	88
VII. Personal care	112	96	64	96	107	110	118	114	115	121
VIII. Recreation	119	81	80	104	112	111	122	132	91	119
IX. Goverment services	70	68	129	97	103	88	90	80	88	163
FIXED INVESTMENT: TOTAL	148	110	123	94	95	106	124	107	125	77
X. Construction	141	104	120	85	85	80	113	101	129	95
XI. Producers' equipment	155	114	132	96	102	135	140	113	107	55
XII. Transport equipment	152	121	114	118	113	123	120	111	153	68
TOTAL EXPENDITURE	100	100	100	100	100	100	100	100	100	100

(2) Central America, the Caribbean and British Guiana

Expenditure Sector	Costa Rica	El Salvador	Guatemala	Haiti	Honduras	Mexico	Nicaragua	Panama	Dominican Republic	Average
CONSUMER EXPENDITURE: TOTAL	102	103	102	109	103	97	99	100	103	100
I. Food	96	122	110	109	108	100	110	106	113	100
II. Beverages	245	127	111	134	126	65	98	91	120	100
III. Tobacco	161	73	130	140	43	122	120	79	141	100
IV. Clothing, Textiles	85	84	85	94	90	111	96	84	103	100
V. Housing	104	68	96	86	112	83	90	108	87	100
VI. Transport, Commnunication	87	131	114	128	99	83	80	112	104	100
VII. Personal care	66	104	110	82	106	93	93	99	98	100
VIII. Recreation	85	93	110	85	108	93	86	87	85	100
IX. Goverment services	96	107	100	106	87	132	108	100	91	100
FIXED INVESTMENT: TOTAL	98	82	77	86	79	105	94	95	78	100
X. Construction	102	83	79	87	85	106	108	115	86	100
XI. Producers' equipment	90	79	76	88	78	109	79	80	77	100
XII. Transport equipment	102	83	72	82	63	95	85	65	66	100
TOTAL EXPENDITURE	100	100	100	100	100	100	100	100	100	100

/2. Analysis

2. Analysis by country

Examining each country individually, it will be seen that for Argentina in June 1960, the price level was influenced considerably by the low cost of Food (which has a weight of 33 out of 100 total expenditure). The less important groups, Beverages and Personal Care were also fairly cheap - likewise Government Services (though figures may not be reliable for this sector). All types of Investment on the other hand were extremely expensive - Argentine prices exceeding the average for Latin America by about 50 per cent for all three component groups. The 1962 situation showed little change - Construction and other Investment goods being somewhat cheaper. For Consumer Goods and Services, offsetting changes within the sector may be observed - Housing and Transportation being cheaper, but Tobacco, Clothing and to a lesser extent, Food, more expensive.

In Bolivia, Investment was comparatively expensive - due partly to high freight costs for imported machinery and equipment. Government Services were inexpensive - as also Tobacco, Transport and Recreation. Food prices varied considerably; and while in total the level for this group was equal to the regional average, for individual sub-groups prices were often 30 per cent higher or lower than that average.

For Brazil in 1960, Food, Beverages, Tobacco, Personal Care and Recreation were relatively cheap, but Clothing, Housing (particularly Rent), Transport and Government Services, like Investment, costly. For 1962 the main change was a marked increase in the relative price levels of Clothing, Textiles, Footwear and durable household goods, offset by cheaper Rent, Public Transport, Personal Care and Recreation. The over-all price level for Investment goods remained unchanged (Construction costs being notably higher, as against cheaper Machinery and Vehicles).

In the case of Colombia, the 1960 price structure showed no unusual features. Food (particulary Meat, Fish, Cereals, Sugar, Fats and Oils) was somewhat more expensive than in most countries; likewise the Operation of Private Transport (which with an index of 200 was the most expensive for the region). Another costly item was the rent of houses not subject

/to rental

to rental control. Tobacco, Clothing, Footwear and Textiles were however relatively inexpensive - likewise Public Transport (which in contrast to Private Transportation was the cheapest for the region - the price being only 53 per cent of the regional average). The cost of Construction and Agricultural Equipment - but not vehicles - was also relatively low.

Chile was significantly expensive in 1960 for the Clothing sub-group, (index = 149), for Textiles (119), Housing (122) and Medical Services (152) - but cheap for Beverages (57), Transportation (71), Medicines (61), Construction (82), and Food (82). Public Transport services (54) were very much cheaper than anywhere else in the region except Colombia. In total, Consumer goods and services were priced at a level equal to the regional average. Investment, however, was slightly below the average (notwithstanding a high cost of Vehicles and to a lesser extent Industrial Equipment). The 1962 situation revealed significant changes only in respect of Beverages (1962 index = 71 instead of 56); Tobacco (121 instead of 112); Clothing (124 instead of 149); Footwear (84 against 114); Hairdressing and Domestic Services. A decline of a few points can be observed within the Investment Sector for Machinery and other Producer's Equipment.

In Ecuador most Food was expensive - as also Tobacco, Household goods and Furniture, the Operation of Private Transport (Index 187), Medicines, Toilet articles, Books and Toys. Machinery and Equipment were moderately high-priced with the exception of Vehicles, the cost of which approximated the regional average. Cheapest items were Fish, Fruit and Vegetables, Beverages, Clothing, Rent and Medical Services.

Paraguay was outstandingly expensive for Producer's Equipment - heavy freight costs, high tariffs and other taxes (including a 25 per cent exchange surcharge) making its price level 153 second only to Argentina. Other expensive items were Toilet articles, Fuel and Light, the Operation of Private Transport and Domestic services. For other groups, however, most prices were slightly below the average for Latin America.

/Peru was

Peru was expensive for Medicines, Entertainment, Public Transport (mainly because of the extensive use of "collective"taxis instead of buses), Textiles, Clothing and a few Food items such as Meat and Fruit. Machinery and Equipment was also comparatively expensive. Cheapest items were Tobacco, Sugar, Fats and Oils, Fish, Vegetables, Fuel and Light, Private Transport and Government Services.

For Uruguay in June 1960 some food items were cheap, the price of Fish and Cereals being respectively 41 and 61 per cent of the regional average. Beverages also had a low index figure (65) while Transportation and Entertainment were both priced below the regional average. Housing was at a level of 100, though a low index for Rent (70) was offset by high costs of Fuel, Electricity and Electrical Appliances. Drugs and Medicines, Medical, Dental and Domestic Services were priced slightly above average. Investment goods of all kinds were, on the other hand, particularly expensive - Transport Equipment being twice the average regional price if parity exchange rates are applied. For 1962 an increase can be observed in the index for Housing (rent, fuel, light and water being in particular affected). The cost of Services (including government as well as medical, personal and household services) likewise increased. On the other hand, Public Transportation was appreciably cheaper. In the case of capital goods, prices of all types of machinery and equipment (including Transport equipment) were now at much lower levels relative to other items - prices of imported equipment being influenced to some extent by the rate of exchange which in 1962 was slightly more favourable for imports than in 1960. Since prices of other items had in the meantime risen appreciably, prices for machinery and equipment were at a substantial lower relative level. (If absolute levels of the indexes are considered, it ought to be noted that the 1962 price level for Transport Equipment in Uruguay (153) was still considerably above the regional average. The index had, however, been 202 in 1960). In the case of Construction, the price levels remained relatively stable, some 27-29 per cent above the average for the region.

Prices in Venezuela revealed a very different pattern when converted at parity rather than free market rates of exchange. The distortion due to an abnormal price-exchange rate relationship seen in Table 7 is

/eliminated; and

eliminated; and in Table 14 the true structure of prices can be studied. The only items which remain excessively high in relation to prices elsewhere were the provision of Government Services, Communications, Hairdressing, Medical Services and Non-alcoholic Beverages. On the other hand, Agricultural, Industrial and Transport Equipment is seen to be extremely cheap, the price level being only half that normally ruling in Latin America. (Most equipment is imported duty free and at a favourable rate of exchange.) Foodstuffs were comparatively cheap, with the exception of meat and vegetables (which to some extent are imported). Clothing was also cheap relative to other countries - likewise Soaps, Toilet Articles Books, Toys and the Operation of Private Transport (where an index of 41 reflects the low price of Gasoline, Oil and Spare parts).

Costa Rica, like most Central American countries, was inexpensive for Investment goods (notably Machinery which in 1960 was mainly imported at a preferential rate of exchange). Consumer goods were priced at a level only slightly above the Latin American average - Beverages, Tobacco, Rent and Household supplies being moderately expensive while Fuel, Light, Transportation and Personal Care were cheap.

For El Salvador, the price structure was similar to that of Costa Rica though Food was noticeably more expensive (Cereals being at a much higher price level); Beverages were expensive; but Tobacco, Footwear, Housing and Domestic Services were cheap. With a low customs barrier, El Salvador was one of the least expensive countries for Investment Goods - being in fourth place behind Venezuela, Guatemala and Honduras.

Guatemala (like El Salvador, Haiti and other countries in the area) was moderately expensive for Food and Beverages. The prices of Tobacco, Transportation, Personal Care and Entertainment were also somewhat above the regional average. Investment goods (as already pointed out) were exceedingly cheap..

Haiti had a price structure resembling Guatemala except that Personal Care and Entertainment were cheaper. Producers' Equipment was slightly more expensive than in Central American countries but was in price still 16 per cent below the Latin American average.

/In Honduras,

In Honduras, prices for most groups were at a level intermediate between those prevailing for El Salvador and Guatemala - notable exceptions being Housing - which was comparatevely costly - and Transportation (as well as Transport Equipment) which was cheap.

In Mexico, Meat was extremely expensive, but otherwise prices were clustered fairly closely around the regional average. Fish, Clothing, and Domestic Services were the items appreciably more costly than elsewhere - Beverages, Rent, Household Supplies, the Operation of Private Transport, Toilet Articles and Medicines being relatively cheap. With an index of 88, vehicles in 1960 were moderately priced. The cost of Construction and Producers' Equipment was on the other hand a few points above the regional average. For Government Services it is unfortunate that reliable figures could not be obtained as the index of 129 calculated on the basis of unofficial data would appear to place Mexico at a level excessively high when compared to other countries in the region.

Nicaragua's price pattern was very similar to that of Honduras - Milk Products, Fruit, Beverages, Housing and Transportation being however somewhat cheaper, with Tobacco, Clothing, Government Services and Construction more expensive. Prices were, it will be noted, not very different from the regional average; and even for sub-groups the indexes are in most cases fairly close to 100.

Panama had also a fairly compact price structure - though Fish, Tobacco, Textiles, Electrical Appliances, Private Transport, Toilet Articles, Machinery and Vehicles stand out as sub-groups with prices about 30 points below the regional average (Milk, Vegetables, Sugar, Footwear, Fuel and Light, Furniture and Public Transport being on the other hand expensive).

In the Dominican Republic, Food, Beverages and Tobacco were significantly high-priced, while Clothing, Personal Care and Recreation were cheap. Prices were however, not evenly distributed and in cases such as Fish, Cereals, Tobacco, Household Supplies and Communications they ranged

/from 40

from 40 to 100 per cent above the regional average. (Rent by way of contrast was only 64 per cent of the regional level - likewise Medical Services which to a large extent were subsidized by the Government.)

In the case of British Guiana, data have not been included in the comparison because of a lack of reliable figures for certain groups.

3. Observations for main expenditure groups

An analysis by country does not permit a clear view of the price levels which prevailed in the various parts of the region for individual items, product-classes or groups. While it is obviously impossible to comment on each of the 500 items used by ECLA in the enquiry, the following observations may illustrate the price structure and the relative level of the prices for important groups.

I. Food. (Weight = 32.7 per cent.) As a whole, prices were lowest in the South American region and highest in Central America and the Caribbean. Two South American countries for which a large part of the price data had been obtained in the altiplano area - Colombia and Ecuador - were exceptions so far as South America was concerned, while in Mexico and Costa Rica food was cheaper than elsewhere in that zone.

Meat (which carried a percentage weight of 5.1) was understandably cheap in Argentina, Brazil, Paraguay and Uruguay - but very expensive in Mexico, Haiti, and (to a lesser extent) Peru. Prices of Fish also followed a logical pattern - being cheapest in such places as Uruguay, Ecuador, Argentina, Chile and Panama, where supplies were easier to obtain, and most expensive in countries such as Colombia, Bolivia, Mexico and Honduras where price data were collected in cities situated in the interior of the country. In the Dominican Republic, extremely high prices applied, while Nicaragua was also expensive.

Milk products (5.4 per cent) and Cereals (8.5 per cent) were two important sub-groups with reasonable similar price patterns - cheapest countries being Chile, Argentina and Brazil (all substantially below the regional average) followed by Uruguay and Mexico. Central American countries were generally those with highest price levels - some variation being shown in the case of Cereals which were expensive in four of the

/Table 15

Table 15

FOOD: PRICE RELATIVES AT PARITY RATES OF EXCHANGE, JUNE 1960

(Indexes: average of the countries = 100)

Country \ Item	Total	Meat poultry	Fish	Milk, eggs	Cereals	Fruits	Vegetables	Sugar	Fats, oils	Other foods
Percentage Weight	32.7	5.1	0.9	5.4	8.5	1.8	5.3	1.2	2.0	2.5
Argentina	78	75	57	70	76	113	67	109	78	99
Bolivia	99	72	135	136	87	84	97	134	120	86
Brazil	82	85	63	74	89	81	86	66	128	45
Chile	82	113	84	62	52	125	63	98	98	159
Colombia	109	116	179	103	120	84	106	116	126	50
Ecuador	105	106	51	107	121	73	85	111	112	116
Paraguay	89	56	85	113	81	69	105	96	74	117
Peru	95	127	84	108	90	138	66	59	70	89
Uruguay	91	88	41	91	61	160	115	123	108	85
Venezuela	93	104	72	86	97	96	105	81	75	76
Costa Rica	100	98	63	112	106	86	97	107	85	103
Dominican Republic	115	91	235	90	148	75	90	88	188	98
El Salvador	118	97	105	117	143	78	114	126	86	146
Guatemala	109	104	75	113	118	135	112	92	84	100
Haiti	109	112	107	108	90	106	150	98	98	101
Honduras	114	96	135	101	128	108	128	100	94	112
Mexico	99	160	125	91	84	91	75	79	94	105
Nicaragua	107	98	139	87	121	89	113	106	92	119
Panama	105	99	65	132	88	109	125	117	89	93
Average	100	100	100	100	100	100	100	100	100	100

/Central American

Central American countries but moderately priced in the fifth. It will also be noted that in the Caribbean, price levels for cereals in Haiti (90) and the Dominican Republic (148) were at opposite extremes - the situation being somewhat reversed for milk-products and eggs.

Fruit (1.8 per cent) and Vegetables (5.3 per cent) were two groups with contrasting price levels. In the tropical countries of South America (Brazil, Colombia, Ecuador, Paraguay) fruit was cheap but vegetables somewhat more expensive. Again in Central America vegetable prices were high relative to those for fruit. Elsewhere, (particularly Argentina, Chile, Peru and Mexico) the situation was reversed - vegetables being notably cheap in the four countries mentioned.

Sugar (1.2 per cent) was relatively low in price in countries such as Peru (index = 59), Brazil (66), Mexico (79), Venezuela (81), and the Dominican Republic (82) - the expensive countries being Bolivia (134), El Salvador (126), and Uruguay (123).

Fats and Oils (2.0 per cent) were extremely expensive in the Dominican Republic and (to a much lesser extent) Brazil, Colombia and Bolivia. Argentina, Paraguay, Peru and Venezuela were those with significantly low price levels, while in addition most countries in Central America (including Panama) were situated about 10 to 15 points below the regional average.

Indexes for Other Foods (2.5 per cent) were dominated by the price of coffee which was understandably low in Brazil and Colombia. Chile (159) was at a very high level, but indexes for other countries were clustered around the regional average.

II. Beverages (weight = 3.4 per cent). Two main factors appeared to determine price levels: (a) the cost of production (which gave a natural advantage to grape-growing countries such as Argentina and Chile); and (b) governmental tax policy. Cheapest countries were those located in South America (exceptions being Bolivia and Colombia). The most expensive country for both alcoholic and non-alcoholic varieties was Costa Rica with indexes respectively 76 and 79 per cent above the regional average. Other countries in the Central America and Caribbean regions (excluding Panama, Nicaragua) and Mexico were also generally expensive.

/Table 16

Table 16

BEVERAGES, TOBACCO, CLOTHING AND TEXTILES: PRICE RELATIVES AT PARITY RATES OF EXCHANGE, JUNE 1960

(Indexes: average of the countries = 100)

Item / Country	Beverages			Tobacco	Clothing and textiles			
	Total	Alcoholic	Other	Total	Total	Clothing	Footwear	Textiles
Percentage weight	3.4	2.4	.9	1.4	10.7	5.4	2.2	3.1
Argentina	59	51	82	112	109	110	100	113
Bolivia	112	106	128	78	107	107	91	119
Brazil	49	41	69	84	107	102	106	117
Chile	57	50	75	112	133	149	114	119
Colombia	105	121	61	56	81	88	75	73
Ecuador	89	91	86	118	89	75	94	109
Paraguay	81	70	110	108	111	111	92	123
Peru	76	67	98	45	116	110	108	132
Uruguay	65	67	59	71	113	107	104	130
Venezuela	89	71	140	125	84	86	80	83
Costa Rica	177	176	179	158	95	90	117	88
Dominican Republic	128	136	109	151	88	82	96	92
El Salvador	140	149	114	71	96	95	83	108
Guatemala	121	109	153	126	88	96	79	82
Haiti	144	151	127	135	91	98	88	79
Honduras	132	153	73	40	87	83	108	81
Mexico	69	72	61	115	117	126	125	95
Nicaragua	108	119	77	117	101	106	107	87
Panama	99	100	98	77	87	80	131	69
Average	100	100	100	100	100	100	100	100

/III. Tobacco

III. Tobacco (weight = 1.4 per cent). The level of customs and excise taxation was generally the most influential factor for this product-class. Prices were extremely low in Honduras, Peru and Colombia (all being from 40 to 60 per cent of the regional average); while on the other hand, significantly high levels were observed for Costa Rica (158), the Dominican Republic (151), Haiti (135), Guatemala (126) and Venezuela (125).

IV. Clothing, Footwear and Textiles (weight = 10.7 per cent). The availability of differing qualities of material in various countries made a price comparison difficult. Once adjustments had been made, however, price indexes were reasonably uniform - Chile (index = 133) standing out as a country with high costs; Colombia (81), and Venezuela (84) as those where price levels were lower.

Within the sector, the price structure of the sub-groups was generally similar; countries which had high indexes for clothing had usually high indexes both for footwear and for textiles (which includes drapery, bed-linen, etc. in addition to yard goods). However, if the absolute levels of the indexes are ignored, in Argentina, Bolivia, Colombia, Chile, Paraguay, El Salvador and Guatemala, footwear was cheap relative to clothing, but in Costa Rica, Honduras, Panama and the Dominican Republic, a reverse situation applied.

V. Housing (weight = 16.3 per cent). Since this sector comprises rent, fuel, light, furniture and other household supplies, it is not a homogeneous one and the index patterns which apply to the various sub-groups are dissimilar.

Rent (which had a percentage weight of 7.3 per cent) refers to housing not subject to rent control, and the index for Argentina (137) does not take into account the very large percentage of housing for which only nominal rents apply. A slightly similar situation applies to Colombia (135). In other cases, while controls existed they were not effective and have not restricted the comparability of the data. Cheapest countries in June 1960 were Nicaragua (54), El Salvador (57), Dominican Republic (64), Paraguay (67), Haiti (68), Uruguay (70), Ecuador (75), and Mexico (78).

/Table 17

Table 17

HOUSING AND TRANSPORTATION: PRICE RELATIVES AT PARITY RATES OF EXCHANGE, JUNE 1960

(Indexes: average of the countries= 100)

Item / Country	Housing						Transportation and communications			
	Total	Rent	Fuel, light	Household supplies	Furniture	Electrical appliances	Total	Public transport	Private transport	Communications
Percentage weight	16.3	7.3	3.4	2.6	1.4	1.5	3.5	2.0	1.2	.4
Argentina	112	137	102	69	85	122	115	114	123	91
Bolivia	112	122	93	109	128	93	79	67	86	116
Brazil	112	179	59	56	65	90	120	155	83	51
Chile	122	126	108	92	159	159	71	54	90	100
Colombia	105	135	57	74	108	128	105	53	200	68
Ecuador	100	75	104	129	134	132	120	77	187	133
Paraguay	96	67	137	99	97	145	98	86	126	65
Peru	98	111	64	106	94	108	100	121	67	90
Uruguay	100	70	148	96	88	157	86	91	91	44
Venezuela	94	117	99	74	59	41	90	109	41	145
Costa Rica	105	124	63	134	85	77	90	87	95	80
Dominican Republic	97	64	132	139	95	113	101	83	104	185
El Salvador	71	57	74	114	66	66	129	147	103	122
Guatemala	96	99	96	110	70	79	112	129	85	109
Haiti	90	68	137	118	53	75	125	132	118	113
Honduras	109	107	124	100	131	77	93	103	74	104
Mexico	82	78	88	71	100	95	79	81	77	73
Nicaragua	90	54	99	127	101	84	79	76	79	99
Panama	108	108	118	82	182	60	110	133	71	113
Average	100	100	100	100	100	100	100	100	100	100

/Most expensive

Most expensive was Brazil (179). Chile, Bolivia and Costa Rica also stand out as places where rents were costly. The figures are however subject to a wide margin of error; and while many adjustments have been made to place all housing on a comparable basis, the wide quality variation for different countries limits the reliability of the resulting indexes.

Fuel, Light and Water (3.4 per cent) were easier to compare, though the non-availability of items such as pipeline gas, fuel oil, charcoal for cooking purposes and even running water (in Asuncion) raised problems which had to be solved before comparable indexes could be obtained. The availability of local sources of energy - particularly petroleum products and hydro-electric power - was undoubtedly a factor of importance in determining the relative price levels - Uruguay, Paraguay, Haiti, the Dominican Republic and Honduras standing out as those where prices were high.

Household supplies (2.6 per cent) (mainly washing and cleaning materials, glassware, china, hollow-ware, cutlery, household tools, etc.) were generally most expensive in countries where they were of foreign origin and cheapest in countries such as Brazil, Argentina and Mexico where they were locally made. Venezuela, Colombia and Panama, with very low prices, were exceptions, the indexes no doubt reflecting the import and and/or exchange rate policies of the countries concerned.

Furniture (1.4 per cent) was cheap in both Argentina and Brazil in 1960 (but not in 1962). Other places with low prices were Venezuela, El Salvador, Guatemala and Haiti - the most expensive countries being Panama and Chile with price levels 82 and 59 per cent above the average for Latin America.

Panama was on the other hand cheap for Electrical Appliances (refrigerators, washing machines, radios, etc.) - the index for this sub-group being 60 per cent below the regional average. Venezuela with an index almost 41 per cent below was also cheap. It will be noted that electrical appliances were usually most expensive in those countries where high duties were imposed for fiscal purposes or to protect local industry (Brazil with a low index of 90 being an exception).

/VI. Transport

VI. Transport and Communitations (weight = 3.5 per cent). Transportation showed conflicting price indexes for publicly and privately operated vehicles - in many cases one being exceptionally cheap and the other expensive (note, for example, Brazil 155 and 83;[52/] Colombia 53 and 200; Ecuador 77 and 187; Paraguay 86 and 126; Peru 121 and 67; Venezuela 109 and 41; Guatemala 129 and 85; Panama 133 and 71; etc.). Figures for private transport to a large extent reflect the tax policies which applied to gasoline, imported vehicles and spare parts; while in the case of public transport, the size of the city was a factor (e.g. in Buenos Aires and Rio de Janeiro where transportation was relatively costly). In some countries where inflationary pressures existed, it may be observed that public transport prices appeared to lag behind price changes for other commodities (e.g. in Chile and Uruguay).

In the case of Communications(which is not a very influential group) a similar lag in prices (relative to other prices in the same country) would explain in part the low cost of services in Uruguay, Brazil, Paraguay and (to a lesser extent) Peru and Argentina.

VII. Personal care (weight = 5.4 per cent). This group comprises soaps, cosmetics, medicines, medical and dental care, hairdressing, domestic services, laundry and dry cleaning. It is thus a heterogeneous one and indexes of relative prices varied accordingly.

Toilet articles were particularly expensive in Paraguay where high prices prevailed for cosmetics, tooth-paste, shaving creams and imported (but not locally-made) soap. Ecuador, Chile and Peru also reflected high production costs and high customs barriers. In Argentina and Brazil on the other hand, local industry seemed to be in a better competitive position - the price levels being the lowest for the region (Venezuela and Panama excluded). Countries in Central America and the Caribbean had also moderately low price levels - Guatemala and Nicaragua being the exceptions.

Drugs and Medicines were very cheaply priced in Costa Rica, Brazil, Chile, Nicaragua and Mexico but were expensive in Ecuador, Peru, El Salvador Honduras and Venezuela.

52/ Figures for Public Transportation are given first.

/Table 18

Table 18

PERSONAL CARE: PRICE RELATIVES AT PARITY EXCHANGE RATE, JUNE 1960

(Indexes: average of the countries = 100)

Item / Country	Total	Toilet articles	Drugs and medicines	Medical services	Hair-dressing	Domestic services
Percentage weight	5.4	1.0	1.5	1.0	.6	1.2
Argentina	87	73	93	90	76	96
Bolivia	106	126	93	145	67	91
Brazil	82	61	61	80	96	119
Chile	109	120	61	152	109	125
Colombia	95	114	89	92	125	73
Ecuador	112	155	150	66	82	83
Paraguay	112	192	66	95	75	138
Peru	118	118	136	85	93	136
Uruguay	109	100	122	105	89	116
Venezuela	123	63	130	130	177	129
Costa Rica	70	77	49	92	84	63
Dominican Republic	82	81	90	63	89	84
El Salvador	101	91	140	105	85	68
Guatemala	113	107	122	118	155	80
Haiti	84	81	107	89	104	43
Honduras	105	94	131	81	81	116
Mexico	93	75	72	95	86	136
Nicaragua	97	101	71	135	116	81
Panama	102	70	117	82	111	122
Average	100	100	100	100	100	100

/Medical services

Medical services presented the problem that in certain countries they were in varying degrees provided free or at nominal cost by the State. In the Dominican Republic, for instance, the low index figure of 63 in part reflects government-subsidized services. Quality differences were also difficult - if not impossible - to eliminate; and the low indexes for many countries may well reflect somewhat inferior standards as well as price differences. Expensive countries, it will be noted, were Chile (index = 152), Bolivia (145), Nicaragua (135), and Venezuela (130).

For Hairdressing, quality was also variable and no satisfactory correction factors could be devised. The results may therefore be influenced by the subjective judgment of the enumerators. In general, it can be stated that the highest prices ruled in Venezuela (where all types of services were expensive), in Guatemala and in Colombia - the cheapest countries being Bolivia, Paraguay, Argentina, Ecuador and Honduras.

Domestic Services were cheapest in Haiti (43), Costa Rica (63), El Salvador (68), Colombia (73), Guatemala (80) and Nicaragua (81). Expensive countries were Paraguay, Peru, Mexico, Venezuela, Panama and Chile. As with other services, however, doubts arise as to the precision with which quality can be measured. The group comprises laundry and dry-cleaning as well as domestic help within the home; and it is probably only for the former two product-classes that data are fully comparable.

VIII. Recreation (weight = 3.1 per cent). The sector comprises public entertainment such as cinemas, theatres and sporting fixtures as well as books, toys and sporting equipment.

Information for the Public Entertainment sub-group was easy to obtain, but difficult to compare from a country standpoint because of the significant variations in quality which existed. A classification system had to be adopted for cinemas; and only those of comparable standards and conditions were compared with each other. The indexes reveal high relative prices in Venezuela, Peru, Guatemala and Honduras - with low prices prevailing in the Dominican Republic, Haiti and Brazil. Prices elsewhere differed little from the regional average.

/Table 19

Table 19

OTHER CONSUMER EXPENDITURE: PRICE RELATIVES AT PARITY RATES OF EXCHANGE, JUNE 1960

(Indexes: average of the countries = 100)

Items / Country	Percentage weight	Recreation			Government services		
		Total	Public entertainment	Books, toys, etc.	Total	Salaries	Purchases
		3.1	2.0	1.1	10.3	8.2	2.1
Argentina		105	113	89	85	81	101
Bolivia		91	88	96	68	58	104
Brazil		90	71	125	126	136	83
Chile		112	110	117	104	104	105
Colombia		104	98	114	96	89	125
Ecuador		111	104	122	86	75	132
Paraguay		114	106	129	88	84	104
Peru		137	142	128	79	75	92
Uruguay		85	86	81	81	77	95
Venezuela		117	146	64	173	198	74
Costa Rica		89	104	62	97	96	101
Dominican Republic		72	51	109	88	83	109
El Salvador		91	99	77	104	105	99
Guatemala		114	123	99	100	101	95
Haiti		87	58	140	104	104	103
Honduras		107	120	84	84	81	97
Mexico		94	92	98	129	139	86
Nicaragua		90	90	89	109	112	96
Panama		90	98	76	100	101	97
Average		100	100	100	100	100	100

/Books, toys

Books, toys and sporting equipment were, on the other hand, cheapest in countries such as those in Central America, where imports carried low or negligible customs duties. Argentina, where most items in the sub-group were locally produced, also had a moderately low price level.

IX. Government Services (weight = 10.3 per cent). For reasons given elsewhere, data for this sector were difficult to obtain. The question of comparability also arises as no evaluation of productivity seemed possible for government employees, or for government services generally, in the various countries.

ECLA's results, which must be considered tentative, suggest that Salaries were at a very high level (relative to other prices) in Venezuela, and to a lesser extent in Mexico and Brazil.[53/] Countries with low salary levels were Bolivia, Ecuador, Peru and Uruguay.

Price data collected for private consumer expenditure groups were utilized in order to provide indexes of the prices which applied to Government Purchases. The weighting accorded to each group was, however, different in the government sector (food have a much less influential role). The indexes suggest higher prices for government purchases in Ecuador and Colombia, but low relative prices in Venezuela, Brazil and Mexico.

X. Construction (weight = 6.4 per cent). Indexes for this group were elaborated by combining prices of materials and labour on the one hand with the cost of finished construction on the other. Separate indexes were calculated for Buildings and for Roads, bridges, dams, communication networks, sewerage systems and other private or public construction.

Costs were notably high in Argentina and Uruguay for both types of construction - timber and cement being in particular expensive in the two countries. At a low price level were Haiti, Guatemala, Chile, El Salvador, Ecuador, Colombia and Honduras - the low cost of labour in most of these places combining with low costs of materials (particularly timber) to bring the indexes about 20 per cent below the regional average.

53/ Figures for these two countries are based on unofficial data - similarly for Argentina, Haiti and the Dominican Republic.

/Table 20

Table . 20

INVESTMENT: PRICE RELATIVES AT PARITY RATES OF EXCHANGE, JUNE 1960

(Indexes: average of the countries = 100)

Item / Country	Construction			Producers' equipment				Transport equipment		
	Total	Buildings	Others	Total	Agricultural	Industrial	Office	Total	Road vehicles	Other equipment
Percentage weight	6.4	3.5	2.9	4.6	.4	4.0	.2	2.2	1.8	.4
Argentina	147	156	136	158	150	161	106	168	169	165
Bolivia	101	95	107	122	120	120	148	128	132	111
Brazil	106	109	101	140	159	137	158	134	141	99
Chile	82	84	79	107	95	108	96	116	119	100
Colombia	84	88	79	100	93	101	92	113	118	93
Ecuador	83	87	77	113	112	112	131	101	100	106
Paraguay	117	114	119	153	137	155	137	115	108	151
Peru	108	117	97	115	135	113	110	111	110	117
Uruguay	127	128	125	135	149	133	129	202	202	200
Venezuela	96	90	101	48	49	47	50	48	49	45
Costa Rica	105	104	106	78	78	77	78	92	96	75
Dominican Republic	91	87	94	77	73	76	80	65	61	83
El Salvador	82	76	88	74	75	74	69	76	76	77
Guatemala	79	75	83	70	70	70	77	66	65	69
Haiti	86	83	89	84	84	83	80	76	74	86
Honduras	85	79	91	74	70	72	100	59	56	75
Mexico	107	107	106	103	108	102	94	88	87	92
Nicaragua	108	107	109	76	71	75	96	80	78	88
Panama	114	113	114	76	77	76	69	60	59	68
Average	100	100	100	100	100	100	100	100	100	100

XI. Producer's Equipment (weight = 4.6 per cent). The cost of local production and the level of customs duties were the two factors which most influenced price levels in Latin America. An intricate system of custom surcharges, consular fees, exchange surtaxes, and prior deposits ("depósitos previos") also applied in varying degrees - the landed cost of imported equipment being affected accordingly.

In Argentina and in Brazil, a combination of high costs for locally produced items and heavy duties (particularly surcharges) raised the price level from 40 to 50 per cent above the regional average. In Paraguay, (without local production) prices were also 50 per cent above average, while in Uruguay, Bolivia and Peru (which were other countries where fiscal tariffs applied), prices were moderately high. Only in Venezuela where most imports were duty-free and admitted at a favourable exchange rate was a very low price level noticeable. Elsewhere - as in Central America - prices were uniformly from 15 to 30 per cent below the regional average. It should, however, be noted that even in the cases of Central America and Caribbean countries a certain amount of customs taxation and surprisingly high consular fees combined with freight cost to make Latin American machinery and equipment costly in comparison with the United States and Europe.

XII. Transport Equipment (weight = 2.2 per cent). High fiscal (and for some countries protective) tariffs made vehicles of all kinds extremely expensive in South America. For Uruguay, prices converted at parity rates of exchange were 202 per cent of the regional average; in Argentina 168 per cent; Brazil, 134 per cent and Bolivia 128 per cent. As with Producer's Equipment, Venezuela had an extremely low price-level; while prices were notably low in Honduras, Panama, Guatemala and other Central American countries.

4. Summary

In conclusion it may be stated that the price structures of Latin America generally conformed to a logical pattern - those goods being cheapest in the countries which had natural advantages in their production, e.g., readily available supplies of material, cheap labour or technical skill. Products such as fish were, for instance, cheapest in countries

/with easy

with easy access to the sea; meat and cereals were inexpensive in countries of the temperate zone; fats and oils cost less in places where animals were raised or oilseeds produced; soaps in turn varied in price according to the cost of fats and oils; beverages were cheap where grapes, barley or other alcohol-producing commodities were grown; household supplies were most reasonably priced in those countries where local production was efficiently organized, and so on.

The availability of finished products or means of production, was however, by no means the only important factor influencing the price structure. Tax policy (including customs and excise duties, consular fees, surcharges, etc.) as well as interest rates on compulsory bank deposits helped in varying degrees to increase the cost of imported goods (and, in the case of alcoholic beverages and tobacco, locally - produced commodities). Since tax levels were often high and, in any case, varied substantially between countries, they were at times the major factor in determining the level of relative prices (compare, for instance, imports of machinery into countries like Brazil and Argentina where tariffs were highly protective and Venezuela where duties were negligible, likewise the cost of automobiles in Panama - where duties were low - and Uruguay or Chile where extremely high fiscal tariffs applied).

In the case of services, no firm conclusions can be drawn. Generally, the price structure appears to have been determined by demand and supply factors (as, for instance, the high cost of government and other services in Venezuela where professional staff were in short supply). Problems in comparability, however, arise and to some extent differences in price levels may be attributable to differences in efficiency or productivity.

Wage rates were again an influential factor in construction; but the relative level of costs appears to have been determined mainly by the prices paid for raw materials (notably timber, cement and brisks).

Reviewing total expenditure, it will be noted that while Investment was generally cheaper in Central America and the Caribbean, it was not a highly influential sector (carrying a weight of only 13.2 per cent in the total). On the other hand, Food and Beverages (which together represented

36 per cent of total expenditure) were relatively expensive in that area. Clothing and Housing were slightly below the average regional levels, but for the less important groups of Transport and Personal Care, a rather uneven pattern is shown.

For South America, countries with abundant production of food products (Argentina, Brazil, Paraguay and Uruguay), were below average in the relative price level for private consumer goods. (Elsewhere in South America, little variation from the regional average can be observed). For Investment, however, Argentina and Brazil were extremely expensive as a result of high tariffs which protected local industry at an apparently high cost to the community. Equipment was also expensive in other parts of South America - particularly Uruguay and Paraguay where fiscal tariffs appeared to be an influential factor.

/Table 21

Table 21

PRIVATE CONSUMER EXPENDITURE: PRICE RELATIVES AT PARITY RATES OF EXCHANGE: JUNE 1960
(Indexes: average of the countries = 100)

	Total	Foods	Beverages	Tobacco	Clothing Textiles	Housing	Transport	Personal Care	Entertainments
Argentina	93	78	59	112	109	112	115	87	105
Bolivia	102	99	112	78	107	112	79	106	91
Brazil	93	82	49	84	107	112	120	82	90
Colombia	102	109	105	56	81	105	105	95	104
Chile	100	82	57	112	133	122	71	109	112
Ecuador	103	105	89	118	89	100	120	112	111
Paraguay	97	89	81	108	111	96	98	112	114
Peru	100	95	76	45	116	98	100	118	137
Uruguay	95	91	65	71	113	100	86	109	85
Venezuela	95	93	89	125	84	94	90	123	117
Costa Rica	102	100	177	158	95	105	90	70	89
El Salvador	103	118	140	71	96	71	129	101	91
Guatemala	105	109	121	126	88	96	112	113	114
Haiti	102	109	144	135	91	90	125	84	87
Honduras	106	114	132	40	87	109	93	105	107
Mexico	95	99	69	115	117	82	79	93	94
Nicaragua	100	107	108	117	101	90	79	97	90
Panama	102	105	99	77	87	108	110	102	90
Dominican Rep.	104	115	128	151	88	97	101	82	72
Average	100	100	100	100	100	100	100	100	100

Table 22

TOTAL EXPENDITURE: PRICE RELATIVES AT PARITY RATES OF EXCHANGE JUNE 1960
(Indexes: average of the country = 100)

	(a) Consumer expenditure			(b) Investment			
	Total	Private	Public	Total	Construction	Equipment	Total
Argentina	92	93	85	154	147	160	100
Bolivia	98	102	68	113	101	123	100
Brazil	97	93	126	122	106	137	100
Colombia	101	102	96	94	84	103	100
Chile	100	100	104	96	82	109	100
Ecuador	101	103	86	96	83	108	100
Paraguay	96	97	88	129	117	139	100
Peru	98	100	79	111	108	113	100
Uruguay	93	95	81	142	127	174	100
Venezuela	104	95	173	71	96	47	100
Costa Rica	101	102	97	93	105	81	100
El Salvador	104	103	104	78	82	74	100
Guatemala	104	105	100	74	79	68	100
Haiti	103	102	104	84	86	80	100
Honduras	104	106	84	76	85	68	100
Mexico	99	95	129	102	107	97	100
Nicaragua	101	100	109	92	108	76	100
Panama	102	102	100	92	114	70	100
Dominican Rep.	102	104	88	81	91	72	100
Average	100	100	100	100	100	100	100

Chapter IV

COMPARISON OF PRICE LEVELS FOR SELECTED CITIES IN LATIN AMERICA AND THE UNITED STATES

1. Conceptual problems

One of the principal needs in a study of income, trade, production or economic development for a group of countries within a region is a measure which will express the different currencies in a common monetary denominator related to some outside currency (such as the United States dollar, the pound sterling, the franc or the mark). While the work so far done by ECLA will, it is hoped, prove useful in determining the purchasing power of Latin American currencies inter se, in no way does it answer the question: "How much was each Latin American currency worth in terms of the United States dollar?"

The question is a difficult one since it raises new problems of concept and comparability which, while important, could be satisfactorily solved within Latin America since extremes were not too great in income level, living conditions, buying habits, price structure, consumer preferences and in the quality of the goods and services available. Even in cases where marked differences existed - e.g. in Haiti and Argentina where contrasts are found in income levels, in climatic factors, in the structure of production and in buying habits (influenced to some degree by differing racial composition) - the extension of ECLA's price study to all parts of Latin America simplified the problem since each country could be related to another in the region where intermediate conditions prevailed. A system of equivalences was thus established in which countries such as Peru, Colombia, Panama and Mexico provided suitable "bridges" between the extremes.

No suitable "bridges" were however available to ECLA for a United States - Latin American comparison (though the inclusion of Puerto Rico

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in the enquiry would no doubt have helped somewhat in this connexion[54/]). There was furthermore the consideration that limits exist in the extent to which a system of equivalences can be extended in order to relate situations with widely divergent characteristics. While it may be permissible to compare, say, El Salvador and Uruguay, relating them through third countries such as Peru, Brazil or Colombia in order to arrive at comparable prices for a common market-basket, a comparison of El Salvador and the United Kingdom (or Japan) might increase the magnitude of differences to such an extreme that the results would be inaccurate and even meaningless.

Similarly, in a comparison of price levels in Latin America and the United States, the shift from one set of conditions (as in Latin America) to a completely different set (as in the United States) introduces such great changes in price structures, in availabilities, needs and preferences that the market-basket is no longer a representative one in both areas. One could only with difficulty think of comparing, for example, (a) a community living on a diet of beans or maize, in scarcely-adequate housing, without proper medical facilities and other services; and (b) a community enjoying nutritious food, good housing, adequate medical services, and a wide range of supplementary facilities such as privately operated means of transport, efficient marketing systems, organized community services, reliable protection or defence measures and so on. Yet this is precisely what a comparison of price levels for many developed and under-developed economies entails.

The "market-basket" approach would thus need considerable modification before being applied to a comparison of prices in many Latin American countries and the United States. Alternatively, an approach would have to be adopted which considered globally the needs or wants of the areas concerned and compared them accordingly (prices being

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54/ The extension of the enquiry to extra-regional territories such as Portugal, Greece, Turkey and Italy could also provide intermediate points of comparison.

obtained for different baskets which would in total yield equivalent amounts of well-being or satisfaction[55/]).

2. The field work

Since ECLA's work in the field of inter-country price comparisons has not yet reached the point where a global approach for countries with dissimilar conditions could be considered, it was decided that the initial work in a Latin American-United States price comparison should be confined to individual cities in the two areas - selecting within Latin America only those where living standards and qualities were sufficiently similar to make the comparison a meaningful one. The cities which suited ECLA's objectives best seemed to be Montevideo (where 1960 per capita income at parity rates of exchange appeared to be higher than elsewhere in Latin America), Buenos Aires, São Paulo, Caracas, Santiago, Mexico City and Lima. (Since data collected by ECLA in São Paulo referred to investment goods only, this city was replaced by Rio de Janeiro for which complete information was available).

For the United States, it was hoped that comparative data could be obtained in about twenty cities selected according to size and location so as to yield price averages which might be considered typical of those prevailing throughout the country. The resources at ECLA's disposal were not sufficient for the task involved; and without the co-operation of the United States Department of Labor, it is likely that this aspect of the work would have had to be abandoned. An offer of assistance was, however, received from the Department of Labor and arrangements were made for a special collection of price material to be carried out by the Bureau of Labor Statistics (Division of Prices and Cost of Living) in two cities - Los Angeles and Houston - where

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55/ Even this does not solve all problems since the amount of well-being actually available to inhabitants of developed and underdeveloped areas is not identical.

/it was

it was considered that conditions were most similar to those prevailing in the selected cities of Latin America[56/].

A comparison of the specifications used by ECLA and by the Bureau of Labor Statistics in its regular consumer price work revealed many similarities; and in cases where the items were virtually identical, (for example, refrigerators), the Bureau of Labor Statistics agreed to provide ECLA with average figures collected for each of the two cities (in some cases making a selection of outlets so as to eliminate any where conditions of sale differed widely from those found in Latin America). In the case of unfurnished housing, a machine - tabulation of rent data was carried out in order to provide results as far as possible in accordance with the classification used by ECLA which took into account the type of neighbourhood as well as the size of the house or apartment in each city). For remaining consumer goods and services (including the rental of furnished apartments), pricing agents of the Bureau of Labor Statistics carried out a special collection of data in accordance with ECLA's specifications in localities where quality would be most comparable with that found in the major Latin American cities. That is to say, preference was given to outlets patronized chiefly by families in the lower-income brackets - many prices paid in the United States by higher income classes being accordingly ignored. For construction materials, the Bureau of Labor Statistics (Branch of Industrial Prices) also sent a specialist to Los Angeles and Houston to collect data which would be comparable with that obtained by ECLA in Latin American cities (the enquiry being modified

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56/ Appreciation is in particular expressed for the interest shown and the advice given by Mr. Ewan Clague (Commissioner of Labor); Mr. Robert J. Myers (Deputy Commissioner of Labor); Mr. Raymond T. Bowman (Assistant Director for Statistical Standards, Bureau of the Budget); Mr. Arnold E. Chase (Chief of the Division of Prices and Cost of Living, Bureau of Labor Statistics) and other officials of the Bureau of Labor Statistics who assisted in planning and carrying out the work. Valuable advice was also given by Dr. Dorothy Brady and Dr. Irving Kravis of the Wharton School of Economics, University of Pennsylvania.

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to take into account the different scale of production, and therefore different conditions of sale, which applied in the United States[57]).

At the same time, an ECLA official visited the cities concerned to make on the spot decisions wherever doubts arose as to the comparability of data in Latin America and in the United States. In the case of machinery and equipment, all data were collected by ECLA - two methods being employed. For transport equipment and for selected types of machinery, prices were obtained directly from the distributors or representatives in Los Angeles and Houston (from whom information on freight rates from the factory to point of sale or distribution was also obtained). For other machinery items, final sales prices were requested by correspondence with the manufacturers - once again obtaining information on freight costs to Houston, Los Angeles and other parts of the United States. (It may be noted that export prices were requested at the same time; and that with the co-operation of the manufacturers, ECLA was able to assemble a considerable amount of data relating to factory prices, inland freight, handling and other export charges, maritime freight, insurance, consular and other fees in order to arrive at the c.i.f. price in each Latin American country. These data were in turn compared with figures collected within Latin America in order to verify and in certain cases to amplify the information which had been obtained by ECLA in other parts of its study).

No data were collected for government services as conditions were so dissimilar as to render a Latin American-United States comparison meaningless. Even for other services (such as medical, hospital, dental and transport services), doubts arose as to the comparability of the item concerned. However, only in three cases - government services, domestic services and labour costs in the construction industry - was it considered necessary to omit the prices from the enquiry. In the case of domestic services, it was felt that the availability of cheap domestic help in

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57/ United States prices were based on qualities normally purchased for constructing size houses, rather than one house as in Latin America.

Latin America was offset by superior housing and marketing facilities in the United States; and that the omission of this item would not prejudice the results of the enquiry. For construction costs, the impossibility of relating productivity to man-hours worked was a more serious problem which was overcome in part by giving less weight to materials and more to finished construction (which implicitly included a labour-cost factor).

3. Problems in weighting

While adherence to specifications applied in Latin America and the collection of prices in shops patronized by lower income groups ensured an acceptable measure of comparability between the two United States cities and the seven selected cities in Latin America, the combination of various items in such a way as to reflect the consumption patterns in both areas was a problem which ECLA's "market-basket" approach could not satisfactorily solve. That is to say, no basket could be devised which would at one and the same time reflect the buying habits and consumer preferences in two areas as dissimilar as Latin America and the United States.

For this study, it was accordingly decided that the calculations should be restricted to a set of data which would reflect the cost of a typical Latin American basket of goods and services, pricing it first in the seven Latin American cities, and secondly in the two selected United States cities. No attempt would be made to present data in the reverse way - that is to say, the cost of a typical United States basket in both the United States and in Latin America - since this would need to take into account the higher quality of goods and services normally purchased in the United States (as well as a different weighting pattern). Indexes of prices or purchasing power equivalents resulting from the ECLA calculations need therefore to be considered within the framework of the study, recognising in particular the non-representativity of the prices for the United States, the bias which presumably results from the use of only Latin American weights and the effect of excluding certain groups or product-classes - such as government services - from the enquiry.

/The influence

The influence of the weighting pattern is particularly troublesome because of the very marked inverse correlation between the price level and the quantities of each item consumed in any country. Since consumer preferences shift according to the structure of prices, relatively larger quantitites are consumed of those items which are cheapest in each country (every individual endeavouring to maximise the satisfaction of his wants in each different situation). Conversely, production costs tend to be greater and prices higher for items not commonly bought by the population. Therefore, if two situations, A and B, are compared and the weighting system is based on the expenditure pattern in situation A, the index of prices for situation B relative to A will as a rule be higher than it would be if weights are derived from the expenditure pattern in situation B. (In a test-comparison of food and transportation costs in San Juan, Puerto Rico and Washington D.C., the United States Bureau of Labor Statistics found that using Washington budget weights the index of food in San Juan would be 132 and transportation 113. However, if San Juan budget weights were applied, the food index would be 73 and transportation 77 - Washington being 100 in all cases[58]).

The weights used in the present ECLA study were, for the inter-country comparison detailed in preceding chapters, based on the average of per capita quantities consumed in nineteen Latin American countries. For the comparison of the seven selected Latin American cities with Los Angeles and Houston, it was decided that the weights should not be influenced by the consumption pattern in areas such as Central America, the Caribbean or the less industrialized parts of Latin America. Weights are accordingly based on the average of the per capita quantities consumed in Argentina, Brazil, Chile, Mexico, Peru and Venezuela - Uruguay being

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58/ Measuring Comparable Living Costs in Cities of Diverse Characteristics, United States Department of Labor, Bureau of Labor Statistics, (Reprint N° 2207, from the Monthly Labor Review, October 1956). For other references to the differing effect which weighting systems have on price relatives, see Technical Notes, Section 1.

/excluded since

excluded since the consumption estimates were not considered sufficiently reliable[59/]. Once again it may be pointed out that the weighting differs from that which would be adopted for an inter-regional comparison (of Latin America with Europe or Asia, for example) since a system designed for the latter purpose should give to the price of each item in each country an importance proportional to the total expenditure on that item in the country concerned (as against a per capita concept adopted for the present comparisons).

In theory, ECLA's approach assumes a fixed market basket or a rigid pattern of expenditure in all the countries being compared. While this was appropriate for countries of similar characteristics within Latin America, it was nonetheless found to create inconsistencies in some instances. Slight variations in the weighting pattern were therefore found necessary even within Latin America to obtain accurate measures of equivalence in the various situations (more light-weight clothing being, for example, appropriate in tropical as compared with temperate zones). In the comparison of Latin American cities with Los Angeles and Houston, still more variation in the weighting pattern was considered advisable in order to offset differences in climate, environment, customs, tastes and preferences - the approach thus deviating slightly from a fixed market basket which would give in practice a varying amount of well-being or satisfaction in the unequal situations. In the case of bread, for instance, a fixed per capita quantity was used for weighting purposes, but the component items were allowed to vary according to the proportions of French bread, English bread, and other varieties consumed in Latin America and in the United States respectively. Similar adjustments appeared necessary in the case of fresh, frozen and canned food; wines, beer and other beverages; tailor-made and manufactured clothing; fuel items; furnishings and other household equipment; public and private

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59/ For the comparison of prices in the nineteen Latin American countries the pattern of expenditure in Uruguay was estimated on the basis of the similar data for other countries, especially Argentina.

transport services; entertainment; materials used in construction; and equipment necessary for productive or distributive purposes. In some cases, the adjustments cut across the arrangement of ECLA's expenditure groups, e.g. television sets which substitute for cinemas and theatres to a geater extent in the United States than in Latin America; likewise, vacuum cleaners, washing machines, outside laundry services etc. which in the United States to some extent take the place of domestic help in Latin America. With the limited amount of research done by ECLA in this field, it was obviously impossible to make all the adjustments necessary to obtain equivalence in the various situations. However, the most glaring inconsistencies were rectified and in such cases the weighting pattern was allowed to vary in order to compensate for differences in quality or in the quantities consumed.

4. The results of the comparison

(a) Purchasing power equivalents

Because of the scope of the study, the coverage of the data, the methodology adopted and the difficulties involved in obtaining equivalence in two areas as dissimilar as the United States and Latin America, the calculations made by ECLA on the basis of prices in Los Angeles, Houston and the main Latin American cities in no way provide an evaluation of the parity exchange rates which would apply to the currencies of the countries concerned. On the other hand, the results do with reasonable accuracy indicate the cost of a given collection of goods and services in selected Latin American cities on the one hand, and in Los Angeles and Houston on the other (the collection, or "market basket", being determined in accordance with the expenditure patterns in Latin American countries only).

It will be seen from Table 23 for instance, that in June 1962 (which is the common date selected for comparison purposes) one Argentine peso had the same purchasing power in Buenos Aires as 2.85 cruzeiros in Rio de Janeiro, .0121 escudos in Santiago, .096 Mexican pesos in Mexico City, .215 soles in Lima, .107 Uruguayan pesos in Montevideo, .0546 bolivares in Caracas or .0128 dollars (1.28cents)

in Los Angeles and Houston[60], - assuming always that such currencies were used to buy a specified basket of goods and services determined in accordance with the expenditure patterns in the Latin American countries concerned. Put in another way, a basket of goods and services, representative of expenditure in the selected Latin American countries, which would have cost one dollar at Los Angeles and Houston (prices in the two cities being averaged) would cost 78 Argentine pesos in Buenos Aires, 231 cruzeiros in Rio de Janeiro, .95 escudos in Santiago, 7.50 Mexican pesos in Mexico City, 16.9 soles in Lima, 8.36 Uruguayan pesos in Montevideo and 4.28 bolivares in Caracas.[61]

On the other hand, according to the free market exchange rates, one United States dollar was equal to 135 Argentine pesos, 359 cruzeiros, 1.63 escudos, 12.49 Mexican pesos, 26.8 soles, 10.98 Uruguayan pesos and 4.54 bolivares. Even though the price data for the various cities have shortcomings with respect to representativity and although the adoption of a Latin American basket undoubtedly biases the results for the United States, it is obvious that Latin American currencies were very much undervalued vis-a-vis the dollar. The only exception is the bolivar where the purchasing power equivalent (4.28 bolivares to one dollar for the selected basket of goods and services) was very little below the free market rate of 4.54 bolivares to the dollar - and much in excess of the controlled selling rate of 3.35 which still applied in June 1962 to essential imports and other preferential transactions.

60/ In the case of the two United States cities mentioned, results are presented as an unweighted average so as to facilitate an interpretation of the results. Individual figures for each United States city were: Houston .0121 dollars, and Los Angeles .0134 dollars.

61/ It may be observed that for Latin American countries, the pattern of relative prices is slightly different in Table 24 from that in Table 7 - the changes being due to the weighting adopted (which for Table 24 is based on expenditure patterns for a reduced number of countries) and to the coverage of the data (which now excludes government and certain other services).

/Table 23

Table 23

INTER-CITY COMPARISON OF EXCHANGE RATES AND PURCHASING POWER EQUIVALENTS: JUNE 1962 a/

(Units of other currencies equivalent to one unit of the national currency)

Equivalence / Currency	Peso (Arg)	Cruzeiro	Escudo	Peso (Mex)	Sol	Peso (Ur)	Bolivar	U.S. Dollar
BUENOS AIRES								
Units equivalent to one Argentine peso								
Purchasing power equivalent	x	2.85	.0121	.096	.215	.107	.0546	.0128
Free market rate	x	2.66	.0121	.092	.199	.081	.0336	.0074
RIO DE JANEIRO								
Units equivalent to one Cruzeiro								
Purchasing power equivalent	.350	x	.0042	.0335	.0754	.0374	.0191	.0045
Free market rate	.376	x	.0045	.0347	.0746	.0305	.0126	.0028
SANTIAGO DE CHILE								
Units equivalent to one Escudo								
Purchasing power equivalent	82.6	236	x	7.90	17.8	8.81	4.51	1.053
Free market rate	82.8	221	x	7.66	16.4	6.74	2.79 b/	.614
Controlled (official) rate	128.6	342	x	11.90	25.5	10.46	3.19 b/	.952
MEXICO CITY								
Units equivalent to one Mexican peso								
Purchasing power equivalent	10.45	29.82	.127	x	2.25	1.116	5.71	.133
Free market rate	10.81	28.78	.130	x	2.15	.879	.364	.080
LIMA								
Units equivalent to one Sol								
Purchasing power equivalent	4.64	13.2	.0563	.444	x	.496	.254	.0593
Free market rate	5.04	13.4	.0608	.466	x	.410	.169	.0373
MONTEVIDEO								
Units equivalent to one Uruguayan peso								
Purchasing power equivalent	9.37	26.7	.114	.90	2.02	x	.512	.120
Free market rate	12.30	32.7	.148	1.14	2.44	x	.414	.091
CARACAS								
Units equivalent to one Bolivar								
Purchasing power equivalent	18.3	52.2	.222	1.75	3.94	1.95	x	.234
Free market rate	29.7	79.1	.352 b/	2.75	5.91	2.42	x	.220
Controlled selling rate	40.3	107.3	.313 b/	3.73	8.00	3.28	x	.299
HOUSTON-LOS ANGELES (Average)								
Units equivalent to one U.S. Dollar								
Purchasing power equivalent	78	231	.95	7.50	16.9	8.36	4.28	x
Free market rate	135	359	1.63 c/	12.49	26.8	10.98	4.54 d/	x

a/ As explained in the text, purchasing power equivalents relate to the cost of a Latin American market basket of goods and services in each city - items being combined with weights which reflect the expenditure patterns in Latin American countries only.

b/ Where both free market and controlled rates existed, the free rates were related to the free rates, and controlled rates to each other controlled rates (falling within, to the free rate).

c/ Official (controlled) rate = 1.05

d/ Controlled selling rate = 3.65

/(b) Price

(b) Price relatives (at free market exchange rates)

The extent of the undervaluation of Latin American currencies is suggested (but not measured) by the index of relative prices given in Table 24 - data being determined by a direct comparison of the purchasing power equivalents and the free market exchange rates already shown for each city in Table 23.

It will be observed that using the weighting system based on Latin American expenditure patterns and considering only those items in the United States which were comparable in quality with their counterpart in Latin America, the price level in Buenos Aires and Santiago was only 58 per cent of the level in the two United States cities of Los Angeles and Houston; in Mexico City, it was 60 per cent; in Rio de Janeiro 62 per cent; Lima 63 per cent; Montevideo 76 per cent; and Caracas 94 per cent.

Since the reciprocal of the price indexes indicates the relative purchasing power of each currency, it may likewise be said that, converting currencies at the free market rates of exchange prevailing in June 1962, the Argentine peso had 72 per cent more purchasing power for the selected goods and services in Buenos Aires than an equivalent amount of dollars would have had in Los Angeles and Houston. Similarly, the escudo had 71 per cent more purchasing power, the Mexican peso 67 per cent more, the cruzeiro 61 per cent more, the sol 59 per cent more, the Uruguayan peso 31 per cent more and the bolivar 6 per cent more (but at controlled rates of exchange the bolivar had 22 per cent less purchasing power than a corresponding amount of dollars in the two cities spent under the circumstances mentioned).[62/]

62/ Note also that at the official exchange rate of 1.05 escudos to the dollar which ruled in June 1962, the price index for Santiago would be 95 and the index of purchasing power for the escudo would be 111 (Los Angeles - Houston being 100 in both cases).

/Table 24

Table 24

PRICE RELATIVES AND THE PURCHASING POWER OF CURRENCIES IN SELECTED CITIES: AT FREE MARKET RATES OF EXCHANGE, JUNE 1962

(Indexes: base city = 100)

City and country	Buenos Aires	Santiago, Chile	Mexico City	Rio de Janeiro	Lima	Montevideo	Caracas	Houston-Los Angeles
Buenos Aires: Argentina	100	101	103	107	108	131	162	172
Santiago: Chile	99	100	102	106	107	130	160	171
Mexico City: Mexico	97	98	100	104	105	127	157	167
Rio de Janeiro: Brazil	93	94	96	100	101	122	151	161
Lima: Peru	92	93	96	99	100	121	150	159
Montevideo: Uruguay	76	77	79	82	82	100	124	131
Caracas: Venezuela	62	62	64	66	67	81	100	106
Houston-Los Angeles: U.S.A.	58	58	60	62	63	76	94	100

Note: Horizontal Columns = Indexes of Prices.
Vertical Columns = Indexes of Purchasing Power.

/So far

So far as the United States is concerned, it may be appropiate at this stage to point out that although prices for cities in Latin America were compared with the average of prices in Houston and Los Angeles, a significant difference existed in the price levels for those two cities - Los Angeles prices for the Latin American basket (arrived at with the use of Latin American weights) being 10.5 per cent higher than in Houston.

No attempt has been made by ECLA to compare the price levels of Houston and Los Angeles with those in other United States cities. It may be of interest, however, to quote the calculations made by the Bureau of Labor Statistics for two typical budgets which were prices in various cities of the United States during the autumn of 1959.

While no weighted averages are available, it will be noticed that the Los Angeles index for the City Worker's Family Budget was three points above the unweighted average of levels in all twenty cities; and two points above the average level in the case of the Retired Couple's Budget. On the other hand, Houston was respectively 12 and 13 index points below the unweighted average levels for the two budgets. Since Houston and Los Angeles together were on an unweighted basis 4.5 and 5.5 index points below the twenty-city average for the two budgets, this would suggest that ECLA's results for Houston and Los Angeles (combined) were also about five per cent below an average price level in the whole of the United States - specially if account is taken of the density of population in each city or its share in national expenditure (which would give proportionately more importance to prices in New York, Chicago and other large cities).[63/]

63/ The significance of an "average" price level, or the method of its calculation, is tacitly ignored. It should be noted that divergent views exist as to the validity or the usefulness of such averages if they relate to a large area with a diversified price structure, as for example the United States.

/Table 25

Table 25

UNITED STATES BUREAU OF LABOR STATISTICS CALCULATION OF RELATIVE INTER-CITY DIFFERENCES IN THE COST OF BUDGETS IN 20 LARGE UNITED STATES CITIES AND SUBURBS, AUTUMN 1959

(Indexes: Washington D.C. = 100) a/

City	City worker's family budget	Retired couple's budget	City	City worker's family budget	Retired couple's budget
Atlanta	92	89	Minneapolis	101	103
Baltimore	93	93	New York	97	100
Boston	103	108	Philadelphia	96	95
Chicago	107	110	Pittsburgh	101	102
Cincinnati	99	96	Portland, Oreg.	101	100
Cleveland	101	106	St. Louis	102	102
Detroit	99	102	San Francisco	103	106
Houston	87	87	Scranton	93	88
Kansas City	97	100	Seattle	107	107
Los Angeles	102	102	Washington D.C.	100	100

a/ Source: The interim City Worker's Family Budget and the BLS Interim Budget for a Retired Couple, United States Department of Labor, Bureau of Labor Statistics (Reprints 2346 and 2354 from the Monthly Labor Review, (August 1960 and November 1960).

/(c) Analysis

(c) Analysis by main expenditure groups (at free market rates of exchange)

Table 26 shows in terms first of the Mexican peso and secondly the United States dollar, the purchasing power equivalents for the main components of the Latin American basket of goods and services priced in each of the cities.

As already emphasized, the prices of all items refer to qualities regularly purchased in Latin America; and items have been combined in accordance with the expenditure pattern of selected Latin American countries without taking into account the differing pattern which applies for purchases of residents in the United States.

It will be observed that an amount of food which costs one peso in Mexico City, 2.10 soles in Lima, .55 bolivares in Venezuela or 24.8 cruzeiros in Brazil would cost 13.9 cents (.139 dollars) in Los Angeles - Houston.[64/] In reciprocal form, a Latin American basket of food which would have cost one dollar in Los Angeles and Houston would correspond to a basket costing 58.3 M$N in Buenos Aires, 177.8 cruzeiros in Rio de Janeiro, .702 escudos in Santiago de Chile, 7.18 pesos in Mexico City and so on.

Data for other groups are given in a similar manner - the free market rate of exchange also being shown in the table for comparison purposes. (Greater detail is also provided in the Statistical Annex.)

The division of the purchasing power equivalent by the prevailing exchange rate provides an indication of the relative price level for

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64/ Results for Los Angeles and Houston have been arithmetically averaged - the Houston figure being 13.1 cents and Los Angeles 14.8 cents. While not shown in Table 25, the corresponding figures in cents for other sectors were (Houston figures given first):

II:	13.9 and 14.0	VI:	24.2 and 27.7	XI:	6.7 and 6.9
III:	12.0 and 9.8	VII:	17.3 and 21.0	XII:	6.0 and 6.0
IV:	8.9 and 9.0	VIII:	15.0 and 15.8	TOTAL:	12.7 and 14.0
V:	11.6 and 13.1	X:	15.3 and 16.5	I-XII	

/Table 26

Table 26

INTER-CITY COMPARISON OF PURCHASING POWER EQUIVALENTS

For a Latin America Market-Basket priced in Selected Cities: June 1962 a/

(a) Units of currency equivalent to one Mexican peso

Expenditure Sector / City	Buenos Aires	Rio de Janeiro	Santiago de Chile	Mexico City	Lima	Montevideo	Caracas	Los Angeles Houston
Currency	M$N	Cr.$	E°	$(Mex)	S/o	$(Urug)	Bs.	$ (US)
Free rate	10.8	28.8	.130	1.00	2.15	.88	.36	.080
CONSUMER EXPENDITURE: TOTAL b/	9.9	29.0	.128	1.00	2.27	1.10	.60	.137
I. Food	8.1	24.8	.098	1.00	2.10	.96	.55	.139
II. Beverages	8.9	22.8	.130	1.00	2.23	1.15	.78	.139
III. Tobacco	10.1	23.3	.122	1.00	.89	.49	.53	.110
IV. Clothing, Textiles	10.1	35.0	.127	1.00	2.09	1.05	.43	.089
V. Housing	11.6	38.4	.192	1.00	2.56	1.42	.63	.123
VI. Transport, Communications	12.4	29.0	.111	1.00	2.89	1.02	.60	.260
VII. Personal care	15.6	26.9	.181	1.00	2.89	1.56	.87	.191
VIII. Recreation	12.7	26.9	.142	1.00	3.00	1.09	.63	.154
INVESTMANT: TOTAL	14.0	35.0	.119	1.00	2.14	1.24	.37	.110
X. Construction	14.0	34.8	.109	1.00	1.96	1.30	.42	.159
XI. Producers' equipment	13.5	35.1	.118	1.00	2.23	.99	.29	.068
XII. Transport equipment	15.3	35.0	.152	1.00	2.51	1.70	.41	.060
TOTAL EXPENDITURE b/	10.4	29.8	.127	1.00	2.25	1.12	.57	.133

(b) Units of currency equivalent to one U.S. dollar
(Spent in Los Angeles and Houston)

Expenditure Sector / City	Buenos Aires	Rio de Janeiro	Santiago de Chile	Mexico City	Lima	Montevideo	Caracas	Los Angeles Houston
Currency	M$N	Cr.$	E°	$(Mex)	S/o	$(Urug)	Bs.	$ (US)
Free rate	135.5	359.4	1.630	12.49	26.81	10.98	4.54	1.00
CONSUMER EXPENDITURE: TOTAL b/	72.0	211.4	.933	7.29	16.54	7.99	4.40	1.00
I. Food	58.3	177.8	.702	7.18	15.03	6.86	3.92	1.00
II. Beverages	64.0	163.7	.934	7.17	15.99	8.22	5.57	1.00
III. Tobacco	91.9	212.2	1.108	9.12	8.08	4.50	4.87	1.00
IV. Clothing, Textiles	112.6	391.0	1.422	11.18	23.39	11.69	4.83	1.00
V. Housing	94.0	311.8	1.563	8.12	20.75	11.57	5.12	1.00
VI. Transport, Communications	47.7	111.5	.429	3.85	11.13	3.90	2.32	1.00
VII. Personal care	81.5	140.8	.945	5.23	15.14	8.19	4.58	1.00
VIII. Recreation	82.6	174.5	.923	6.49	19.49	7.07	4.07	1.00
INVESTMENT: TOTAL	127.0	317.2	1.076	9.07	19.40	11.23	3.36	1.00
X. Construction	88.0	219.3	.689	6.30	12.31	8.17	2.67	1.00
XI. Producers' equipment	199.2	516.7	1.733	14.71	32.83	14.64	4.23	1.00
XII. Transport equipment	255.2	583.4	2.538	16.68	41.78	28.27	6.80	1.00
TOTAL EXPENDITURE b/	78.4	223.6	.949	7.50	16.87	8.36	4.28	1.00

a/ Items have been combined with weights which reflect the expenditure pattern in Latin American countries only.

b/ Excludes Goverment Expenditure on consumer goods and services.

/each item

each item (or group of items) in each city. As mentioned in a previous chapter, however, the selection of a particular city as a reference point or base automatically places the prices for such items at the level of 100 - thus preventing an evaluation of price relationships which apply within that country. Only in the case of a comparison of prices with Houston and Los Angeles was it considered convenient to present a table which used prices in a single country (or part of a country) as base - the reason being that the relationship of Latin American price levels vis-a-vis those of the United States is of considerable interest irrespective of the internal price structure which applies for the United States cities concerned. These data are presented in part (b) of Table 27. For Latin America, it was decided that the technique used in Chapter II should be applied - that is to say, the prices in all seven Latin American cities should be averaged and the resulting level should be adopted as the comparison - base. These figures are presented in summary form in part (a) of Table 27.

While comments cannot be made on all points of interest in the results, attention may be drawn to the relatively low prices of most consumer goods in Latin American cities as compared with Houston and Los Angeles. A reverse situation, however, applied in the case of machinery and equipment (which represented approximately half of all investment in Latin American countries).

In the case of Foods, prices in Buenos Aires, Rio de Janeiro and Santiago were (at free market rate of exchange) less than half as high as they were in Los Angeles and Houston; while for Mexico City, Lima and Montevideo, the prices were between 56 and 62 per cent of the level in the two United States cities. Only in Caracas, where the percentage figure was 86 did prices for Latin America approach those in the United States cities mentioned. At the levels of the sub-groups (figures for which are shown in the Statistical Annex) the items very much cheaper in the Latin American cities were Meat (index for Houston and Los Angeles = 175 if the average of prices in Latin American cities is taken as 100); Fish (268); Milk products and eggs (164); Cereals (192); Fruits (191), Vegetables (184) and sugar (164). Thus Fats and oils (119)

Table 27

INTER-CITY DIFFERENCES IN PRICE LEVELS AT FREE MARKET EXCHANGE RATES
For a Latin American Market-Basket priced in Selected Cities: June 1962 a/

(a) Indexes: Average of prices in seven Latin American cities = 100)

Expenditure sector	Buenos Aires	Rio de Janeiro	Santiago de Chile	Mexico City	Lima	Montevideo	Caracas	Average 7 L.A. (cities)	Houston L. Angele
CONSUMER EXPENDITURE: TOTAL b/	81	89	87	89	94	110	149	100	152
I. Food	76	87	76	101	98	109	153	100	175
II. Beverages	71	68	86	86	90	112	186	100	150
III. Tobacco	106	92	107	114	47	64	169	100	157
IV. Clothing, textiles	87	114	91	93	91	111	112	100	104
V. Housing	79	99	109	74	88	120	130	100	114
VI. Transport, Communications	98	86	73	86	116	99	143	100	278
VII. Personal care	98	63	94	68	92	120	165	100	162
VIII. Recreation	96	76	89	82	114	101	142	100	157
FIXED INVESTMENT: TOTAL	115	108	82	89	89	125	92	100	123
X. Construction	114	107	74	88	81	130	104	100	176
XI. Producers' equipment	120	116	87	95	98	110	75	100	81
XII. Transport equipment	110	94	91	78	91	150	87	100	58
TOTAL EXPENDITURE b/	86	92	87	89	93	113	140	100	148

(b) Indexes: Average of prices in Los Angeles and Houston = 100)

Expenditure sector	Buenos Aires	Rio de Janeiro	Santiago de Chile	Mexico City	Lima	Montevideo	Caracas	Houston L.Angeles
CONSUMER EXPENDITURE: TOTAL b/	53	59	57	58	62	73	97	100
I. Food	43	49	43	57	56	62	86	100
II. Beverages	47	46	57	57	60	75	123	100
III. Tobacco	68	59	68	73	30	41	107	100
IV. Clothing, textiles	83	109	87	89	87	106	106	100
V. Housing	70	87	96	65	77	105	113	100
VI. Transport, Communications	35	31	26	31	42	36	51	100
VII. Personal care	60	39	58	42	56	75	101	100
VIII. Recreation	61	49	57	52	73	64	90	100
FIXED INVESTMENT: TOTAL	94	88	66	73	72	102	74	100
X. Construction	65	61	42	50	46	74	59	100
XI. Producers' equipment	148	143	108	118	122	136	93	100
XII. Transport equipment	189	162	156	134	156	257	150	100
TOTAL EXPENDITURE b/	58	62	58	60	63	76	94	100

a/ Weights reflect the expenditure pattern in Latin American countries only.

b/ Excludes Goverment Expenditure on consumer goods and services.

/nd Other

and Other Foods (principal item, coffee; index 112) were the only sub-groups for which price levels in the Latin American and the United States cities were at all similar.

For Beverages, prices in Houston and Los Angeles were 50 per cent above the average of levels in the seven Latin American cities - alcoholic beverages being 67 per cent and non-alcoholic varieties 43 per cent above that average.

Tobacco prices revealed almost the same price differences - those of Los Angeles and Houston being 57 per cent higher than the average in Latin American cities. Note that, as with Beverages, considerable price variation existed for the individual cities within Latin America. Price differences also applied in the case of Tobacco for Los Angeles and Houston (the spread of prices being 24 per cent).

Prices of Textiles, Clothing and Footwear in the two United States cities were little different from those prevailing in Latin America. For Textiles (which includes yard goods as well as household items such as sheets and blankets), the price index (84) was actually lower for Houston and Los Angeles than for cities in Latin America - the exceptions being Buenos Aires (81) and Mexico City (69).65/

Housing was 14 per cent more expensive in Houston and Los Angeles than in the selected Latin American cities - Rent being 4 per cent higher; Fuel, light and water 54 per cent; Household supplies (such as kitchenware, cutlery, cleaning articles, etc.), 34 per cent; and Furniture, 29 per cent. However, Electrical appliances (which include radios and television sets as well as refrigerators, washing machines, vacuum cleaners, etc.) were in Los Angeles and Houston only 52 per cent of the average price level in the seven Latin American cities (the latter average being influenced considerably by very high levels at Santiago and Montevideo where prices were three times those of the United States cities).

65/ As with other figures quoted in this part of the chapter, the indexes are based on prices for in seven Latin American cities.

/In the

In the case of rent, it should be noted that the figures used in this enquiry relate to a type and quality of housing in Latin America which is inferior to that commonly available in the United States. The representative house chosen for a working class family in the Latin American cities had its counterpart only in some of the poorer districts of Houston and Los Angeles; and only in the case of houses for upper-income families in Latin America did standards approach those of the United States cities. Since the Latin American weighting pattern gave much greater importance to working-class family housing, the results for the United States contain a significant element of bias.

Transport and Communications presented appreciable problems in view of the differing means of transport used and the distances involved. While most Latin Americans rely on public transportation systems such as buses, trolleys and trains, in the United States, according to one survey[66/] 67 per cent of the workers go by car, 14 per cent walk and only 19 per cent travel by bus, trolley, rail or underground. In addition, while in cities such as Santiago, Lima, Montevideo and Mexico, distances of five kilometres (three miles) seemed typical, in Los Angeles journeys of as much as ten miles were quite common. For Houston, on the other hand, typical distances were smaller; while within Latin America, the situation in Rio de Janeiro and Buenos Aires was more like that of Los Angeles (apart from the means of transportation commonly used). In accordance with the compromise weighting pattern which was decided on, transportation costs residents of Houston and Los Angeles nearly three times as much as it costs Latin Americans living in the selected cities (public transportation being 3.5 and privately operated transport 1.3 times more expensive in Houston-Los Angeles than in Latin America). Note that extremes existed within Latin America - Santiago prices being only one seventh those of Houston and Los Angeles for public transportation, while in Lima and Caracas, they were roughly one half. Private transportation on the other hand was cheaper in Lima and Caracas than it was in Santiago, Buenos Aires and other Latin American cities - and much cheaper than in Houston or Los Angeles.

66/ Source: The Economist, March 9, 1963, page 897.

Personal Care was a heterogeneous sector in which those items involving personal service or high labour cost were very expensive for Houston and Los Angeles relative to Latin America. Medical, dental and hospital services cost, for instance, 77 per cent more, and Hairdressing 133 per cent more. No attempt was made to include Domestic help, since conditions of housing, productivity of servants, shopping and marketing systems, availability of cheap household appliances, etc. were so very different in the two areas. Only laundering and dry cleaning costs were covered - for both of which, prices in Latin American and in United States cities were similar. Drugs and medicines, it will be noted, were expensive in Houston and Los Angeles (index 160) but even more expensive at free market rates of exchange in Venezuela (index 198). Toilet articles, perfumery, cosmetics, etc., were 22 per cent more expensive in the two United States cities than in the seven cities of Latin America. However, the Latin American average was influenced considerably by low price levels in Rio de Janeiro, Buenos Aires and Mexico City. Prices in Santiago and Lima being actually higher than in the two United States cities. (The index for Caracas was at about the United States level and Montevideo a few points less). In total, the Personal Care sector showed a price level for Houston and Los Angeles 62 per cent above the average for the seven Latin American cities.

Recreation was expensive in Los Angeles and Houston - especially cinemas which had the greatest weight. Difficulties in allocating weights arose, however, because of the greater availability of television in the United States (the importance of cinemas as a means of entertainment being much less than in Latin America).

Investment was 23 per cent more costly at Houston and Los Angeles than in the seven Latin American cities. Indexes were, however, influenced considerably by the cost of Construction which, because of high labor costs, was considerably more expensive in the United States cities (index = 176) than in Latin American cities (100). Prices of building materials were, however, more similar for the various cities - the indexes (which are not shown separately in Table 27 or in the Statistical Annex) being as follows: (base: average of prices in seven Latin American cities = 100)

/Buenos Aires:

Buenos Aires:	115;	Rio de Janeiro:	105;	Montevideo	: 113
Mexico City :	87;	Lima :	96;	Two United States	
Caracas :	104;	Santiago :	80;	cities	: 122

Machinery and Equipment was much more expensive in Latin American cities than in either Houston or Los Angeles; and notwithstanding the fact that in some instances (e.g. tractors), Latin American importers were able to obtain equivalent models from European countries at a significantly lower factory price than that ruling in the United States, the addition of maritime freight costs, insurance, consular fees, customs duties, and (for some countries) appreciable surcharges, made the price of Agricultural and Industrial Equipment about 20 per cent more in the Latin American cities than in the United States. The exception was Caracas - imports of equipment into Venezuela being favoured with a preferential exchange rate of 3.35 bolivares instead of 4.54 bolivares to the dollar.[67] (In addition imports of this kind into Venezuela were virtually duty-free, a small consular fee being applied). For other Latin American cities it will be observed that prices of Industrial equipment were highest in Buenos Aires (index 124), followed by Rio de Janeiro (116) and Montevideo (109). However, Lima (96), Mexico City (94) and Santiago (86) were priced below the average for the seven Latin American cities but were nevertheless more expensive than Houston and Los Angeles (80). Agricultural equipment was most expensive in Rio de Janeiro (121), Lima (115), Montevideo (114) and Buenos Aires (104). On the other hand, as imports into Chile and Venezuela were favoured by preferential exchange rate treatment, figures for Santiago (76) and Caracas (71) were below both the average level for the Latin American cities and the level for Houston and Los Angeles (82). Office equipment was expensive at Santiago and Montevideo, but was comparatively cheap in Buenos Aires (71). The index for the two United States cities (93 was at an intermediate level, equal to that of Mexico City and slightly below Lima (98) and Caracas (101).

67/ A few important exceptions, e.g. construction equipment, were imported at non-preferential rates.

Transport Equipment was, by Latin American standards, extremely cheap at Houston and Los Angeles - prices of automobiles, trucks, and other road vehicles being 56 per cent of the average price in the seven Latin American cities. At an opposite extreme was Uruguay (150). Price indexes for remaining cities were clustered within ten points of the Latin American average - the exception being Mexico City where an index of 77 placed it intermediate between Houston-Los Angeles and the Latin American group represented by Buenos Aires, Rio de Janeiro, Santiago, Lima and Caracas. Prices for Other Transport items (railway rolling stock, ships, planes, etc.) observed a similar pattern.

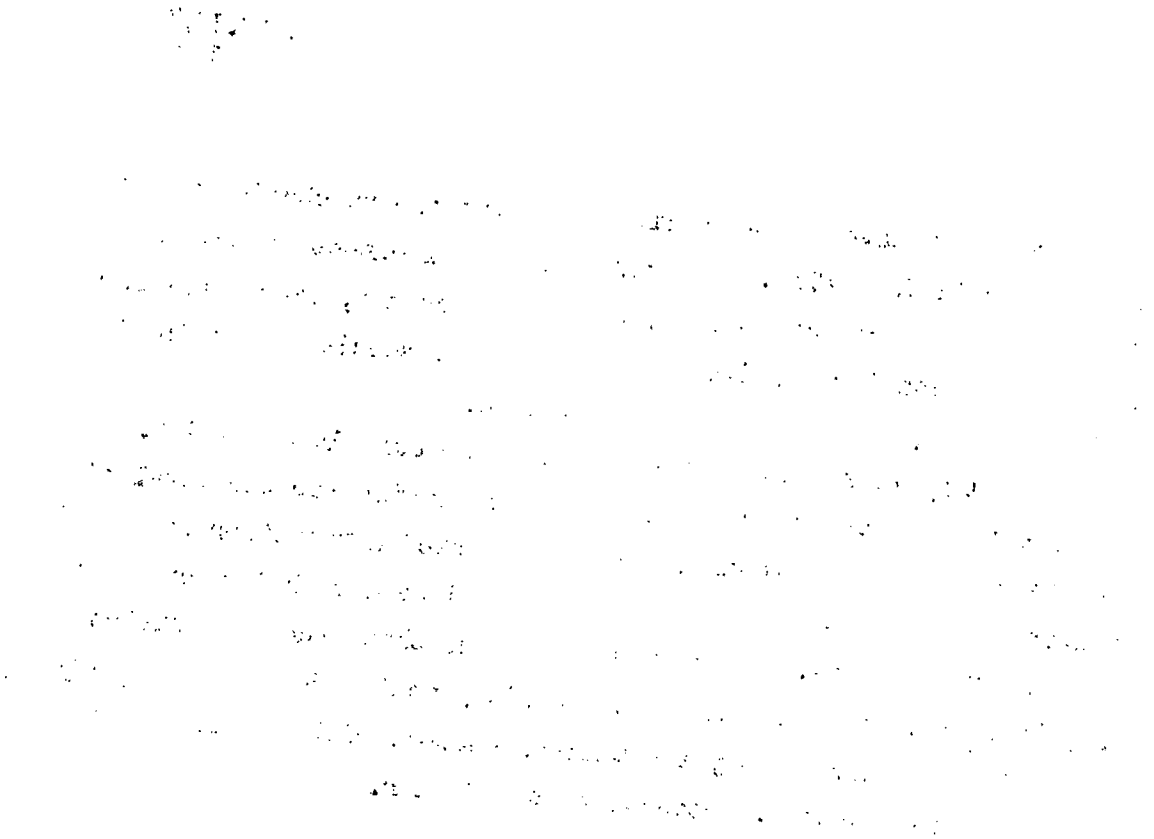
(d) Summary

In conclusion, it may be said that notwithstanding the shortcomings of the data (because of incomplete coverage the non-representativity of the prices and the weighting pattern as applied to the two United States cities), rather interesting results emerge from the inter-city comparison. In particular, Latin American currencies with the exception of the bolivar (and presumably the Dominican peso) appear to be very much under-valued if free market exchange rates are used to express those currencies in terms of the United States dollars. The Latin American cities selected for this part of the study are situated in countries where prices were generally low relative to those applying in other parts of the region. However, in Chapters I-III, it was seen that Venezuela was situated at a high extreme in relative price levels (exceeded in 1962 only by the Dominican Republic). It may accordingly be assumed that the five Central American countries as well as Panama and Haiti would be situated at a level intermediate between Uruguay (Montevideo) and Venezuela (Caracas) if an inter-country comparison were made for all parts of Latin America vis-a-vis the United States. Ecuador, on the other hand, would in June 1962 have no doubt ranked as the country with the greatest measure of under-valuation when the free market exchange rate is used to express the monetary relationships. The currencies of Bolivia, Colombia and Paraguay, like those of Argentina, Brazil, Chile and Peru,

/would no

would no doubt have had approximately twice the purchasing power of the dollar in June 1962. However, the actual extent of this difference in purchasing power can only be estimated roughly, since full and comparable data for all items in all cities, specially within the United States, have not yet been obtained.

Lastly, it should be noted that since June 1962 significant modifications have occurred in certain countries for the level of prices and the free exchange rates. A marked devaluation has for instance taken place for the cruzeiro (and to a much lesser extent the Argentine peso). However, at the time this study is written (April 1963), the Latin American currency most under-valued vis-a-vis the dollar is undoubtedly the Chilean escudo, with a free market rate of exchange of over 3.0 escudos to the dollar.



ANNEX

TECHNICAL NOTES

1. Earlier Research

Few studies designed to evaluate the purchasing power of national currencies and establish relative levels of prices have been attempted; and of these most have placed the emphasis on real wages or real income - that is to say, on the amount of goods and services which can be purchased, or for a given level of income. The relationship of wage levels relative to prices in the various countries has been the main interest; and as in computing the wage price ratio for any country, the exchange rate automatically drops out (applying both to the numerator and the denominator of the ratio in question), the problem of determining a purchasing power equivalent for each country has been avoided. Those calculations which were made along lines designed to establish purchasing power parities have had a limited scope and as a rule applied only to a particular type of expenditure - as for food or clothing - where the commodities purchased are fairly well defined and the differences in quality amongst countries are (rightly or wrongly) considered to be of minor significance.

The main work in relating wages or income to prices has been that carried out by the International Labour Office; and although not the actual pioneers in this field, the ILO has undoubtedly done more intensive study over a longer period of time than any other organization. Beginning with the First International Conference of Labour Statistics held in Geneva in 1923, the office has collected a valuable set of material relating to the consumption of working class families and the price levels of food, fuel, electricity and (until 1937) rent. In 1931, a special ILO study known as the Ford-Filene enquiry was conducted with the objective of determining what wages would have to be paid to employees of the Ford Motor Company so that their levels of living in each of the fourteen European Countries should be comparable to that enjoyed by the same class of workers in Detroit, U.S.A.[1/]; and while

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1/ A Contribution to the Study of International Comparisons of Costs of Living, Studies and Reports, Series N. N° 17, International Labour Office (Geneva 1932).

/the decis-

the design of the study - especially its application to one type of workers only - limited its usefulness, the enquiry was for some time the only source of comprehensive international statistics available for direct place-to-place comparisons. A further study - limited to workers in the cotton and woollen textile industires in certain countries - was undertaken in 1951 in order to evaluate the food purchasing power of wages.[2/] In addition considerable statistical information covering prices of individual commodities within the food, beverage and tobacco groups has been published regularly in the Yearbook of Labour Statistics - the same material being used to calculate a series of indexes relating to comparative food prices in selected countries. More recently a highly informative document International Comparisons of Real Wages[3/] has discussed both practical and theoretical problems involved in the measurement and comparison of prices as well as of wages.

The predecessor to the ILO studies was one carried out by the United Kingdom Board of Trade in the early years of the century. Again, the main interest was in prices relative to wages, the enquiry relating to food and rents (measured in terms of room-number, notwithstanding differences in room size) and covered four countries - Germany, France, Belgium and the United States - vis-a-vis the United Kingdom.[4/]

Another early study (known as the "Unilever Enquiry") was conducted by the Unilever Corporation (Lever Bros. Ltd.) during 1930 in order to establish the salaries necessary to give a standard of living equivalent to that enjoyed by people with incomes varying between £ 500 .- and £ 3,000.- in England.[5/]

The outstanding empirical study prior to the Second World War was that which Colin Clark incorporated in the various editions of his "Conditions of Economic Progress"; and even though the author is far from explicit regarding the method and the data, the book has been widely used for the inter-country comparisons of income and prices which it contains.

2/ Textile wages: An international study, Studies and Reports, New Series, N° 31, International Labour Office (Geneva 1952).

3/ International Labour Office, Geneva, 1956.

4/ See Official British Publication Cd 3864 (1908); Cd 4032 (1908); Cd 4512 (1909); Cd 5065 (1910) and Cd 5609 (1911).

5/ Summarized in The Economist (London) November, 1930.

For his material Clark drew heavily on the Ford-Filene and Unilever enquiries, on prices collected periodically by the ILO, and on a variegated assembly of national data. To what extent his basic data is comparable between countries is an open question, and the statistically-minded reader is left with the impression that a collection of items often widely divergent in specification has been used in a manner for which the material was never designed. The work nevertheless remains an outstanding contribution in the determination of purchasing power equivalents and the measurements of real income.

In the post-war period, increased attention has focussed on the problem of comparative prices and some highly informative studies relating to prices, wages, income and consumption levels have been carried out. Chief amongst these are the two OEEC studies: An International Comparison of National Products and the Purchasing Power of Currencies;[6] and Comparative National Products and Price Levels.[7] Unlike previous investigations the main interest in the work of Gilbert, Kravis and their associates related to the levels of real product. A considerable amount of price information was collected for selected European countries and the United States - partly from the official records of national statistical offices, partly by direct enumeration and partly derived from available value and quantity data (to this extent representing average or unit values rather than prices in the strict sense of the word). In that studies were designed primarily to measure relative levels of production, the determination of price levels was not an end in itself but was one of three inter-dependent variables in the value-price-quality relationship. The methodology adopted might not accordingly be considered appropiate for a study such as that now carried out by ECLA - taking into account particularly the method of selecting items, the specifications laid down for each commodity, the weighting system and the treatment of inventories and the balance of trade. In addition, the expression of results as a series of alternatives could limit their usefulness so far as intra-regional or multicountry comparisons are concerned.

6/ M. Gilbert and I.B. Kravis: OEEC (Paris) 1954.
7/ M. Gilbert and Associates: OEEC (Paris)

/Leaving aside

Leaving aside, however, points of technical detail, the two studies represent a meritorious achievement in the field of real product measurement and the comparison of inter-country price levels. This is particularly so since, while preceding work was limited merely to food and in certain cases a few selected groups of consumer expenditure, in the OEDC studies the field was extended to cover not only all aspects of consumer expenditure (whether private or governmental) but also investment.

Another project of note in the post-war period is the study of living costs and real wages in selected countries of Northern Europe, conducted jointly by a committee of statisticians from Denmark, Finland, Norway and Sweden.[8/] Prices related to consumer goods in the cities of Copenhagen, Helsinki, Oslo and Stockholm (Reykjavik also being included for a Norway-Iceland comparison), and were converted into a common currency denominator in accordance with bank selling rates. With the adoption of weighting systems based (for three countries) on consumer expenditure surveys carried out in connexion with the construction of the cost-of-living index series and (for Norway) on a special Oslo budget, a series of binary comparisons were made which illustrated rather strikingly the divergent results obtainable according to the weighting pattern used, even in the case of countries with somewhat similar economic structures.

Another interesting study is that conducted in 1954 by the High Authority of the European Coal and Steel Community.[9/] While the main interest was in prices relative to wages - the scope of the study being confined to steel workers and coal miners in Belgium, France, the Federal Republic of Germany, Italy, Luxembourg, the Netherlands and the Saar, special wage data were collected for the workers in the countries concerned, while a direct collection of prices was made in 2,000 shops in the principal coal and steel centres of the countries concerned for some 220 consumption goods and services known to be important in working-class households.[10/] The weighting system

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8/ Leunadskostnader och reallöner i de nordiska Luvudstäderna, Nordisk Statistik Skriftserie N° 1 (Stockholm) 1954.

9/ Informations statisticues, High Authority, European Coal and Steel Community, Vol. 2, N° 5 Aug-Sept 1955 (Luxembourg).

10/ Rent was based partly on official data and partly on private information.

/was determined

was determined by applying the percentage distribution of expenditures for the various goods and services, as revealed by family living studies, to a special estimate of earnings for the workers concerned in each country. As with the OEEC study, a series of binary comparisons was made using the weights first of one country and then of the other in accordance with the Laspeyres and Paasche formulae.

An entirely different type by comparison was that made by the United States Bureau of Labor Statistics for adjusting civil servants' wages to take into account cost of living differences between Washington D.C. and San Juan, Puerto Rico on the one hand; and Washington D.C. - Honolulu on the other.[11/] The work was mainly experimental and was based not on the prices of identical goods or services but on the cost of obtaining an equivalent level of consumption - that is to say, evaluating the amount which would have to be paid by a person in each of the two situations in order to obtain an equivalent measure of satisfaction. The method adopted was as follows: (a) the expenditure on different items of consumption in San Juan (or Honolulu) and in Washington was computed as a percentage of family income (using family income and expenditure studies carried out in those cities in 1950); (b) items were classified according to the relationship of expenditure to income (dividing them into the so-called "necessities" which were purchased by the same or a decrasing proportion of families as money income rose, and "luxuries" for which purchases increased as money income rose); (c) a graph was prepared plotting for each city the relationship of income to expenditure for items within the necessity group, and curves were fitted to the observations; (d) a calculation was made in order to determine how much the curve for San Juan (or Honolulu) would have to be adjusted in order to obtain equivalence with Washington. The results showed that the curve for San Juan was at a level 118 per cent above that of Washington - the interpretation being that living costs were 18 per cent higher for the families in question in the first-named city. Insofar as a different solution exists for each level of income, the method has a number of disadvantages, both practical and theoretical -particularly since "equivalent measures of satisfaction" are subject to a multitude of interpretations and are difficult to define statistically.

11/ Measuring Comparable Living Costs in Cities with Diverse Characteristics, op.cit.

/The empirical

The empirical studies conducted by the United Nations Statistical Office in order to determine the salary-levels appropriate for international civil servants in various parts of the world follow more orthodox lines.[12/] Expenditure patterns are determined for staff members stationed in the various cities, while prices for goods and services (including rent) are collected directly. The latter data are converted at prevailing rates of exchange and are compared with the prices for equivalent items in New York. Price relatives are then weighted, first according to the expenditure pattern of New York and secondly according to the pattern of the city concerned, the two results being averaged geometrically in order to obtain a measure of price differences between the two cities and an evaluation of the purchasing power of the salaries for the officials concerned. The comparisons are essentially binary in character, the base city being New York in all cases.[13/] In accordance with the objectives of the study only consumption expenditure is considered; the expenditure pattern relates to a class of officials not representative of the country in which they are stationed; the quality of many items priced is better than that generally consumed; while the shops and outlets from which price information is obtained are generally in neighbourhoods frequented by international officials and are not typical for other residents in the city. The results nevertheless constitute the most comprehensive series of inter-country comparisons so far elaborated; and even if they have to be interpreted with care because of coverage and representativity, the work is of considerable interest from a theoretical and practical point of view.

12/ Retail price comparisons for international salary determination, Statistical Papers Series M,No. 14 and M,No.14, Add.1 and Add.2, op.cit.

13/ More recently, Geneva has been introduced as a base city.

2. The timing of the enquiry

Price material was collected from the cities concerned in the months and years indicated below:

During 1960

Argentina:	Buenos Aires - June
Brazil:	Rio de Janeiro - July São Paulo - August (Capital goods only)
Chile:	Santiago - May
Colombia:	Bogota - November
Ecuador:	Quito - November and December Guayaquil - December
Mexico:	Mexico City - October
Paraguay:	Asuncion - May
Peru:	Lima - November
Uruguay:	Montevideo - April and May

During 1961

Argentina:	Cordoba - March
Bolivia:	La Paz - October
Chile:	Santiago - January
Dominican Republic:	Santo Domingo - August
Haiti:	Port-au-Prince - August
Panama:	Panama City - June and August
Peru:	Arequipa - April Huancayo - April
Venezuela:	Caracas - May and July
British Guiana:	Georgetown - July

During 1962

Argentina:	Buenos Aires - August
Brazil:	Rio de Janeiro - August São Paulo - September (Capital goods only)
Chile:	Santiago - August
Costa Rica:	San Jose - June

/During 1962

During 1962 (continued)

El Salvador:	San Salvador - July
Guatemala:	Guatemala City - May
Honduras:	Tegucigalpa - July
Mexico:	Mexico City - October (Capital goods only)
Nicaragua:	Managua - July
Paraguay:	Asuncion - October
Uruguay:	Montevideo - September
United States of America:	Houston - May Los Angeles - May

3. Classification by Expenditure Groups

The arrangement of items into main expenditure groups was as follows:

Consumer Expenditure

I. Foods;

II. Beverages;

III. Tobacco;

IV. Clothing and Textiles;

V. Housing;

VI. Transport and Communications;

VII. Personal Care, Health and Domestic services;

VIII. Recreation and Entertainment.

IX. Government Services

Investment

X. Construction;

XI. Equipment for agriculture and industry;

XII. Transport Equipment.

The following points of detail should be noted:

I-III. Foods, beverages and tobacco

Consumption away from home (in hotels, restaurants, etc.) was excluded from these groups since it was considered part of recreational expenditure. Fruit and vegetables include dried and canned products as well as fresh.

IV. Clothing and Textiles include household linen and drapery - also yard goods, whether destined for personal or household use.

/"Clothing" covers

"Clothing" covers ready-made articles as well as the cost of tailoring the customer's own material. School uniforms, maids' uniforms, etc. are implicitly included. Footwear is given as a separate sub-group.

V. Housing covers the following sub-groups:

(i) Rent (including the imputed rent of owner-occupied houses);

(ii) Heat, light, water and municipal services;

(iii) Household supplies and utensils;

(iv) Furniture; and

(v) Electrical appliances.

Heat includes coal, coke, firewood, charcoal, fuel oil and those items such as gas, electricity and kerosene which are also used for lighting purposes.

Household supplies includes all household items of a non-durable or semi-durable nature - thus covering kitchen utensils, table earthenware and china, glassware, cutlery and household tools, as well as laundry soap, detergents, brooms, furniture polish and other cleaning materials.

Furniture excludes office furniture but includes gas and kerosene cooking-stoves, and such other durable items of a non-electrical nature which are normally bought by a tenant as distinct from an owner or builder (a gas hot-water heater thus being included in construction materials).

Electrical appliances and equipment refer to all electrical items for home use - thus covering refrigerators, washing machines, electric irons as well as radios.

VI. Transport and communications refers to public transportation and to the operation of privately-owned vehicles. The purchase of motor-cars, trucks, jeeps, etc. is treated as "Investment".

Communications cover both postal and telephone services as well as cables.

VII. Personal care is divided into:

(a) Toilet articles (including toilet soap, perfumes, shaving creams, tooth brushes and other items for personal rather than household use);

(b) Drugs and medicines;

(c) Medical and dental services (including the cost of doctors' consultations, X-rays, hospitals, operations, childbirth, extraction and filling of teeth).

(d) Hairdressing;

/(e) Domestic

(e) Domestic services which include the salaries (but not food) of maids, cooks, gardeners, housecleaners, etc. - also the cost of laundering and dry-cleaning, even if performed outside the house.

VIII. Recreation and Entertainment is divided into two sub-groups:

(i) Public entertainment, such as cinemas, theatres, concerts, baseball and football matches; and

(ii) Books, toys and sporting equipment. All reading and writing materials (including magazines and newspapers) are covered in this sub-group. Likewise the cost of records, photographs and films.

Other consumer expenditure (covering all items not classified elsewhere - notably legal fees, bank services, funeral expenses, religious services, donations, insurance payments and other personal business services) have been included by imputation only since the items as a rule have no price or cost which can be compared internationally (the expenditure depending not so much on the magnitude of the service involved but on the capacity or the willingness of the person concerned to pay). The assumption has therefore been made that the prices of these will be proportional to the average price level for all consumer goods.

Education. Due to the difficulty of separating payments made by individuals and by Governments to private and public schools, education was not included in this sector but was treated as a homogeneous expenditure group under "Government" (the weighting being duly adjusted to take account of costs borne directly by individuals which would normally enter into consumer expenditure).

IX. Government services. A lack of adequate information on type of expenditure has prevented a very detailed classification of this sector. In addition, for certain sectors (e.g. defense) it was virtually impossible to obtain comparable costs in each country. The sub-divisions adopted by ECLA were derived from governmental accounts and were limited to:

(a) Salaries; and

(b) Purchases

/These in

These in turn were determined in accordance with governmental accounts for the following departments:

(i) Public Works
(ii) Health
(iii) Education
(iv) Justice
(v) General Administration

Machinery and equipment bought by Governments (likewise construction) is not included in this sector but is classified as "Investment".

Investment is divided into three main groups:

(a) Construction;
(b) Machinery and equipment for agriculture and industry;
(c) Transport equipment.

Changes in inventories are excluded since no transactions involving actual expenditure take place.

Construction covers both private and governmental building, whether for residential or non-residential use. For each of these classes, a combination of costs for materials and of costs for finished construction was made in order to obtain an over-all price-relationship. Other construction (mainly roads, bridges, dams, railways, telephonic and electrical systems, gas and sewage networks etc.) are given as a separate sub-group, prices again being based on a combination of costs per unit of finished construction as well as costs of material and labour.

Machinery and equipment is arranged along lines comparable to those found in trade and industry statistics: i.e.

(i) Agricultural machinery and equipment which includes principally tractors for agricultural use (whether wheel or track type) as well as ploughs, combines, harrows, irrigation pumps and other equipment for use on farms.

(ii) Industrial machinery and equipment. This is based on the following sub-groups (not shown separately in the study):

/(a) Electrical

(a) Electrical machinery and equipment;

(b) Industrial engines, motors and boilers;

(c) Metal-working machinery and machine tools;

(d) Construction and mining equipment (including crawler tractors as well as a proportion of wheel-type tractors);

(e) Other industrial equipment (e.g. for the textile industry, for paper-making, timber-milling, printing, etc.)

(iii) Office equipment. This includes typewriters, adding and calculating machines, as well as office furniture.

Vehicles are sub-divided into two classes:

(i) Motorized vehicles. This covers trucks and buses, station wagons, motor-cars, motor-cycles and jeeps - whether used for private, commercial or agricultural purposes. Spare parts for private passenger vehicles are not included as they have already been dealt with under "private transportation (operation)". On the other hand, batteries, tires, etc. for commercial vehicles have been directly included in this sub-group along with (by imputation) spare parts.

(ii) Other vehicles. This covers non-motorized road vehicles, railway rolling stock, ships and planes. However, due to difficulties of a practical nature, the prices assigned to each product-class are theoretical prices based mainly on information relating to original cost, freight rates, handling charges, duties, and other charges).

4. Problems of price collection

(a) Consumer expenditure

In the food group, most items could be readily identified and quality variations were not of undue importance for countries in the same climatic zone. Meat, fish, fruit, and vegetables were, for instance, similar in quality in the various countries of the Central American region. The same applied to countries in the temperate zone of South America. Problems did, however, arise when comparing countries in one zone with those in another - the solution generally being to determine equivalences in a selected country where products typical of both temperate and tropical zones existed. (Peru was the most satisfactory country in this connexion.) In other cases - e.g. tea and mate, potatoes and manioc - equivalences were determined in accordance with average price relationships for the products covered in a number of countries for which both (or all) products were available.

Pre-packed food (especially canned items) presented problems in that the relationship between net content and price was not a linear one. While precise specification by size (as well as quality) largely overcame this difficulty, in some cases it was necessary to determine a scale of value-equivalents which could be used to adjust for size differences in the items priced.

For meat, the method of dividing the carcass differed considerably as between countries, and it was not possible to identify a particular cut which was common to all. Reliance had therefore to be placed on an arbitrary grading into first, second and third categories, determined with the advice of the trade. A certain amount of adjustment had also to be made because of differing qualities available (especially when United States cities were included in the comparison). For fish, the types available varied considerably, especially between the Atlantic and the Pacific Coast and between fresh-water and salt-water regions (e.g. Paraguay and Uruguay). Again, a classification system had to be adopted. The availability of fresh and frozen fish - likewise whole and filleted fish - had also to be considered in order to obtain comparable price data.

/Fresh fruit

Fresh fruit, vegetables and eggs presented the problem, already referred to, of seasonal variation; and although a correction was obtained by applying a system of coefficients designed to relate prices of each item to the month in which supplies were in greatest abundance for each of the various countries, further work needs to be done in this respect in order to eliminate seasonal influences entirely. A problem of another nature was the existence of a few products in some countries only - e.g. mangoes, pineapples, chirimoyas, coconuts and - to some extent - apples, pears, apricots, peaches, etc. which, if available in limited quantities, could not be considered representative items of popular consumption. Similar difficulties existed for certain vegetables, such as manioc on the one hand and potatoes on the other. However, only for items such as "maíz tupí" in Paraguay, which had no counterpart in the remaining countries, did the product have to be omitted from the comparison (but included by imputation with other items of a similar type). A minor inconvenience also existed in that many items were sold by number or volume rather than weight. This involved the weighing of representative quantities in order to relate prices to a common basis. Unfortunately, in certain cases correlation between quantity and price was not very marked, and in the extreme instance of avocado pears, prices were in some countries inversely proportional to the size of the fruit (flavour being the determining factor).

Cereal products presented a few difficulties in view of the greater use of wheat derivatives in some countries (bread, wheat flour, etc.) as compared with maize products elsewhere. Once more, equivalences were relied on to obtain comparability.

Wines were of very different quality throughout Latin America, while in many countries they were replaced by beer or mineral water for consumption with meals. The weighting pattern was allowed to vary in order to take account of this factor.

For Textiles and Ready-made Clothing, climatic differences introduced a series of incompatibilities. In some cases, both summer-weight and winter-weight clothing were readily available somewhere within the country (e.g. in Quito or Bogota) where heavy-weight clothing is used, despite the proximity to the Equator. In other cases, the existence of clothing of all

/types presented

types presented a means of determining equivalences which could be used for substitution purposes when one or other of the ready-made items was not available - as was often the case in Central America.[1/] A more serious problem was that of ensuring identity for materials described by the same name in the various countries. The system of thread-count is not commonly used in Latin America and specification along those lines was not practicable. In addition, even if thread-count were identical, differences in durability, shrinkage, colour-retention, etc. to a large extent invalidated the comparibility which would otherwise exist. This problem was particularly troublesome throughout Latin America since in general three varieties of cloth existed: (a) material imported from the United States, generally of high quality and at relatively high prices; (b) Japanese cloth of lighter weight and lesser durability, sold at much lower prices; and (c) in countries with local industry, fairly high-priced materials, intermediate in quality between the two imported varieties already mentioned. Since all three types were not available in any country (customs tariffs as a rule protecting local industry very effectively), samples of the material were requested whenever possible in order to obtain technical advice. Information was also gathered regarding durability, etc., from consumers familiar with the item concerned in the various countries in order to give a satisfactory basis of comparison.

Housing presented the greatest difficulty in the whole enquiry since adequate data for rents were almost impossible to obtain. In some countries (e.g. Chile) the situation presented no major problems since houses could be precisely classified and representative rental figures obtained. In other cases - notably Argentina - the enforcement of controls maintained the rent of many houses at extremely low levels (even though, for new building, rentals determined by demand-supply factors applied; while for

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1/ It should be noted in this connexion, that data on tailoring costs were collected in all countries. It was therefore possible to make fairly reliable calculations for tailor-made clothes in those cases where ready-made articles were not commonly available.

building still subject to rent control concealed costs - e.g. payment for the transfer of keys; or overvaluation of furnishings which the incoming tenant is obliged to buy - need to be taken into account). Between the two extremes were countries such as Uruguay and Peru where rent controls existed, but not to the same degree. A further difficulty arose in Paraguay and Central America where the quality and the type of housing differed very much from that elsewhere in Latin America. The availability of hot water and other facilities had also to be taken into account - particularly since heating of houses was not needed in some areas; running water was not commonly available in a few cities (e.g. Asunción); municipal taxes for garbage collection services, etc., were appreciable in one country (Peru) but negligible in others, and so forth.

Houses were therefore classified according to size, location and facilities available - adjustments being made wherever considered necessary in order to place rentals as far as possible on a uniform basis. The rental figures used in this enquiry accordingly reflect to a certain extent the subjective judgment of ECLA enumerators familiar with housing in the various countries. Further work in this field would appear necessary, especially in order to take into account figures for controlled rents (which have been excluded) and to evaluate better the price differences attributable to variations in size and quality.

For the Fuel, light and water sub-group, some items, such as pipeline gas, fuel oil for heating and charcoal for cooking were available in only some of the countries in the region. A system of equivalences relating non-available to available products in accordance with price relationships in other countries was accordingly used. Water provided a special problem in that it was not laid on for some cities; while in other cases the cost was covered by taxes paid by the owner (and not the occupant) of the premises.

For Household articles, including durable household equipment, no major prpblems in price collection were encountered, except to the extent that furniture differed considerably in specification from country to country. While prices were collected for all classes (including dining, living and bedroom suites of specified types) the resulting price relatives were not deemed to be reliable, and much data had to be rejected in favour of information relating to simpler but more easily identified items.

/Other durable

Other durable goods (e.g. stoves, radios, refrigerators etc.) as a rule were well-known name-brands with prices that could be ascertained fairly easily in all areas. Correct specification accordingly took care of this problem. Greater difficulty arose in the correct identification of the minor household items such as kitchen utensils, cutlery, glassware, table crockery, etc. since these were often of national origin, and of quality that differed substantially from place to place. Again, great reliance had to be placed on the subjective judgment of the ECLA enumerator, taking into account comparable models in other countries.

For Transport, the quality of the services provided and the distances involved at first prevented a precise identification of items in the various cities. To a large extent, this was overcome by specifying a typical distance. The existence of a variety of reduced fares - e.g. workers' tickets for use prior to 8 a.m.; or twelve-trip weekly tickets - also necessitated a pre-selection of the type of travel typical for the countries concerned. The use of collective taxi systems in some cities but not in others presented a further element which had to be considered - likewise the availability of suburban rail transport additional to buses in certain areas.

Communications, on the other hand, appeared to be fairly uniform in character; and even if some telephone services were not available in certain cities (e.g. public call-boxes in Asunción) the collection of representative price material was not a troublesome problem.

In contrast, Health and other services as well as Entertainment raised frequent doubts as to the comparability of the price data. A hospital in one country provided, for instance, very different attention from that in another; hairdressing standards varied in different parts of Latin America; a maid in one city was more efficient (or less efficient) than her counterpart in some other area; cinemas in certain cities were modern and show recent films, while elsewhere, they would be uncomfortable, use poor equipment and present out-of-date programmes. Price data were accordingly restricted to those items capable of precise definition and of sufficient uniformity in all countries. The assumption had still to be made that many professional services (e.g. doctors) satisfied needs in an equivalent

/manner; and

manner; and that the quality of, say, dentistry was precisely the same, notwithstanding differences of opinion expressed by residents or non-residents of the various countries.

Government Expenditure presented problems of a different nature - information being difficult to obtain for some countries while serious incomparabilities existed in view of the quality of the services concerned. Conceptually, the sector presented a problem in the selection of a suitable method for comparing prices intra-regionally. Adopting one approach, this could be in terms of productivity per man-hour; but obvious difficulties emerge if such a concept is applied to public administration. Adopting another approach, the cost per inhabitant (or cost per recipient of a benefit) could be considered. However, while this might hold true in a limited number of cases (e.g. justice and education) it has definite weaknesses when applied to the majority of government expenditure items. The assumption, for instance, that the administrative, health or pension services are qualitatively equal in all countries is fundamentally untrue and the method is considered suitable only for the two cases mentioned.

The solution for the remainder seemed to be, then, to classify government expenditure into services on the one hand and purchases on the other - sub-dividing each in accordance with the expenditure structure of the sector in the various countries of the region - and then to obtain suitable price data for representative items.

For purchases of non-investment goods price data were not specially collected. A percentage distribution by expenditure group was made for the region on the basis of information published in government accounts and the purchasing power equivalents which had already been calculated for private consumer expenditure were applied to the various groups in order to obtain a series of values expressed in national currencies.[1/]

1/ In practice a further adjustment was still needed in order to ensure that the values thus calculated represented the correct proportion of consumer expenditure and investment when averaged for all countries in the region.

/In the

In the case of services, questionnaires were sent to the Governments to obtain information relating to the salaries payable (including "fringe" benefits received) for selected technical, professional, administrative and non-skilled posts at specified levels (e.g. upon appointment; and, again, after five years of service in the same post). Correction was then made for differences in hours worked and such other factors as appeared relevant in order to provide comparable data.

In the case of education, the scope of the comparison was enlarged to cover private as well as government expenditure - the two being in many countries inter-related. Defence expenditure, on the other hand, was considered unsuitable for direct price comparison and was included by imputation only.

(b) Investment goods

For machinery and equipment, major problems were encountered in obtaining price quotations for items such as railway rolling stock, weaving looms, printing presses, etc. which were imported directly by the user on a "personal-order" basis. Nevertheless, for a large number of items relating to agriculture, industry and commerce, stocks existed and price quotations were then obtainable. The approach adopted initially by ECLA was to specify the item with considerable detail and try to locate it in each city. This was not found practicable and an alternative approach was adopted - the item was indicated in broad terms and sufficient technical data were gathered in order to permit a price adjustment for quality differences. For some items price quotations were theoretical, since they were not for items actually in stock, but were calculated on the basis of prices in the country of export plus freight and insurance, consular fees, customs duties, bank charges, interest, handling, transportation and distributor's or dealer's mark-up. To the extent that this system permitted a more direct comparison between countries (since the same procedure could, with a few exceptions, be applied to the same item in all countries) the results were in many cases superior to direct quotations of items currently in

stock. Furthermore, since the greater part of investment goods are imported into Latin America - exceptions being assembled vehicles in some countries, construction and a small amount of industrial equipment - the procedure has much to recommend it, particularly for items such as weaving looms which are imported only occasionally into any given country. Major difficulties concerned the comparability, on the one hand, of locally-produced equipment in Argentina, Brazil and Mexico and, on the other, equipment imported into the remaining countries from Europe or the United States. To the extent that the locally-produced equipment was often manufactured under license from a parent country in Europe or the United States (e.g. farm tractors in Argentina or Brazil), the task of ensuring comparability was simplified. Nevertheless, certain problems still remain, particularly in the case of metal-working machinery and machine-tools.

For transport equipment, the ability to specify with precision the type of truck, car or other vehicle again simplified the work, even if the items in question were sometimes imported and sometimes constructed or assembled locally. A minor problem remained in the case of those models which were still manufactured locally, even though they had been discontinued some years previously in the United States or Europe.

Railway rolling stock, ships and aeroplanes could not be priced satisfactorily but were estimated on the basis of freight costs and duties or other charges payable.

Construction materials in general provided no obstacle, though quality differences emerged in the case of timber, bricks, and even cement. Labour costs provided an obstacle as these involved a different level of efficiency and therefore productivity in each country. On the other hand, information was obtained for the finished - construction cost of apartments, factories, roads and sidewalks - thus providing an alternative measure of construction cost. The two approaches were combined and a composition figure representing materials, labour and finished construction was obtained for each country.

STATISTICAL ANNEX

Table I a

PARITY RATES OF EXCHANGE
(a) JUNE 1960

(Units of other currencies equivalent to one unit of the domestic currency)

Country	Domestic Currency	M$N Argentina	$B Bolivia	Cr.$ Brazil	$(Col) Colombia	E° Chile	S/- Ecuador	Gs. Paraguay	S/o Peru	$(Ur) Uruguay	Bs. Venezuela
Argentina	M$N	x	.144	2.31	.0949	.018	.221	1.47	.325	.130	.0927
Bolivia	$B	6.95	x	16.02	.659	.125	1.53	10.23	2.26	.901	.644
Brazil	Cr.$	.434	.0624	x	.0412	.0078	.0957	.639	.141	.0562	.040
Colombia	$ (Col)	10.5	1.52	24.3	x	.189	2.33	15.52	3.42	1.366	.977
Chile	E°	55.7	8.02	128.4	5.29	x	12.29	82.0	18.1	7.22	5.16
Ecuador	S/-	4.53	.652	10.45	.430	.0814	x	6.68	1.471	.587	.420
Paraguay	Gs	.679	.0977	1.56	.0644	.0122	.149	x	.220	.0880	.0629
Peru	S/o	3.08	.443	7.10	.292	.0553	.680	4.54	x	.399	.286
Uruguay	$ (Urug)	7.71	1.11	17.79	.732	.138	1.70	11.36	2.504	x	.715
Venezuela	Bs	10.79	1.55	24.9	1.024	.194	23.8	15.9	3.28	1.40	x
Costa Rica	¢ (CR)	10.12	1.46	23.3	.960	.182	2.23	14.9	32.8	1.312	.938
El Salvador	¢ (ES)	23.9	3.44	55.2	2.27	.430	5.28	35.3	7.77	3.104	2.22
Guatemala	Q	54.47	7.84	125.6	5.17	.978	2.02	80.2	17.7	7.06	5.05
Haiti	G	13.2	1.90	30.4	1.25	.237	2.91	19.4	4.28	1.71	1.222
Honduras	L	25.9	3.73	59.7	2.46	.465	5.72	38.2	8.41	3.36	2.40
Mexico	$ (Mex)	6.10	.878	14.06	.578	.109	1.345	8.98	1.98	.790	.565
Nicaragua	C $	7.82	1.12	18.03	.742	.140	1.73	11.52	2.54	1.014	.725
Panama	B/-	55.8	8.04	128.7	5.30	1.00	12.32	81.3	18.2	7.24	5.18
Dominican Rep.	RD $	50.7	7.30	117.0	4.82	.911	11.2	74.8	16.5	6.58	4.70
British Guiana	$ BWI	41.1	5.91	94.7	3.90	.738	9.06	60.5	13.3	5.32	3.81

Country	Domestic Currency	¢ CR Costa Rica	¢ ES El Salvador	Q Guatemala	G Haiti	L Honduras	$(Mex) Mexico	C$ Nicaragua	B/- Panama	RD$ Dominican Rep.	BWI$ British Guiana
Argentina	M$N	.0988	.0418	.0184	.0758	.0386	.164	.128	.0179	.0197	.0243
Bolivia	$B	.686	.290	.1275	.527	.268	1.139	.888	.1244	.1369	.169
Brazil	Cr.$	.0429	.0181	.0080	.0329	.0167	.0711	.0554	.0078	.0086	.0106
Colombia	$ (Col)	1.041	.440	.193	.799	.407	1.73	1.347	.189	.208	.256
Chile	E°	5.50	2.33	1.023	4.22	21.5	9.14	7.12	.998	1.098	1.356
Ecuador	S/-	.448	.189	.0832	.344	.175	.743	.579	.0812	.0893	.110
Paraguay	Gs.	.0671	.0283	.0125	.0515	.0262	.111	.0868	.0122	.134	.0165
Peru	S/o	.304	.129	.0566	.234	.1189	.505	.394	.0552	.0607	.0750
Uruguay	$ (Urug)	.762	.322	.142	.585	.298	1.26	.986	.1381	.1520	.188
Venezuela	Bs.	1.066	.450	.198	.818	.416	1.77	1.38	.193	.213	.263
Costa Rica	¢ (CR)	x	.422	.186	.767	.391	1.66	1.29	.181	.199	.246
El Salvador	¢ (ES)	2.37	x	.440	1.82	.924	3.93	3.06	.429	.472	.583
Guatemala	Q	5.38	2.27	x	4.13	2.10	8.94	6.96	.975	1.049	1.326
Haiti	G	1.303	.551	.242	x	.509	2.16	1.686	.236	.260	.321
Honduras	L	2.56	1.082	.475	1.96	x	4.25	3.31	.464	.510	.630
Mexico	$ (Mex)	.602	.254	.112	.462	.235	x	.779	.110	.120	.148
Nicaragua	C$	.773	.327	.144	.593	.302	.128	x	.140	.154	.190
Panama	B/-	5.52	2.33	1.02	4.23	2.16	9.14	7.14	x	1.10	1.36
Dominican Rep.	RD$	5.01	2.12	.932	3.85	1.96	8.32	6.49	.909	x	1.24
British Guiana	BWI$	4.06	1.72	.754	3.11	1.58	6.74	5.25	.736	.810	x

Table I b

PARITY RATES OF EXCHANGE

(b) JUNE 1962

(Units of other currencies equivalent to one unit of the domestic currency)

Country	Domestic Currency	M$N Argentina	$B. Bolivia	Cr.$ Brazil	$(Col) Colombia	E° Chile	S/- Ecuador	Gs. Paraguay	S/o Peru	$(Ur) Uruguay	Bs. Venezuela
Argentina	M$N	x	.104	3.04	.0670	.0133	.152	1.14	.223	.108	.059?
Bolivia	$B	9.58	x	29.1	.642	.128	1.45	10.9	2.14	1.044	.573
Brazil	Cr.$	.329	.0343	x	.0220	.0044	.0498	.373	.0734	.0359	.0196
Colombia	$(Col)	14.9	1.56	45.4	x	.199	2.26	17.0	3.33	1.63	.891
Chile	E°	75.0	7.83	228	5.02	x	11.37	82.5	16.8	8.18	4.48
Ecuador	S/-	6.59	.688	20.1	.442	.0880	x	7.49	1.473	.720	.394
Paraguay	Gs.	.880	.0919	2.68	.0590	.0117	.133	x	.197	.0960	.0525
Peru	S/o	4.48	.467	13.62	.300	.0597	.679	5.09	x	.489	.267
Uruguay	$(Urug)	9.16	.956	27.9	.614	.122	1.39	10.4	2.05	x	.547
Venezuela	Bs.	16.8	1.75	51.0	1.12	.223	2.54	19.04	3.74	1.83	x
Costa Rica	¢ CR	14.7	1.53	44.7	.985	.196	2.23	16.7	3.28	1.60	.878
El Salvador	¢ ES	37.7	3.94	115	2.53	.503	5.72	42.9	8.43	4.12	2.25
Guatemala	Q	87.0	9.08	265	5.83	1.16	13.19	98.8	19.4	9.50	5.19
Haiti	G	20.5	2.14	62.5	1.38	.274	3.11	23.3	4.59	2.24	1.236
Honduras	L	40.4	4.21	123	2.70	.538	6.12	45.9	9.02	4.40	2.41
Mexico	$(Mex)	9.57	.999	29.1	.641	.128	1.45	10.87	2.14	1.044	.571
Nicaragua	$C	12.1	1.26	36.8	.811	.161	1.83	13.7	2.70	1.32	.722
Panama	B/-	87.2	9.11	265	5.84	1.16	13.23	99.1	19.5	9.52	5.21
Dominican Rep.	RD$	75.0	7.83	228	5.02	1.00	11.37	85.2	16.8	8.18	4.48
British Guiana	BWI$	64.2	6.70	195	4.30	.856	9.73	72.9	14.3	7.00	3.83

Country	Domestic Currency	¢(CR) Costa Rica	¢(ES) El Salvador	Q Guatemala	G Haiti	L Honduras	$(Mex) Mexico	C$ Nicaragua	B/- Panama	RD$ Dominican Rep.	$BWI British Guiana
Argentina	M$N	.0680	.0265	.0115	.0487	.0248	.1045	.0826	.01146	.0133	.0156
Bolivia	$B	.651	.254	.110	.466	.237	1.001	.792	.110	.128	.149
Brazil	Cr.$	.0224	.0087	.0038	.0160	.0081	.0344	.0272	.0038	.0044	.0051
Colombia	$(Col)	1.02	.396	.172	.726	.370	1.56	1.23	.171	.199	.232
Chile	E°	5.10	1.99	.862	3.65	1.86	7.84	6.20	.860	1.00	1.17
Ecuador	S/-	.448	.175	.0758	.321	.163	.689	.545	.0756	.0880	.103
Paraguay	Gs.	.0598	.0233	.01011	.0428	.0218	.0920	.0727	.0101	.0117	.0137
Peru	S/o	.304	.1186	.0514	.218	.111	.468	.370	.0513	.0597	.0698
Uruguay	$(Urug)	.623	.243	.105	.446	.227	.958	.757	.105	.122	.143
Venezuela	Bs.	1.14	.444	.192	.816	.415	1.75	1.38	1.92	.223	.261
Costa Rica	¢ CR	x	.390	.169	.716	.364	1.54	1.22	.168	.196	.229
El Salvador	¢ ES	2.57	x	.434	1.84	.935	3.94	3.12	.433	.503	.588
Guatemala	Q	5.91	2.30	x	4.24	2.16	9.10	7.19	.998	1.16	1.36
Haiti	G	1.40	.544	.236	x	.509	2.147	1.70	.234	.274	.320
Honduras	L	2.74	1.07	.464	1.97	x	4.22	3.34	.463	.538	.629
Mexico	$(Mex)	.650	.254	.110	.465	.237	x	.791	.110	.128	.149
Nicaragua	C$	.823	.321	.139	.589	.300	1.26	x	.139	.161	.188
Panama	B/-	5.93	2.31	1.00	4.25	2.16	9.14	7.21	x	1.16	1.36
Dominican Rep.	RD$	5.10	1.99	.862	3.65	1.86	7.84	6.20	.860	x	1.17
British Guiana	BWI$	4.36	1.70	.738	3.12	1.59	6.71	5.30	.736	.856	x

Table II a

PRICE RELATIVES AND THE PURCHASING POWER OF CURRENCIES AT FREE MARKET EXCHANGE RATES
(a) JUNE 1960
(Indexes: base country = 100)
(1) South America

Country	Argentina	Bolivia	Brazil	Colombia	Chile	Ecuador	Paraguay	Peru	Uruguay	Venezuela
Argentina	100	119	114	104	111	89	122	113	134	179
Bolivia	84	100	96	87	94	75	102	95	113	151
Brazil	88	104	100	91	97	78	106	99	117	157
Colombia	97	115	110	100	108	86	118	109	130	175
Chile	90	107	103	93	100	80	109	101	120	161
Ecuador	112	134	128	116	125	100	137	127	150	201
Paraguay	82	98	94	85	92	73	100	93	110	147
Peru	89	105	101	92	99	79	108	100	119	159
Uruguay	75	89	85	77	83	66	90	84	100	134
Venezuela	56	66	64	58	62	50	68	63	75	100
Costa Rica	72	86	82	75	80	64	88	82	97	129
El Salvador	70	83	80	72	78	62	85	79	93	125
Guatemala	64	76	74	67	72	57	78	73	86	115
Haiti	76	90	87	79	85	68	93	86	102	136
Honduras	60	71	68	62	66	53	73	68	80	107
Mexico	88	105	101	92	98	79	108	100	119	159
Nicaragua	67	80	77	70	75	60	82	76	90	120
Panama	64	76	74	67	72	57	78	73	86	115
Dominican Republic	55	66	63	57	62	49	67	62	74	99
British Guiana	83	99	95	86	93	74	101	94	111	149

(2) Central America, the Caribbean and British Guiana

Country	Costa Rica	El Salvador	Guatemala	Haiti	Honduras	Mexico	Nicaragua	Panama	Dominican Rep.	British Guiana
Argentina	138	144	155	131	167	113	149	155	181	120
Bolivia	116	121	131	110	141	95	125	131	152	101
Brazil	121	126	136	115	146	99	130	136	158	105
Colombia	134	139	150	127	162	109	144	150	175	116
Chile	124	129	140	118	150	102	134	140	162	108
Ecuador	156	161	174	147	188	127	167	174	203	135
Paraguay	114	118	128	108	138	93	122	128	149	99
Peru	123	127	138	116	148	100	132	138	160	106
Uruguay	103	107	116	98	125	84	111	116	135	90
Venezuela	77	80	87	73	93	63	83	87	101	67
Costa Rica	100	104	112	95	121	82	108	112	130	87
El Salvador	96	100	108	91	117	78	104	108	126	84
Guatemala	89	92	100	84	108	73	96	100	116	77
Haiti	106	109	118	100	127	86	113	118	138	92
Honduras	83	86	93	78	100	68	89	93	108	72
Mexico	123	127	137	116	147	100	132	137	160	106
Nicaragua	93	96	104	88	112	76	100	104	121	81
Panama	89	92	100	84	108	73	96	100	116	77
Dominican Republic	77	79	86	73	93	62	82	86	100	66
British Guiana	115	119	129	109	139	94	124	129	150	100

Table II b

PRICE RELATIVES AND THE PURCHASING POWER OF CURRENCIES AT FREE MARKET EXCHANGE RATES
(b) JUNE 1962
(Indexes: base country = 100)

(1) South America

Country	Argentina	Bolivia	Brazil	Colombia	Chile	Ecuador	Paraguay	Peru	Uruguay	Venezuela
Argentina	100	100	102	114	148	101	100	98	94	228
Bolivia	100	100	102	114	147	100	100	97	93	226
Brazil	98	98	100	112	145	99	98	96	92	223
Colombia	87	88	89	100	130	88	87	86	82	199
Chile	68	68	69	77	100	68	68	66	63	154
Ecuador	99	99	101	113	147	100	99	97	92	226
Paraguay	100	100	102	114	148	101	100	98	93	228
Peru	102	103	104	117	151	103	102	100	95	233
Uruguay	107	108	109	122	158	108	107	105	100	244
Venezuela	44	44	45	50	65	44	44	44	43	100
Costa Rica	81	81	82	92	120	82	81	79	76	184
El Salvador	72	72	74	82	107	73	72	71	67	164
Guatemala	66	66	67	75	97	66	66	64	62	150
Haiti	80	80	81	91	116	81	80	78	75	182
Honduras	62	63	64	71	93	63	62	61	58	142
Mexico	92	92	94	105	136	93	92	90	86	209
Nicaragua	68	69	70	78	101	69	68	67	64	156
Panama	68	68	69	77	100	68	68	66	63	154
Dominican Republic	61	62	62	71	91	62	61	60	57	140
British Guiana	87	87	89	99	129	88	87	85	81	198

(2) Central America, the Caribbean and British Guiana

Country	Costa Rica	El Salvador	Guatemala	Haiti	Honduras	Mexico	Nicaragua	Panama	Dominican Rep.	British Guiana
Argentina	124	138	152	125	160	109	146	148	163	115
Bolivia	123	137	152	125	159	108	145	147	162	114
Brazil	121	136	149	123	157	107	143	145	160	113
Colombia	108	121	133	110	140	95	128	129	143	101
Chile	83	93	103	85	108	73	99	100	110	78
Ecuador	122	137	150	124	158	108	145	147	162	114
Paraguay	124	139	152	125	160	109	146	148	163	115
Peru	126	142	155	128	163	111	149	151	167	118
Uruguay	132	148	163	134	171	116	156	158	175	123
Venezuela	54	61	67	55	70	48	64	65	72	50
Costa Rica	100	112	123	101	129	88	118	120	132	93
El Salvador	89	100	110	90	115	79	106	107	118	83
Guatemala	81	91	100	82	105	71	96	97	107	76
Haiti	98	111	121	100	128	87	117	118	130	92
Honduras	77	87	95	78	100	68	91	92	102	72
Mexico	114	127	140	116	147	100	134	137	150	106
Nicaragua	85	95	104	86	109	74	100	101	112	79
Panama	84	94	103	85	108	73	99	100	110	78
Dominican Republic	76	85	93	77	98	67	90	91	100	70
British Guiana	108	120	132	109	139	95	127	129	142	100

Table III

PURCHASING POWER EQUIVALENTS FOR MAIN EXPENDITURE SECTORS

(a) Units of currency per Mexican peso

Country	Domestic Currency	JUNE 1960					JUNE 1962				
		Total	Consumption		Investment		Total	Consumption		Investment	
			Private	Public	Construction	Equipment		Private	Public	Construction	Equipment
Argentina	Peso (Arg)	6.10	5.94	4.05	8.39	10.05	9.57	9.70	5.06	12.69	14.12
Bolivia	Peso (Bol)	.878	.942	.463	.830	1.110	.999	1.081	.514	.974	1.110
Brazil	Cruzeiro	14.1	13.7	13.7	13.9	19.9	29.1	28.3	28.5	32.8	35.1
Colombia	Peso (Col)	.578	.617	.432	.455	.619	.641	.686	.469	.513	.632
Chile	Escudo	.109	.115	.083	.084	.122	.128	.135	.100	.102	.128
Ecuador	Sucre	1.34	1.45	.90	1.04	1.50	1.45	1.54	.97	1.09	1.82
Paraguay	Guarani	9.0	9.1	6.2	9.8	12.9	10.9	11.2	7.4	11.6	13.9
Peru	Sol	1.98	2.10	1.21	2.00	2.30	2.14	2.29	1.30	2.04	2.30
Uruguay	Peso (Urug)	.790	.792	.497	.940	1.265	1.044	1.072	.692	1.280	1.214
Venezuela	Bolivar	.565	.566	.762	.504	.276	.571	.575	.703	.513	.323
Costa Rica	Colon (CR)	.602	.643	.454	.593	.506	.650	.692	.472	.622	.584
El Salvador	Colon (ES)	.254	.276	.205	.195	.194	.254	.273	.205	.198	.194
Guatemala	Quetzal	.112	.123	.087	.083	.078	.110	.120	.083	.082	.078
Haiti	Gourde	.462	.500	.375	.375	.385	.465	.500	.375	.380	.077
Honduras	Lempira	.235	.263	.154	.187	.166	.237	.263	.156	.190	.166
Mexico	Peso (Mex)	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Nicaragua	Cordoba	.779	.821	.661	.790	.614	.791	.832	.650	.804	.614
Panama	Balboa	.110	.117	.085	.116	.079	.110	.117	.083	.118	.079
Dominican Rep.	Peso (RD)	.120	.132	.083	.102	.089	.128	.141	.088	.103	.089
British Guiana	Dollar(BWI)	.148	.150	.155	.143	.132	.149	.150	.153	.146	.132

(b) Units of currency per Balboa

Country											
Argentina	Peso (Arg)	55.8	51.0	47.6	72.1	127.2	87.2	83.2	60.6	107.2	178.0
Bolivia	Peso (Bol)	8.04	8.09	5.45	7.14	14.06	9.11	9.27	6.16	8.23	14.06
Brazil	Cruzeiro	128.8	117.5	161.7	119.9	251.6	265.4	243.0	341.1	267.8	444.4
Colombia	Peso (Col)	5.30	5.30	5.08	3.92	7.84	5.84	5.88	5.62	4.34	8.00
Chile	Escudo	1.00	0.99	1.04	.72	1.55	1.16	1.16	1.20	.87	1.62
Ecuador	Sucre	12.32	12.44	10.64	8.94	19.05	13.23	13.20	11.62	9.18	23.05
Paraguay	Guarani	81.3	78.2	72.4	84.7	163.8	99.1	95.8	88.3	97.8	176.0
Peru	Sol	18.1	18.0	14.2	17.2	29.2	19.5	19.6	15.6	17.2	29.2
Uruguay	Peso (Urug)	7.24	6.80	5.85	8.1	16.0	9.5	9.2	8.3	10.8	15.4
Venezuela	Bolivar	5.18	4.85	8.96	4.34	3.50	5.21	4.93	8.42	4.33	4.09
Costa Rica	Colon (CR)	5.52	5.52	5.34	5.10	6.41	5.93	5.94	5.66	5.26	7.39
El Salvador	Colon (ES)	2.33	2.37	2.42	1.68	2.46	2.31	2.34	2.46	1.68	2.46
Guatemala	Quetzal	1.02	1.06	1.02	.71	1.00	1.00	1.03	1.00	.69	1.00
Haiti	Gourde	4.24	4.25	4.41	3.20	4.85	4.25	4.25	4.48	3.21	4.85
Honduras	Lempira	2.16	2.26	1.81	1.60	2.10	2.16	2.26	1.87	1.60	2.10
Mexico	Peso (Mex)	9.14	8.58	11.76	8.60	12.66	9.14	8.58	11.97	8.45	12.66
Nicaragua	Cordoba	7.14	7.04	7.77	6.80	7.77	7.21	7.13	7.78	6.80	7.77
Panama	Balboa	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Dominican Rep.	Peso (RD)	1.10	1.14	0.97	.88	1.13	1.16	1.21	1.05	.88	1.13
British Guiana	Dollar(BWI)	1.36	1.29	1.83	1.23	1.67	1.36	1.29	1.83	1.23	1.67

Table IV

PRICE RELATIVES FOR MAIN EXPENDITURE SECTORS AT FREE MARKET RATES OF EXCHANGE

1. Indexes: Mexico = 100

Country	JUNE 1960					JUNE 1962				
	Total	Consumption		Investment		Total	Consumption		Investment	
		Private	Public	Construction	Equipment		Private	Public	Construction	Equipment
Argentina	92	90	61	126	151	89	90	47	117	[illegible]
Bolivia	92	99	49	87	117	105	114	54	102	[illegible]
Brazil	94	91	92	93	132	101	98	99	114	122
Colombia	105	112	78	83	113	92	98	67	73	90
Chile	136	144	104	100	145	98	104	77	78	99
Ecuador	93	100	62	72	104	79	84	53	59	[illegible]
Paraguay	92	93	63	101	132	108	111	73	135	[illegible]
Peru	90	96	55	91	105	100	107	61	95	107
Uruguay	86	86	54	103	138	119	122	79	146	138
Venezuela	209	210	282	188	103	159	160	195	141	89
Costa Rica	114	121	86	113	96	123	131	89	118	111
El Salvador	127	138	102	98	97	127	136	102	99	97
Guatemala	140	154	109	94	96	137	150	104	95	96
Haiti	116	125	94	94	96	116	124	94	96	96
Honduras	147	164	96	117	104	147	164	98	119	104
Mexico	100	100	100	100	100	100	100	100	100	100
Nicaragua	134	142	114	135	105	132	139	108	135	103
Panama	137	146	106	145	99	137	146	104	148	99
Dominican Republic	150	165	104	128	111	160	176	110	129	111
British Guiana	106	107	111	104	96	106	107	109	107	96

2. Indexes: Average of 19 Latin American countries = 100

Country										
Argentina	77	72	64	116	134	75	72	52	107	121
Bolivia	78	79	51	80	103	90	92	60	94	109
Brazil	79	73	96	85	117	86	79	110	104	113
Colombia	87	90	82	77	100	78	79	74	67	84
Chile	115	115	109	92	129	84	84	85	72	92
Ecuador	78	80	65	66	92	67	67	59	54	92
Paraguay	77	75	66	93	117	92	89	81	105	128
Peru	76	76	58	84	93	85	86	67	87	100
Uruguay	72	69	57	94	122	101	98	87	133	128
Venezuela	176	168	296	173	91	135	129	217	129	83
Costa Rica	96	97	90	104	85	104	105	99	108	103
El Salvador	107	110	108	90	86	108	110	114	90	90
Guatemala	118	123	114	86	85	117	121	115	87	89
Haiti	97	100	98	86	85	99	101	104	88	89
Honduras	124	132	101	107	92	126	133	108	108	96
Mexico	84	80	105	92	89	85	81	111	91	93
Nicaragua	113	113	120	124	93	112	112	120	123	96
Panama	116	117	112	133	87	116	118	115	135	92
Dominican Republic	126	132	109	117	99	136	142	122	118	103
British Guiana	89	86	116	96	85	91	86	121	97	90

Table V a

PRICE RELATIVES FOR EXPENDITURE SECTORS AT FREE MARKET RATES OF EXCHANGE: (a) JUNE 1960
(Indexes: Panama = 100)

(1) South America

Sector \ Country	Argentina	Bolivia	Brazil	Colombia	Chile	Ecuador	Paraguay	Peru	Uruguay	Venezuela
CONSUMER EXPENDITURE: TOTAL	61	66	66	77	95	68	64	64	58	159
I. Food	50	64	54	81	75	68	57	60	55	137
II. Beverages	40	76	34	82	54	61	55	50	41	133
III. Tobacco	99	69	75	57	140	105	95	39	59	252
IV. Clothing, Textiles	84	83	85	72	146	70	86	88	83	149
V. Housing	70	70	72	76	109	64	61	60	59	135
VI. Transport, Communication	70	48	75	74	62	75	60	60	50	126
VII. Personal care	58	70	55	72	102	75	75	76	68	186
VIII. Recreation	78	68	69	90	119	84	86	101	60	201
IX. Goverment services	58	46	89	74	99	59	59	52	51	267
FIXED INVESTMENT: TOTAL	114	83	92	80	100	72	95	80	98	120
X. Construction	87	60	64	57	68	49	69	63	71	130
XI. Producers' equipment	140	108	127	102	134	102	136	100	112	98
XII. Transport equipment	188	144	153	146	183	114	129	122	213	124
TOTAL EXPENDITURE	67	68	69	78	100	68	67	66	63	155

(2) Central America, the Caribbean and British Guiana

Sector \ Country	Costa Rica	El Salvador	Guatemala	Haiti	Honduras	Mexico	Nicaragua	Panama	Dominican Rep.	British Guiana
CONSUMER EXPENDITURE: TOTAL	86	95	105	86	110	72	98	100	112	82
I. Food	79	105	107	88	117	69	101	100	120	70
II. Beverages	148	131	125	123	143	51	106	100	142	123
III. Tobacco	171	87	168	149	56	110	150	100	216	152
IV. Clothing, Textiles	90	103	104	88	108	98	113	100	111	86
V. Housing	81	62	91	71	109	56	82	100	100	68
VI. Transport, Communication	67	110	104	96	91	53	71	100	101	70
VII. Personal care	57	93	114	70	111	67	93	100	88	59
VIII. Recreation	82	95	130	82	128	76	98	100	88	107
IX. Goverment services	80	97	102	88	90	94	106	100	97	107
FIXED INVESTMENT: TOTAL	84	79	82	77	90	82	98	100	98	82
X. Construction	77	67	71	64	80	69	93	100	87	72
XI. Producers' equipment	85	90	94	93	104	99	98	100	111	96
XII. Transport equipment	127	118	112	107	106	107	130	100	118	107
TOTAL EXPENDITURE	83	93	102	85	108	73	98	100	110	79

Table V b

PRICE RELATIVES FOR EXPENDITURE SECTORS AT FREE MARKET RATES OF EXCHANGE: (b) JUNE 1962
(Indexes: Panama = 100)

(1) South America

Sector \ Country	Argentina	Bolivia	Brazil	Colombia	Chile	Ecuador	Paraguay	Peru	Uruguay	Venezuela
CONSUMER EXPENDITURE: TOTAL	60	75	71	67	72	57	78	71	83	118
I. Food	50	70	57	70	57	57	69	68	69	96
II. Beverages	46	88	39	71	56	57	60	56	68	122
III. Tobacco	103	79	88	49	109	87	61	45	62	181
IV. Clothing, Textiles	95	91	120	61	98	57	102	99	123	126
V. Housing	59	92	75	65	84	53	67	64	95	104
VI. Transport, Communication	61	56	54	64	45	61	86	69	62	90
VII. Personal care	73	74	48	65	76	64	94	83	101	140
VIII. Recreation	88	71	68	80	91	73	110	110	90	156
IX. Goverment services	45	52	95	64	73	51	70	58	76	186
FIXED INVESTMENT: TOTAL	100	89	95	66	72	64	102	82	115	93
X. Construction	79	69	77	50	53	40	78	64	98	95
XI. Producers' equipment	125	108	121	77	90	96	137	102	115	78
XII. Transport equipment	151	144	130	122	125	110	146	125	206	120
TOTAL EXPENDITURE	65	77	74	67	71	58	79	73	87	115

(2) Central America, the Caribbean and British Guiana

Sector \ Country	Costa Rica	El Salvador	Guatemala	Haiti	Honduras	Mexico	Nicaragua	Panama	Dominican Rep.	British Guiana
CONSUMER EXPENDITURE: TOTAL	89	94	103	86	110	72	100	100	119	79
I. Food	81	107	104	88	110	69	101	100	124	70
II. Beverages	238	128	121	124	148	52	104	100	153	123
III. Tobacco	180	85	164	150	58	112	147	100	207	152
IV. Clothing, Textiles	90	93	101	95	115	96	111	100	142	86
V. Housing	86	59	89	68	113	56	81	100	94	68
VI. Transport, Communication	69	108	102	97	95	54	69	100	108	70
VII. Personal care	59	96	111	71	115	68	91	100	114	59
VIII. Recreation	87	98	126	89	134	78	96	100	113	107
IX. Goverment services	85	98	100	90	94	96	104	100	105	107
FIXED INVESTMENT: TOTAL	92	79	81	77	90	81	96	100	98	82
X. Construction	79	67	69	64	80	68	91	100	87	72
XI. Producers' equipment	100	90	94	93	104	99	96	100	111	96
XII. Transport equipment	141	118	112	107	106	107	127	100	118	107
TOTAL EXPENDITURE	89	92	100	85	108	73	98	100	116	79

Table VI.a

PURCHASING POWER EQUIVALENTS OF NATIONAL CURRENCIES, BY EXPENDITURE GROUPS: (a) JUNE 1960

(Units of national currency per Mexican peso)

Group \ Country	Argentina	Bolivia	Brazil	Colombia	Chile	Ecuador	Paraguay	Peru	Uruguay	Venezuela
Currency	m$n	$B	Cr.$	$	E°	S/.	Gs	S/o	$	Bs
Exchange rate a/	6.63	0.951	15.0	0.546	0.084	1.45	9.8	2.20	0.915	0.268
CONSUMER EXPENDITURE: TOTAL	5.65	0.868	13.7	0.589	0.111	1.36	8.7	1.96	0.742	0.596
I. Foods	4.79	0.878	11.7	0.635	0.090	1.42	8.0	1.89	0.726	0.532
a) Meat, poultry	2.87	0.397	7.4	0.417	0.077	0.89	3.1	1.56	0.436	0.366
b) Fish	2.79	0.949	7.1	0.830	0.073	0.55	6.1	1.34	0.262	0.324
c) Milk products, eggs	4.67	1.314	11.4	0.654	0.074	1.59	11.2	2.34	0.798	0.536
d) Cereals	5.51	0.912	14.9	0.830	0.068	1.95	8.7	2.12	0.577	0.652
e) Fruits	7.58	0.810	12.5	0.535	0.150	1.09	6.8	3.01	1.401	0.598
f) Vegetables	5.48	1.139	16.3	0.822	0.092	1.53	12.6	1.75	1.221	0.796
g) Sugar	8.44	1.484	11.8	0.853	0.136	1.90	11.0	1.49	1.240	0.580
h) Fats, oils	5.05	1.116	19.0	0.775	0.114	1.60	7.0	1.48	0.906	0.448
i) Other foods	5.73	0.715	6.0	0.276	0.165	1.49	10.0	1.68	0.637	0.410
II. Beverages	5.23	1.422	9.9	0.876	0.090	1.74	10.5	2.16	0.742	0.790
a) Non-alcoholic	8.22	1.855	16.0	0.585	0.135	1.90	16.2	3.20	0.769	1.300
b) Alcoholic	4.30	1.287	8.0	0.967	0.075	1.69	8.8	1.84	0.733	0.552
III. Tobacco	5.95	0.594	10.3	0.284	0.107	1.39	8.5	0.78	0.490	0.615
IV. Clothing, textiles	5.68	0.806	12.9	0.401	0.125	1.02	8.5	1.97	0.769	0.406
a) Clothing	5.30	0.746	11.4	0.404	0.129	0.80	7.9	1.73	0.674	0.385
b) Footwear	4.89	0.637	11.9	0.346	0.100	1.01	6.6	1.71	0.663	0.362
c) Textiles	7.26	1.099	17.4	0.446	0.137	1.55	11.7	2.75	1.087	0.494
V. Housing	8.36	1.195	19.3	0.743	0.163	1.64	10.6	2.38	0.966	0.649
a) Rent	10.80	1.385	31.2	1.004	0.178	1.31	7.8	2.84	0.717	0.854
b) Fuel, light, water	7.06	0.933	9.4	0.379	0.134	1.59	14.0	1.44	1.336	0.639
c) Household supplies	5.88	1.344	11.0	0.600	0.141	2.45	12.5	2.94	1.066	0.587
d) Furniture	5.20	1.124	9.1	0.626	0.174	1.81	8.7	1.86	0.702	0.335
e) Electrical appliances	7.86	0.858	13.3	0.779	0.184	1.87	13.7	2.25	1.317	0.246
VI. Transport, communication	8.83	0.874	21.3	0.763	0.098	2.04	11.1	2.49	0.863	0.640
a) Public transport	8.52	0.725	26.8	0.374	0.073	1.28	9.5	2.95	0.887	0.759
b) Private transport (operation)	9.74	0.983	15.1	1.500	0.127	3.26	14.8	1.73	0.932	0.301
c) Communications	7.54	1.392	9.8	0.537	0.149	2.43	8.0	2.43	0.472	1.117
VII. Personal care	5.75	1.000	12.4	0.593	0.129	1.63	10.9	2.52	0.937	0.747
a) Toilet articles	5.96	1.486	11.5	0.888	0.176	2.81	23.2	3.14	1.065	0.476
b) Drugs, medicines	7.89	1.136	12.0	0.712	0.092	2.81	8.2	3.78	1.349	1.024
c) Medical, dental services	5.76	1.337	11.8	0.558	0.174	0.94	9.0	1.76	0.874	0.769
d) Hairdressing	5.44	0.688	15.8	0.846	0.140	1.29	7.9	2.15	0.828	1.171
e) Domestic services	4.32	0.588	12.3	0.310	0.100	0.82	9.1	1.98	0.678	0.533
VIII. Recreation, entertainment	6.79	0.847	13.5	0.638	0.131	1.58	11.0	2.90	0.715	0.704
a) Public entertainments	7.52	0.839	10.9	0.616	0.131	1.53	10.4	3.07	0.747	0.901
b) Books, toys, etc.	5.55	0.861	18.0	0.675	0.131	1.68	11.9	2.60	0.660	0.371
IX. Government services b/	4.05	0.463	13.7	0.432	0.089	0.90	6.2	1.21	0.497	0.762
a) Salaries, wages	3.56	0.368	13.7	0.368	0.080	0.72	5.4	1.07	0.438	0.803
b) Purchases	7.21	1.073	13.7	0.843	0.134	2.08	10.9	2.13	0.879	0.488
FIXED INVESTMENT: TOTAL	9.21	0.969	16.9	0.536	0.103	1.27	11.4	2.15	1.101	0.391
X. Construction	8.39	0.830	13.9	0.455	0.084	1.04	9.8	2.00	0.940	0.504
a) Buildings	8.85	0.780	14.3	0.476	0.085	1.09	9.6	2.15	0.944	0.476
b) Other construction	7.83	0.889	13.5	0.430	0.081	0.98	10.2	1.82	0.935	0.538
XI. Producers' equipment	9.39	1.043	19.2	0.563	0.114	1.49	13.4	2.22	1.040	0.263
a) Agricultural	8.51	0.982	20.8	0.500	0.097	1.40	11.5	2.48	1.054	0.258
b) Industrial	9.63	1.032	18.8	0.570	0.116	1.48	13.6	2.18	1.036	0.362
c) Office	6.86	1.376	23.6	0.566	0.111	1.87	13.1	2.30	1.090	0.297
XII. Transport equipment	11.66	1.277	21.4	0.745	0.144	1.54	11.8	2.50	1.822	0.309
a) Road vehicles	11.81	1.325	22.8	0.780	0.149	1.54	11.1	2.50	1.842	0.316
b) Other equipment	10.94	1.054	15.0	0.581	0.119	1.55	14.8	2.50	1.725	0.276
TOTAL EXPENDITURE	6.10	0.878	14.1	0.578	0.109	1.34	9.0	1.98	0.790	0.565

a/ Free market rates.

b/ Includes private education expenditure. Defence expenditure has been included by imputation only.

Table VI-a (continued)

PURCHASING POWER EQUIVALENTS OF NATIONAL CURRENCIES, BY EXPENDITURE GROUPS: (a) JUNE 1960

(Units of national currency per Mexican peso)

Group	Country / Currency	Costa Rica ¢	El Salvador ¢	Guatemala Q	Haiti G	Honduras L.	Mexico $	Nicaragua C$	Panama B/.	Dominican Republic RD$	British Guiana BWI$
	Exchange rate a/	0.532	0.200	0.080	0.400	0.160	1.00	0.584	0.080	0.080	0.137
CONSUMER EXPENDITURE: TOTAL		0.614	0.265	0.117	0.480	0.246	1.00	0.796	0.112	0.125	0.151
I.	Foods	0.610	0.303	0.123	0.505	0.269	1.00	0.844	0.115	0.139	0.138
	a) Meat, poultry	0.368	0.154	0.072	0.325	0.141	1.00	0.486	0.067	0.068	0.098
	b) Fish	0.302	0.214	0.067	0.400	0.253	1.00	0.871	0.057	0.226	0.142
	c) Milk products, eggs	0.741	0.327	0.139	0.550	0.263	1.00	0.747	0.158	0.119	0.165
	d) Cereals	0.761	0.433	0.158	0.495	0.360	1.00	1.128	0.114	0.212	0.160
	e) Fruits	0.573	0.217	0.166	0.540	0.281	1.00	0.767	0.131	0.099	...
	f) Vegetables	0.779	0.389	0.168	0.910	0.404	1.00	1.186	0.182	0.145	...
	g) Sugar	0.818	0.409	0.131	0.575	0.300	1.00	1.054	0.163	0.126	0.142
	h) Fats, oils	0.541	0.231	0.099	0.480	0.235	1.00	0.765	0.103	0.239	0.126
	i) Other foods	0.590	0.353	0.106	0.445	0.251	1.00	0.883	0.097	0.112	0.105
II.	Beverages	1.542	0.514	0.195	0.965	0.448	1.00	1.216	0.157	0.223	0.330
	a) Non-alcoholic	1.779	0.475	0.282	0.970	0.284	1.00	0.990	0.176	0.215	0.209
	b) Alcoholic	1.468	0.526	0.168	0.965	0.499	1.00	1.287	0.151	0.226	0.369
III.	Tobacco	0.827	0.158	0.122	0.545	0.081	1.00	0.797	0.073	0.158	0.199
IV.	Clothing, textiles	0.489	0.210	0.085	0.360	0.176	1.00	0.672	0.081	0.090	0.120
	a) Clothing	0.428	0.191	0.085	0.360	0.154	1.00	0.657	0.069	0.078	0.119
	b) Footwear	0.565	0.169	0.070	0.325	0.204	1.00	0.666	0.115	0.093	0.101
	c) Textiles	0.557	0.288	0.096	0.385	0.201	1.00	0.713	0.079	0.116	0.141
V.	Housing	0.771	0.221	0.130	0.505	0.312	1.00	0.863	0.143	0.142	0.167
	a) Rent	0.962	0.186	0.143	0.405	0.325	1.00	0.736	0.151	0.099	0.074
	b) Fuel, light, water	0.434	0.215	0.122	0.720	0.332	1.00	0.881	0.147	0.181	...
	c) Household supplies	1.137	0.409	0.172	0.770	0.332	1.00	1.395	0.126	0.234	0.315
	d) Furniture	0.513	0.169	0.169	0.245	0.309	1.00	0.791	0.199	0.114	0.304
	e) Electrical appliances	0.478	0.177	0.093	0.365	0.190	1.00	0.695	0.069	0.143	...
VI.	Transport, communication	0.677	0.416	0.158	0.730	0.277	1.00	0.782	0.152	0.153	0.182
	a) Public transport	0.643	0.458	0.178	0.750	0.297	1.00	0.727	0.179	0.123	0.174
	b) Private transport (operation)	0.743	0.342	0.123	0.710	0.225	1.00	0.799	0.101	0.162	0.195
	c) Communications	0.654	0.424	0.165	0.710	0.333	1.00	1.056	0.168	0.302	0.189
VII.	Personal care	0.454	0.278	0.136	0.420	0.266	1.00	0.815	0.120	0.106	0.121
	a) Toilet articles	0.625	0.311	0.161	0.505	0.295	1.00	1.058	0.103	0.131	0.154
	b) Drugs, medicines	0.413	0.496	0.190	0.690	0.427	1.00	0.768	0.178	0.151	0.113
	c) Medical, dental services	0.580	0.279	0.138	0.430	0.199	1.00	1.102	0.094	0.079	0.082
	d) Hairdressing	0.590	0.252	0.203	0.565	0.223	1.00	1.059	0.142	0.125	0.195
	e) Domestic services	0.277	0.127	0.065	0.145	0.200	1.00	0.467	0.098	0.075	...
VIII.	Recreation, entertainment	0.573	0.247	0.136	0.430	0.269	1.00	0.747	0.105	0.092	0.191
	a) Public entertainments	0.685	0.275	0.149	0.295	0.308	1.00	0.768	0.116	0.066	0.193
	b) Books, toys, etc.	0.383	0.200	0.113	0.660	0.202	1.00	0.711	0.085	0.134	0.187
IX.	Government services b/	0.454	0.205	0.087	0.375	0.154	1.00	0.661	0.085	0.083	0.155
	a) Salaries, wages	0.414	0.192	0.080	0.345	0.136	1.00	0.626	0.079	0.073	...
	b) Purchases	0.712	0.295	0.124	0.555	0.267	1.00	0.880	0.124	0.153	0.198
FIXED INVESTMENT: TOTAL		0.550	0.194	0.081	0.380	0.176	1.00	0.703	0.098	0.096	0.137
X.	Construction	0.593	0.195	0.083	0.375	0.187	1.00	0.790	0.116	0.102	0.143
	a) Buildings	0.584	0.180	0.078	0.360	0.174	1.00	0.777	0.113	0.097	0.143
	b) Other construction	0.603	0.212	0.088	0.390	0.202	1.00	0.806	0.117	0.107	0.142
XI.	Producers' equipment	0.456	0.183	0.077	0.375	0.169	1.00	0.580	0.081	0.090	0.130
	a) Agricultural	0.437	0.178	0.073	0.365	0.153	1.00	0.566	0.078	0.081	0.119
	b) Industrial	0.456	0.183	0.076	0.380	0.166	1.00	0.570	0.081	0.090	0.132
	c) Office	0.501	0.187	0.091	0.390	0.249	1.00	0.798	0.080	0.102	0.124
XII.	Transport equipment	0.632	0.221	0.084	0.400	0.158	1.00	0.710	0.075	0.088	0.136
	a) Road vehicles	0.662	0.223	0.084	0.395	0.151	1.00	0.703	0.073	0.084	0.133
	b) Other equipment	0.493	0.212	0.083	0.435	0.191	1.00	0.744	0.081	0.108	0.152
TOTAL EXPENDITURE		0.602	0.254	0.112	0.462	0.235	1.00	0.779	0.110	0.120	0.148

a/ Free market rate.

b/ Includes private education expenditure. Defence expenditure has been included by imputation only.

Table VI-b

PURCHASING POWER EQUIVALENTS OF NATIONAL CURRENCIES, BY EXPENDITURE GROUPS: (b) JUNE 1962

(Units of national currency per Mexican peso)

Groups \ Country / Currency / Exchange rate a/	Argentina m$n 10.81	Bolivia $B 0.951	Brazil Cr.$ 28.8	Colombia $ 0.700	Chile E° 0.130	Ecuador S/- 1.84	Paraguay Gs 10.1	Peru S/o 2.15	Uruguay $ 0.879	Venezuela Bs 0.364
CONSUMER EXPENDITURE: TOTAL	8.97	0.992	28.4	0.652	0.130	1.45	10.6	2.13	1.013	0.595
I. Foods	7.86	0.967	23.6	0.710	0.108	1.57	10.1	2.11	0.874	0.508
a) Meat, poultry	4.35	0.470	13.6	0.460	0.100	0.95	4.5	1.92	0.389	0.349
b) Fish	5.26	0.958	16.4	0.914	0.068	0.59	7.3	1.18	0.568	0.308
c) Milk products, eggs	7.35	1.54	22.7	0.721	0.144	1.70	13.8	2.47	1.000	0.511
d) Cereals	6.67	0.999	29.9	0.971	0.090	2.08	9.5	2.34	0.864	0.621
e) Fruits	8.89	0.919	26.5	0.579	0.126	1.11	9.3	3.33	1.235	0.570
f) Vegetables	12.80	1.293	41.1	0.890	0.157	1.57	15.5	1.94	1.592	0.758
g) Sugar	19.19	1.810	22.1	0.992	0.130	2.02	13.7	1.65	1.508	0.553
h) Fats, oil	5.40	1.261	34.6	0.852	0.131	1.71	15.2	1.56	0.834	0.427
i) Other foods	8.37	0.780	6.2	0.284	0.128	1.59	10.1	1.86	0.787	0.390
II. Beverages	9.47	1.614	21.6	0.948	0.139	2.00	11.7	2.32	1.147	0.852
a) Non-alcoholic	22.487	2.104	30.9	0.633	0.206	1.94	13.2	3.43	1.282	1.239
b) Alcoholic	5.389	1.460	18.7	1.047	0.118	2.02	11.2	1.98	1.105	0.731
III. Tobacco	9.90	0.674	22.6	0.307	0.127	1.42	5.5	0.86	0.483	0.587
IV. Clothing, textiles	10.65	0.900	36.0	0.446	0.133	1.09	10.7	2.20	1.126	0.474
a) Clothing	10.31	0.834	30.5	0.449	0.131	0.86	9.7	1.94	0.949	0.476
b) Footwear	8.44	0.712	32.7	0.385	0.089	1.07	9.5	1.92	0.946	0.397
c) Textiles	13.44	1.227	51.8	0.496	0.176	1.65	14.04	3.08	1.702	0.542
V. Housing	11.45	1.556	38.4	0.815	0.195	1.72	12.1	2.46	1.493	0.671
a) Rent	12.30	1.721	56.5	1.118	0.214	1.30	9.2	2.98	1.134	0.854
b) Fuel, light, water	8.26	0.966	14.8	0.413	0.159	1.58	16.6	1.55	2.099	0.608
c) Household supplies	12.85	2.066	27.3	0.654	0.170	2.59	13.8	2.97	1.769	0.665
d) Furniture	15.03	1.727	38.4	0.682	0.193	2.10	9.9	1.88	1.237	0.445
e) Electrical appliances	9.44	1.318	32.9	0.850	0.233	2.17	13.9	2.27	1.486	0.326
VI. Transport, communication	12.30	0.991	28.8	0.827	0.109	2.09	16.0	2.76	1.004	0.610
a) Public transport	10.87	0.823	29.4	0.405	0.077	1.31	15.5	3.26	0.955	0.723
b) Private transport (operation)	13.33	1.116	30.0	1.624	0.147	3.24	17.8	1.92	1.124	0.287
c) Communications	17.34	1.580	21.3	0.583	0.173	2.49	12.7	2.69	0.875	1.064
VII. Personal care	11.53	1.029	20.2	0.665	0.146	1.73	13.9	2.63	1.304	0.745
a) Toilet articles	10.24	1.527	20.3	0.996	0.217	3.34	29.5	3.28	1.251	0.632
b) Drugs, medicines	14.24	1.167	20.4	0.799	0.100	2.86	8.8	3.92	1.597	0.986
c) Medical, dental services	14.69	1.373	28.4	0.626	0.198	0.95	13.0	1.84	1.309	0.740
d) Hairdressing	10.94	0.707	20.0	0.949	0.174	1.31	8.9	2.25	1.110	1.128
e) Domestic services	8.64	0.604	15.0	0.547	0.104	0.84	12.2	2.07	1.199	0.513
VIII. Recreation, entertainment	12.21	0.870	25.0	0.716	0.153	1.72	14.3	3.02	1.017	0.728
a) Public entertainments	12.50	0.862	24.9	0.691	0.151	1.56	12.0	3.20	1.062	0.867
b) Books, toys, etc.	11.72	0.884	25.2	0.758	0.156	1.99	18.2	2.72	0.940	0.493
IX. Government services b/	5.06	0.514	28.5	0.469	0.100	0.97	7.4	1.30	0.692	0.703
a) Salaries, wages	3.98	0.387	20.1	0.398	0.092	0.79	6.5	1.15	0.605	0.733
b) Purchases	12.16	1.343	31.4	0.926	0.155	2.19	13.0	2.27	1.260	0.515
FIXED INVESTMENT: TOTAL	13.40	1.042	33.9	0.572	0.115	1.45	12.7	2.17	1.247	0.418
X. Construction	12.69	0.974	32.8	0.513	0.102	1.09	11.6	2.04	1.280	0.513
a) Buildings	12.86	0.925	33.0	0.536	0.106	1.14	11.3	2.19	1.256	0.484
b) Other construction	12.47	1.043	32.5	0.485	0.098	1.03	11.9	1.85	1.309	0.547
XI. Producers' equipment	13.64	1.043	35.1	0.563	0.119	1.79	13.9	2.22	1.020	0.288
a) Agricultural	11.34	0.982	34.9	0.500	0.098	1.68	11.9	2.48	1.005	0.258
b) Industrial	14.18	1.032	35.2	0.570	0.118	1.77	14.2	2.18	1.018	0.286
c) Office	8.41	1.376	33.2	0.566	0.167	2.38	14.2	2.30	1.100	0.403
XII. Transport equipment	15.31	1.277	35.0	0.801	0.152	1.89	13.8	2.50	1.695	0.408
a) Road vehicles	15.02	1.325	34.2	0.849	0.159	1.90	13.5	2.50	1.703	0.428
b) Other equipment	16.67	1.054	38.7	0.581	0.121	1.86	15.2	2.50	1.657	0.313
TOTAL EXPENDITURE	9.57	0.999	29.1	0.641	0.128	1.45	10.9	2.14	1.044	0.571

a/ Free market rate.

b/ Includes private education expenditure.

Table VI-b (continued)

PURCHASING POWER EQUIVALENTS OF NATIONAL CURRENCIES, BY EXPENDITURE GROUPS: (b) JUNE 1962

(Units of national currency per Mexican peso)

Groups \ Country / Currency / Exchange rate a/	Costa Rica ¢ 0.532	El Salvador ¢ 0.200	Guatemala Q 0.080	Haiti G 0.400	Honduras L. 0.160	Mexico $ 1.00	Nicaragua C$ 0.596	Panama B/. 0.080	Dominican Republic RD$ 0.080	British Guiana BWI$ 0.137
CONSUMER EXPENDITURE: TOTAL	0.658	0.263	0.115	0.480	0.246	1.00	0.803	0.111	0.132	0.151
I. Foods	0.625	0.309	0.121	0.505	0.256	1.00	0.871	0.116	0.144	0.139
a) Meat, poultry	0.377	0.160	0.071	0.325	0.130	1.00	0.495	0.068	0.071	0.099
b) Fish	0.344	0.220	0.066	0.400	0.234	1.00	.888	0.057	0.233	0.143
c) Milk products, eggs	0.720	0.338	0.137	0.550	0.243	1.00	0.761	0.160	0.122	0.167
d) Cereals	0.775	0.447	0.155	0.495	0.333	1.00	1.150	0.115	0.219	0.161
e) Fruits	0.594	0.208	0.159	0.535	0.286	1.00	0.752	0.128	0.104	...
f) Vegetables	0.807	0.372	0.161	0.900	0.412	1.00	1.162	0.179	0.152	...
g) Sugar	0.826	0.423	0.128	0.575	0.277	1.00	1.075	0.164	0.130	0.144
h) Fats, oils	0.618	0.238	0.098	0.480	0.218	1.00	0.780	0.104	0.247	0.127
i) Other foods	0.611	0.365	0.104	0.445	0.233	1.00	0.901	0.098	0.115	0.106
II. Beverages	2.438	0.494	0.187	0.955	0.457	1.00	1.192	0.154	0.235	0.324
a) Non-alcoholic	1.743	0.457	0.269	0.955	0.290	1.00	0.970	0.172	0.225	0.205
b) Alcoholic	2.655	0.505	0.161	0.950	0.509	1.00	1.262	0.148	0.238	0.361
III. Tobacco	0.857	0.152	0.117	0.535	0.083	1.00	0.782	0.071	0.148	0.186
IV. Clothing, textiles	0.497	0.193	0.084	0.395	0.192	1.00	0.687	0.083	0.118	0.123
a) Clothing	0.436	0.176	0.085	0.395	0.164	1.00	0.671	0.071	0.102	0.121
b) Footwear	0.575	0.155	0.070	0.355	0.216	1.00	0.681	0.117	0.121	0.109
c) Textiles	0.566	0.267	0.096	0.425	0.233	1.00	0.728	0.081	0.151	0.144
V. Housing	0.816	0.210	0.127	0.485	0.322	1.00	0.859	0.143	0.134	0.166
a) Rent	0.980	0.152	0.144	0.380	0.340	1.00	0.750	0.154	0.120	0.075
b) Fuel, light, water	0.453	0.219	0.117	0.695	0.339	1.00	0.863	0.144	0.149	...
c) Household supplies	1.264	0.414	0.164	0.740	0.339	1.00	1.368	0.124	0.193	0.309
d) Furniture	0.601	0.171	0.075	0.235	0.315	1.00	0.776	0.195	0.094	0.298
e) Electrical appliances	0.574	0.179	0.089	0.355	0.194	1.00	0.682	0.068	0.117	...
VI. Transport, communication	0.684	0.400	0.151	0.725	0.282	1.00	0.767	0.149	0.161	0.179
a) Public transport	0.630	0.441	0.170	0.740	0.303	1.00	0.713	0.175	0.129	0.171
b) Private transport (operation)	0.779	0.329	0.118	0.700	0.230	1.00	0.784	0.099	0.171	0.191
c) Communications	0.683	0.408	0.158	0.700	0.339	1.00	1.035	0.164	0.317	0.185
VII. Personal care	0.465	0.284	0.130	0.415	0.271	1.00	0.796	0.118	0.134	0.119
a) Toilet articles	0.727	0.317	0.153	0.500	0.301	1.00	1.037	0.100	0.166	0.151
b) Drugs, medicines	0.408	0.505	0.162	0.680	0.436	1.00	0.753	0.174	0.191	0.111
c) Medical, dental services	0.572	0.285	0.132	0.425	0.203	1.00	1.080	0.092	0.100	0.081
d) Hairdressing	0.583	0.258	0.195	0.555	0.228	1.00	1.038	0.139	0.158	0.191
e) Domestic services	0.274	0.129	0.062	0.145	0.204	1.00	0.458	0.096	0.094	...
VIII. Recreation, entertainment	0.591	0.252	0.130	0.460	0.274	1.00	0.733	0.103	0.116	0.187
a) Public entertainments	0.677	0.281	0.143	0.290	0.314	1.00	0.753	0.114	0.084	0.190
b) Books, toys, etc.	0.445	0.204	0.108	0.655	0.206	1.00	0.698	0.084	0.170	0.183
IX. Government services b/	0.472	0.205	0.083	0.375	0.156	1.00	0.650	0.083	0.088	0.153
a) Salaries, wages	0.427	0.192	0.077	0.340	0.139	1.00	0.615	0.077	0.077	...
b) Purchases	0.768	0.290	0.120	0.600	0.273	1.00	0.876	0.123	0.154	0.199
FIXED INVESTMENT: TOTAL	0.603	0.196	0.080	0.380	0.178	1.00	0.709	0.099	0.096	0.139
X. Construction	0.622	0.198	0.082	0.380	0.190	1.00	0.804	0.118	0.103	0.146
a) Buildings	0.613	0.183	0.077	0.365	0.177	1.00	0.791	0.117	0.099	0.146
b) Other construction	0.633	0.216	0.087	0.395	0.205	1.00	0.820	0.120	0.109	0.145
XI. Producers' equipment	0.536	0.183	0.077	0.375	0.169	1.00	0.580	0.081	0.090	0.130
a) Agricultural	0.514	0.178	0.073	0.365	0.153	1.00	0.566	0.078	0.081	0.119
b) Industrial	0.536	0.183	0.076	0.380	0.166	1.00	0.570	0.081	0.090	0.132
c) Office	0.589	0.187	0.091	0.390	0.249	1.00	0.798	0.080	0.102	0.124
XII. Transport equipment	0.701	0.221	0.084	0.400	0.158	1.00	0.710	0.075	0.088	0.136
a) Road vehicles	0.727	0.223	0.084	0.395	0.151	1.00	0.703	0.073	0.084	0.133
b) Other equipment	0.580	0.212	0.083	0.435	0.191	1.00	0.744	0.081	0.108	0.152
TOTAL EXPENDITURE	0.650	0.254	0.110	0.465	0.237	1.00	0.791	0.110	0.128	0.149

a/ Free market rate.

b/ Includes private education expenditure.

Table VII-a (continued)

PRICE RELATIVES AT FREE MARKET RATES OF EXCHANGE: (a) JUNE 1960

(Indexes: Mexico = 100)

Expenditure group \ Country	Costa Rica	El Salvador	Guatemala	Haiti	Honduras	Mexico	Nicaragua	Panama	Dominican Republic	British Guiana
CONSUMER EXPENDITURE: TOTAL	116	132	146	120	154	100	137	140	156	108
I Foods	115	152	154	126	168	100	146	144	174	98
a) Meat, poultry	69	77	72	81	88	100	84	84	85	70
b) Fish	57	107	84	100	158	100	150	71	282	101
c) Milk products, eggs	140	164	174	138	164	100	129	198	148	118
d) Cereals	144	216	198	110	225	100	194	142	265	114
e) Fruits	108	108	208	135	176	100	132	164	124	...
f) Vegetables	147	194	210	228	252	100	204	228	181	...
g) Sugar	154	204	164	144	188	100	182	204	158	91
h) Fats, oils	102	116	124	120	147	100	132	129	299	90
i) Other foods	111	176	132	111	157	100	152	121	140	75
II Beverages	291	257	244	241	280	100	210	196	279	236
a) Non-alcoholic	336	238	352	242	178	100	171	220	269	149
b) Alcoholic	277	263	210	241	312	100	222	189	282	264
III Tobacco	156	79	152	136	51	100	137	91	198	136
IV Clothing, textiles	92	105	106	90	110	100	116	101	112	86
a) Clothing	81	96	106	90	96	100	113	86	98	85
b) Footwear	107	84	88	81	128	100	115	144	116	72
c) Textiles	105	144	120	96	126	100	123	99	145	100
V Housing	146	110	162	126	195	100	149	179	178	119
a) Rent	182	93	179	101	203	100	127	189	124	53
b) Fuel, light, water	82	108	152	180	208	100	152	184	226	...
c) Household supplies	214	204	215	192	208	100	240	158	292	225
d) Furniture	97	84	99	61	193	100	136	249	142	217
e) Electrical appliances	90	88	116	91	119	100	120	86	179	...
VI Transport, Communication	128	208	198	182	173	100	135	190	191	130
a) Public transport	121	229	222	188	186	100	125	224	154	124
b) Private transport (operation)	140	171	154	178	141	100	138	126	202	139
c) Communications	123	212	206	178	208	100	182	210	378	135
VII Personal care	86	139	170	105	166	100	140	150	132	86
a) Toilet articles	118	156	201	126	184	100	182	129	164	110
b) Drugs, medicines	78	248	238	172	267	100	132	222	189	81
c) Medical, dental services	109	140	172	108	124	100	190	118	99	59
d) Hairdressing	113	126	254	141	139	100	183	178	156	139
e) Domestic services	52	64	81	36	125	100	89	122	94	...
VIII Recreation, entertainment	108	124	170	108	168	100	129	131	115	136
a) Public entertainments	129	138	186	74	192	100	132	145	82	138
b) Books, toys etc.	72	100	141	165	126	100	123	106	167	134
IX Government services a/	86	102	109	94	96	100	114	106	104	111
a) Salaries, wages	78	96	101	86	85	100	108	99	90	...
b) Purchases	134	148	155	139	167	100	152	155	191	141
FIXED INVESTMENT: TOTAL	104	97	95	95	110	100	120	122	119	100
X Construction	113	97	94	94	117	100	135	145	127	104
a) Buildings	110	90	97	90	109	100	133	141	121	104
b) Other construction	113	106	110	97	126	100	138	146	134	104
XI Producers' equipment	86	91	96	94	106	100	99	101	112	95
a) Agricultural	83	89	91	91	96	100	97	98	102	87
b) Industrial	86	91	95	94	104	100	98	101	112	96
c) Office	94	93	114	97	156	100	137	100	127	90
XII Transport equipment	120	110	101	101	99	100	121	93	110	99
a) Road vehicles	126	111	105	99	94	100	120	91	105	97
b) Other equipment	94	106	104	109	119	100	127	101	135	111
TOTAL EXPENDITURE	114	127	140	116	147	100	134	137	150	106

a/ Includes private education expenditure.

Table VII-b

PRICE RELATIVES AT FREE MARKET RATES OF EXCHANGE: (b) JUNE 1962

(Indexes: Mexico = 100)

Expenditure group	Country	Argentina	Bolivia	Brazil	Colombia	Chile	Ecuador	Paraguay	Peru	Uruguay	Venezuela
CONSUMER EXPENDITURE: TOTAL		83	104	98	93	100	79	105	108	115	165
I	Foods	73	102	82	101	83	82	100	99	99	141
	a) Meat, poultry	40	50	47	66	77	52	45	90	44	97
	b) Fish	49	101	57	131	52	32	72	55	64	86
	c) Milk products, eggs	68	162	79	103	111	92	137	116	114	142
	d) Cereals	80	105	104	139	69	113	94	110	98	172
	e) Fruits	82	97	92	83	97	60	92	156	140	158
	f) Vegetables	118	136	143	127	121	85	154	91	181	211
	g) Sugar	178	190	77	142	100	110	136	77	171	154
	h) Fats, oils	50	133	120	122	101	93	150	73	95	119
	i) Other foods	77	82	22	41	98	86	100	87	89	108
II	Beverages	88	170	75	135	107	109	116	109	138	237
	a) Non-alcoholic	208	222	107	90	158	106	131	160	146	344
	b) Alcoholic	50	154	65	149	91	110	111	92	126	203
III	Tobacco	92	71	78	44	98	77	54	40	55	163
IV	Clothing, textiles	98	95	125	64	102	59	106	103	128	132
	a) Clothing	95	88	106	64	101	46	96	91	108	132
	b) Footwear	78	75	114	55	68	58	94	90	108	110
	c) Textiles	124	129	180	71	135	90	139	144	193	151
V	Housing	106	164	133	116	150	94	126	115	170	186
	a) Rent	114	181	196	160	165	70	91	139	129	237
	b) Fuel, light, water	76	102	51	59	122	86	164	72	238	169
	c) Household supplies	119	218	95	93	212	141	136	139	201	185
	d) Furniture	139	182	133	97	148	114	98	88	141	124
	e) Electrical appliances	87	139	114	121	179	118	138	106	169	91
VI	Transport, communication	114	104	100	118	84	114	159	129	114	169
	a) Public transport	101	87	102	58	59	71	154	152	108	201
	b) Private transport (operation)	123	118	104	232	113	182	177	90	128	80
	c) Communications	160	166	74	83	133	135	126	126	99	296
VII	Personal care	113	108	70	95	112	94	138	123	148	207
	a) Toilet articles	95	161	71	142	167	181	292	153	142	176
	b) Drugs, medicines	132	123	71	114	77	155	87	183	182	274
	c) Medical, dental services	136	144	99	89	152	52	129	86	149	206
	d) Hairdressing	108	74	70	136	134	71	88	105	126	313
	e) Domestic Services	80	64	52	50	80	45	120	97	136	142
VIII	Recreation, entertainment	113	92	87	102	118	94	141	141	116	202
	a) Public entertainments	116	91	87	99	116	85	119	150	121	241
	b) Books, toys, etc.	108	93	88	108	120	108	180	127	107	137
IX	Government services a/	47	54	99	67	77	53	73	61	79	195
	a) Salaries, wages	37	41	98	57	71	43	65	54	69	204
	b) Purchases	112	141	109	132	119	119	129	106	143	143
FIXED INVESTMENT: TOTAL		124	110	118	82	88	79	126	101	142	115
X	Construction	117	102	114	73	78	59	115	95	146	141
	a) Buildings	119	96	114	77	82	62	112	102	143	133
	b) Other construction	115	110	113	69	75	60	118	86	149	150
XI	Producers' equipment	126	110	122	80	91	97	138	103	116	79
	a) Agricultural	105	103	121	72	76	92	118	116	114	71
	b) Industrial	131	109	122	104	91	97	104	102	116	79
	c) Office	78	145	115	104	128	129	141	107	125	111
XII	Transport equipment	142	110	122	114	117	103	136	117	193	112
	a) Road vehicles	139	139	119	121	122	103	134	117	194	118
	b) Other equipment	155	111	134	83	93	101	150	117	189	86
TOTAL EXPENDITURE		89	105	101	92	98	79	108	100	119	159

a/ Includes private education expenditure.

Table VII-b (continued)

PRICE RELATIVES AT FREE MARKET RATES OF EXCHANGE:(b) JUNE 1962

(Indexes: Mexico = 100)

Expenditure group \ Country	Costa Rica	El Salvador	Guatemala	Haiti	Honduras	Mexico	Nicaragua	Panama	Dominican Republic	British Guiana
CONSUMER EXPENDITURE: TOTAL	124	132	144	120	154	100	134	139	165	108
I Foods	118	154	151	126	160	100	145	145	180	99
a) Meat, poultry	71	80	89	81	81	100	82	85	89	72
b) Fish	65	110	82	100	146	100	148	71	291	102
c) Milk products, eggs	136	169	171	138	152	100	12/	200	152	119
d) Cereals	146	224	194	124	208	100	192	144	274	115
e) Fruits	112	104	199	134	179	100	125	160	130	...
f) Vegetables	152	186	201	225	258	100	194	224	190	...
g) Sugar	156	212	160	144	173	100	179	205	162	105
h) Fats, oils	117	119	122	120	136	100	130	130	309	91
i) Other foods	115	182	130	111	146	100	150	122	144	76
II Beverages	460	247	234	239	286	100	199	192	293	231
a) Non-alcoholic	329	228	336	239	181	100	162	215	281	146
b) Alcoholic	501	252	201	238	318	100	210	185	298	258
III Tobacco	162	76	146	134	52	100	130	89	185	133
IV Clothing, textiles	94	96	105	99	120	100	114	104	148	88
a) Clothing	82	88	106	99	102	100	112	89	128	86
b) Footwear	108	78	88	89	135	100	114	146	151	74
c) Textiles	107	134	120	118	146	100	121	101	189	103
V Housing	154	105	159	121	201	100	143	179	168	119
a) Rent	185	76	180	95	212	100	125	192	150	54
b) Fuel, light, water	86	110	146	174	212	100	144	180	186	...
c) Household supplies	238	207	205	185	212	100	228	155	241	221
d) Furniture	113	86	94	59	197	100	129	244	118	213
e) Electrical appliances	108	90	111	89	121	100	112	85	146	...
VI Transport, communication	129	200	189	181	176	100	128	186	201	128
a) Public transport	119	220	212	185	189	100	119	219	161	122
b) Private transport (operation)	147	164	148	175	144	100	131	124	214	136
c) Communications	129	204	198	175	212	100	172	205	396	132
VII Personal care	88	142	162	104	169	100	133	148	168	85
a) Toilet articles	137	158	191	125	188	100	173	125	208	108
b) Drugs, medicines	77	252	228	170	272	100	126	218	239	79
c) Medical, dental services	108	142	165	106	127	100	180	115	125	58
d) Hairdressing	110	129	244	139	142	100	173	174	198	136
e) Domestic services	52	64	78	36	128	100	76	120	118	...
VIII Recreation, entertainment	112	126	162	115	171	100	122	129	145	134
a) Public entertainment	128	140	179	72	196	100	126	142	105	136
b) Books, toys, etc.	84	102	135	164	129	100	116	105	212	131
IX Government services a/	89	102	104	94	98	100	108	104	110	109
a) Salaries, wages	81	96	96	85	87	100	102	96	96	...
b) Purchases	145	145	150	150	171	100	146	154	192	142
FIXED INVESTMENT: TOTAL	115	98	95	95	111	100	119	123	120	101
X Construction	118	99	95	96	119	100	135	147	129	107
a) Buildings	110	90	97	90	109	100	133	141	121	104
b) Other construction	113	106	110	97	126	100	138	146	134	104
XI Producers' equipment	101	91	96	94	106	100	97	101	112	95
a) Agricultural	98	89	91	91	96	100	95	98	102	87
b) Industrial	101	91	95	94	104	100	96	101	112	96
c) Office	111	93	114	97	156	100	134	100	127	90
XII Transport equipment	133	110	101	101	99	100	119	93	110	99
a) Road vehicles	138	111	105	99	94	100	118	91	105	97
b) Other equipment	110	106	104	109	120	100	125	101	135	111
TOTAL EXPENDITURE	123	127	137	116	147	100	132	137	160	106

a/ Includes private education expenditure.

Table VIII-a

PRICE RELATIVES AT FREE MARKET RATES OF EXCHANGE: (a) JUNE 1960

(Indexes: average of 19 Latin American countries = 100)

Expenditure groups	Argentina	Bolivia	Brazil	Colombia	Chile	Ecuador	Paraguay	Peru	Uruguay	Venezuela
CONSUMER EXPENDITURE: TOTAL	71	76	76	89	115	78	74	74	67	183
I Foods	61	76	64	95	96	81	73	71	66	269
a) Meat, poultry	59	57	68	103	131	84	44	97	65	105
b) Fish	43	103	48	155	94	39	64	63	29	123
c) Milk products, eggs	54	107	59	92	71	85	88	82	67	153
d) Cereals	58	67	69	105	59	93	62	67	44	168
e) Fruits	88	65	64	75	144	57	53	105	117	170
f) Vegetables	58	73	66	91	82	64	79	48	86	179
g) Sugar	90	111	55	109	120	92	79	48	95	171
h) Fats, oils	61	94	101	112	113	88	57	53	78	132
i) Other foods	76	66	35	44	181	90	90	67	61	133
II Beverages	45	85	38	91	64	68	61	56	46	154
a) Non-alcoholic	65	103	56	56	89	69	87	76	44	150
b) Alcoholic	39	81	32	105	56	69	53	50	47	122
III Tobacco	87	61	67	50	130	93	84	34	52	176
IV Clothing, textiles	80	79	80	68	146	66	81	83	78	266
a) Clothing	81	80	77	74	164	56	82	80	74	253
b) Footwear	74	67	79	63	125	69	68	78	72	245
c) Textiles	91	96	96	67	142	88	99	103	98	152
V Housing	87	87	89	93	141	78	75	75	73	166
a) Rent	106	95	136	119	145	59	52	84	51	206
b) Fuel, light, water	78	72	46	50	123	80	105	48	106	173
c) Household supplies	53	85	44	65	105	101	76	80	69	130
d) Furniture	66	100	51	96	184	105	75	72	64	105
e) Electrical appliances	104	79	78	124	202	113	123	90	126	80
VI Transport, communication	89	62	96	93	82	95	76	76	63	159
a) Public transport	88	52	122	46	62	60	66	91	66	191
b) Private transport (operation)	100	70	69	185	108	153	102	53	69	76
c) Communications	67	86	38	57	110	99	48	65	30	243
VII Personal care	67	82	64	84	125	87	87	89	79	215
a) Toilet articles	58	101	50	105	143	125	154	92	75	114
b) Drugs and medicines	71	71	48	77	69	116	50	102	87	226
c) Medical, dental services	70	113	63	81	174	52	73	64	76	228
d) Hairdressing	56	50	72	106	120	61	56	67	62	298
e) Domestic services	73	71	94	65	143	65	107	103	85	226
VIII Recreation, entertainment	81	70	71	93	129	86	88	104	61	206
a) Public entertainments	86	67	55	85	125	81	81	106	62	254
b) Books, toys etc.	71	77	102	104	139	98	104	100	61	117
IX Government services a/	64	51	96	82	109	65	66	58	57	296
a) Salaries, wages	60	43	103	75	114	56	62	54	53	333
b) Purchases	79	82	67	112	122	105	82	71	70	132
FIXED INVESTMENT: TOTAL	125	92	101	89	111	79	105	88	108	132
X Construction	116	80	85	77	92	66	93	84	94	173
a) Buildings	124	76	89	81	94	70	91	91	96	165
b) Other construction	107	84	81	71	87	61	94	75	92	181
XI Producers' equipment	131	102	118	95	125	95	127	93	105	91
a) Agricultural	124	100	134	89	112	94	114	109	112	93
b) Industrial	132	99	114	95	125	93	127	90	103	122
c) Office	87	122	133	88	111	108	112	88	100	93
XII Transport equipment	140	107	114	109	137	85	96	91	159	92
a) Road vehicles	141	110	120	113	140	85	90	90	160	93
b) Other equipment	137	92	83	88	118	89	126	95	157	86
TOTAL EXPENDITURE	77	78	79	87	115	78	77	76	72	176

a/ Includes private education expenditure.

Table VIII-a (continued)

PRICE RELATIVES AT FREE MARKET RATES OF EXCHANGE: (a) JUNE 1960

(Indexes: average of 19 Latin American countries = 100)

Expenditure groups	Costa Rica	El Salvador	Guatemala	Haiti	Honduras	Mexico	Nicaragua	Panama	Dominican Republic	British Guiana
CONSUMER EXPENDITURE: TOTAL	96	110	121	100	128	83	114	116	130	89
I Food	95	125	127	106	139	83	120	119	144	85
a) Meat, poultry	95	105	98	111	120	136	114	114	116	95
b) Fish	59	110	86	103	162	103	154	73	290	104
c) Milk products, eggs	108	126	134	106	127	77	99	152	114	91
d) Cereals	100	150	137	76	156	69	135	99	184	72
e) Fruits	83	83	159	104	134	77	101	126	95	...
f) Vegetables	89	118	128	151	153	61	124	138	110	...
g) Sugar	108	144	115	101	132	70	128	143	111	71
h) Fats, oils	81	92	99	96	117	80	105	103	238	72
i) Other foods	98	155	116	98	138	88	134	107	123	66
II Beverages	165	146	139	137	159	57	119	112	159	108
a) Non-alcoholic	176	125	185	127	93	53	90	116	141	78
b) Alcoholic	165	156	125	143	186	59	132	112	168	157
III Tobacco	151	77	148	132	49	97	133	89	192	132
IV Clothing, textiles	86	98	99	86	103	93	108	94	105	80
a) Clothing	82	97	108	91	98	101	115	88	99	86
b) Footwear	106	84	87	81	127	100	115	144	116	72
c) Textiles	87	119	99	79	104	82	101	82	120	83
V Housing	101	76	112	87	135	69	103	124	123	82
a) Rent	118	61	117	66	132	65	83	123	81	34
b) Fuel, light, water	60	79	112	132	152	73	111	135	166	...
c) Household supplies	128	122	129	115	124	60	144	94	175	134
d) Furniture	82	71	83	52	163	84	115	210	120	230
e) Electrical appliances	79	78	102	80	104	88	105	76	157	...
VI Transport, communication	86	140	133	122	116	67	90	128	128	87
a) Public transport	83	156	152	128	126	68	85	152	105	85
b) Private transport (operation)	95	116	104	120	95	68	93	86	137	94
c) Communications	73	125	121	104	122	59	107	124	222	79
VII Personal care	66	108	132	81	129	78	109	116	103	67
a) Toilet articles	76	101	130	82	119	65	118	83	106	71
b) Drugs and medicines	46	148	142	103	159	60	79	133	113	48
c) Medical, dental services	88	112	138	86	100	80	152	94	79	48
d) Hairdressing	76	86	174	97	96	69	125	122	107	96
e) Domestic services	60	73	93	42	143	115	92	140	107	...
VIII Recreation, entertainment	85	98	134	85	133	79	102	105	91	108
a) Public entertainments	98	105	142	56	147	76	100	110	63	105
b) Books, toys, etc.	61	85	120	140	107	85	104	90	142	113
IX Government services a/	90	108	114	98	101	105	120	112	109	116
a) Salaries, wages	88	108	114	97	95	112	121	111	101	...
b) Purchases	98	108	113	101	122	73	111	113	140	103
FIXED INVESTMENT: TOTAL	94	87	86	86	99	90	108	110	108	90
X Construction	104	90	86	86	107	92	124	133	117	95
a) Building	102	84	91	84	101	93	124	131	113	97
b) Other construction	102	96	99	88	114	90	124	132	121	94
XI Producers' equipment	79	84	88	87	98	92	92	93	103	88
a) Agricultural	80	86	88	88	93	97	94	95	99	84
b) Industrial	78	83	86	86	94	91	89	92	102	87
c) Office	79	79	96	82	131	84	115	84	107	76
XII Transport equipment	96	88	80	80	79	80	97	75	88	79
a) Road vehicles	100	88	83	78	75	79	95	72	83	77
b) Other equipment	78	88	86	90	99	83	106	84	112	92
TOTAL EXPENDITURE	96	107	118	97	124	84	113	116	126	...

a/ Includes private education expenditure.

Table VIII.b

PRICE RELATIVES AT FREE MARKET RATES OF EXCHANGE: (b) JUNE 1962

(Indexes: average of 19 Latin American countries = 100)

Expenditure group	Argentina	Bolivia	Brazil	Colombia	Chile	Ecuador	Paraguay	Peru	Uruguay	Venezuela
CONSUMER EXPENDITURE: TOTAL	70	88	83	78	84	66	88	84	97	139
I. Foods	62	86	69	85	70	69	84	83	84	112
a) Meat, poultry	56	69	65	91	107	71	62	125	61	124
b) Fish	51	106	60	137	54	34	75	58	67	93
c) Milk products, eggs	52	124	61	79	85	71	105	89	87	107
d) Cereals	57	74	73	98	49	80	67	77	69	122
e) Fruits	68	80	76	68	80	50	76	128	115	130
f) Vegetables	70	81	85	76	72	51	92	54	108	127
g) Sugar	118	128	51	95	67	74	91	52	115	127
h) Fats, oils	41	107	97	99	82	75	122	59	71	96
i) Other foods	74	78	21	39	94	82	96	82	85	103
II. Beverages	47	91	40	73	57	58	62	58	70	127
a) Non-alcoholic	105	112	54	46	80	53	66	81	74	174
b) Alcoholic	27	84	36	82	50	60	61	50	69	111
III. Tobacco	94	73	80	45	100	79	56	41	56	167
IV. Clothing, Textiles	93	89	118	60	96	56	99	97	120	124
a) Clothing	98	90	109	66	104	48	99	93	111	136
b) Footwear	79	76	116	56	70	59	96	91	109	112
c) Textiles	95	99	138	54	104	69	107	110	148	115
V. Housing	75	115	94	82	106	66	85	81	120	131
a) Rent	77	123	133	108	111	48	62	34	87	160
b) Fual, light, water	58	77	39	45	93	65	125	55	161	129
c) Household supplies	68	124	54	53	121	80	78	79	115	105
d) Furniture	110	143	105	77	117	90	77	69	111	97
e) Electrical appliances	74	118	97	103	152	100	117	90	144	77
VI. Transport, communication	80	73	70	83	59	80	111	90	80	119
a) Public transport	73	62	74	42	43	51	111	110	78	145
b) Private transport (operation)	87	83	73	163	79	127	124	63	90	56
c) Communications	93	99	44	49	79	80	75	75	59	175
VII. Personal care	89	85	55	75	88	74	108	97	117	163
a) Toilet articles	60	102	45	90	106	115	185	97	90	111
b) Drugs and medicines	81	75	43	70	47	95	54	113	111	168
c) Medical, dental services	107	114	78	70	120	41	102	67	117	161
d) Hairdressing	78	54	50	98	96	51	64	76	92	226
e) Domestic services	93	74	60	57	93	53	140	112	158	165
VIII. Recreation, entertainment	89	72	69	81	108	74	112	111	91	160
a) Public entertainments	91	71	68	78	91	67	93	118	95	189
b) Books, toys etc.	89	76	72	88	98	89	147	104	87	112
IX. Government services a/	52	60	110	74	85	59	81	67	87	217
a) Salaries, wages	44	49	118	69	85	51	79	65	89	245
b) Purchases	82	103	79	96	87	87	94	77	104	104
FIXED INVESTMENT: TOTAL	114	101	109	75	81	73	116	93	131	106
X. Construction	107	94	104	67	72	54	105	87	133	129
a) Buildings	110	89	106	71	76	57	104	95	133	123
b) Other construction	103	98	101	62	67	53	105	77	133	134
XI. Producers' equipment	122	106	118	78	88	94	134	100	112	76
a) Agricultural	108	106	125	74	78	94	122	119	118	73
b) Industrial	125	104	117	100	87	92	134	97	111	75
c) Office	67	124	99	89	110	111	121	92	107	95
XII. Transport equipment	120	94	103	97	99	88	116	99	134	95
a) Road vehicles	116	117	99	102	102	86	112	98	162	98
b) Other equipment	132	94	115	71	79	86	128	99	161	73
TOTAL EXPENDITURE	75	90	86	78	84	67	92	85	101	1

a/ Includes private education expenditure.

Table VIII-b (continued)

PRICE RELATIVES AT FREE MARKET RATES OF EXCHANGE: (b) JUNE 1962

(Indexes: average of 19 Latin American countries = 100)

Expenditure groups	Costa Rica	El Salvador	Guatemala	Haiti	Honduras	Mexico	Nicaragua	Panama	Dominican Republic	British Guiana
CONSUMER EXPENDITURE: TOTAL	105	111	121	101	130	84	113	117	139	91
I Food	99	139	127	107	135	84	122	122	171	94
a) Meat, poultry	99	111	123	113	113	139	114	118	123	98
b) Fish	68	115	86	105	153	105	155	74	305	107
c) Milk products, eggs	104	130	131	106	117	77	97	153	117	92
d) Cereals	103	157	136	87	147	70	135	101	193	91
e) Fruits	92	86	163	110	147	82	103	132	107	...
f) Vegetables	91	111	120	137	153	60	115	133	113	...
g) Sugar	104	142	107	96	116	67	120	137	109	89
h) Fats, oils	94	96	99	97	110	81	105	105	250	93
i) Other foods	110	173	124	106	138	95	143	116	137	72
II Beverages	247	132	125	128	153	54	107	103	157	113
a) Non-alcoholic	166	115	170	120	91	50	82	109	142	74
b) Alcoholic	274	138	110	130	174	55	115	101	169	141
III Tobacco	165	78	150	137	53	102	133	91	189	136
IV Clothing, textiles	88	91	99	93	113	94	108	97	139	83
a) Clothing	85	91	109	102	106	103	115	91	131	89
b) Footwear	110	79	89	90	137	102	115	149	154	75
c) Textiles	82	102	92	90	112	76	93	77	145	79
V Housing	108	74	112	85	142	70	101	126	118	84
a) Rent	125	51	122	64	144	68	85	130	101	64
b) Fuel, light, water	65	83	111	132	161	76	109	137	142	...
c) Household supplies	136	118	117	106	121	57	130	88	138	126
d) Furniture	89	67	74	46	155	79	102	192	93	168
e) Electrical appliances	92	76	95	75	103	85	97	72	124	...
VI Transport, communication	91	140	132	127	124	70	90	131	141	90
a) Public transport	86	159	153	133	137	72	86	158	116	88
b) Private transport (operation)	103	116	104	123	101	70	92	87	150	96
c) Communications	76	121	117	104	126	59	102	122	235	78
VII Personal care	69	112	128	81	133	79	104	116	132	67
a) Toilet articles	87	101	121	79	119	63	110	79	132	68
b) Drugs and medicines	47	155	140	104	167	61	77	134	147	49
c) Medical, dental services	85	112	130	83	100	79	141	90	98	45
d) Hairdressing	79	93	176	100	103	72	125	125	142	98
e) Domestic services	60	75	90	42	148	116	88	139	136	...
VIII Recreation, entertainment	88	100	128	91	135	79	97	102	115	106
a) Public entertainments	100	110	140	57	154	79	99	112	83	107
b) Books, toys, etc.	69	83	110	134	105	82	95	86	174	107
IX Government services a/	99	114	115	104	108	111	120	115	122	121
a) Salaries, wages	97	116	116	102	105	120	123	116	116	...
b) Purchases	106	106	109	109	124	73	106	112	140	104
FIXED INVESTMENT: TOTOAL	105	90	88	88	102	92	110	114	111	93
X Construction	103	90	87	88	108	91	123	135	118	97
a) Buildings	107	85	89	84	102	93	123	136	115	99
b) Other construction	106	96	97	88	114	89	123	134	121	94
XI Producers' equipment	97	88	93	91	102	97	94	98	108	92
a) Agricultural	101	92	94	93	98	103	98	101	105	89
b) Industrial	96	87	91	90	99	96	92	97	107	92
c) Office	95	80	97	83	133	86	115	86	109	77
XII Transport equipment	113	94	86	86	84	85	101	79	94	84
a) Road vehicles	116	93	88	83	79	84	99	76	88	81
b) Other equipment	94	90	88	93	102	85	106	86	115	95
TOTAL EXPENDITURE	104	108	117	99	126	85	112	116	136	9[illegible]

a/ Includes private education expenditure.

Table IX a

PRICE RELATIVES BY SECTOR AND COUNTRY AT FREE MARKET EXCHANGE RATES: JUNE 1960

(Indexes: base country = 100)

(a) CONSUMER EXPENDITURE: TOTAL

(1) South America

Country	Argentina	Bolivia	Brazil	Colombia	Chile	Ecuador	Paraguay	Peru	Uruguay	Venezuela
Argentina	100	107	107	126	163	110	104	105	95	260
Bolivia	93	100	100	117	152	103	97	98	89	243
Brazil	93	100	100	117	152	103	97	98	89	243
Colombia	80	85	85	100	130	88	83	83	76	207
Chile	61	66	66	77	100	68	64	64	58	159
Ecuador	90	97	97	114	148	100	94	95	86	236
Paraguay	96	103	103	121	157	106	100	101	92	249
Peru	95	102	102	120	155	105	99	100	91	248
Uruguay	105	113	113	132	171	116	109	110	100	272
Venezuela	39	41	41	48	63	43	40	40	37	100
Costa Rica	74	79	79	92	120	81	76	77	70	190
El Salvador	64	69	69	81	105	71	67	67	61	167
Guatemala	58	62	62	73	95	64	61	61	55	151
Haiti	71	76	76	89	116	78	74	74	68	184
Honduras	55	59	59	70	90	61	58	58	53	143
Mexico	85	91	91	107	139	94	89	89	81	221
Nicaragua	62	67	67	78	101	68	65	65	59	161
Panama	61	65	65	76	99	67	63	64	58	158
Dominican Republic	54	58	58	68	89	60	57	57	52	141
British Guiana	79	85	85	99	129	87	82	83	75	205

(2) Central America, the Caribbean and British Guiana

Country	Costa Rica	El Salvador	Guatemala	Haiti	Honduras	Mexico	Nicaragua	Panama	Dominican Rep.	British Guiana
Argentina	136	156	172	141	180	117	161	164	183	126
Bolivia	127	145	160	131	168	109	150	153	171	118
Brazil	127	145	160	131	168	109	150	153	171	118
Colombia	108	124	136	112	144	93	128	131	146	101
Chile	83	95	105	86	111	72	99	101	112	78
Ecuador	123	141	155	128	163	106	146	149	166	114
Paraguay	131	150	165	135	174	113	155	158	176	122
Peru	130	148	164	134	172	112	154	157	175	121
Uruguay	143	163	180	148	190	123	169	173	193	133
Venezuela	52	60	66	54	70	45	62	63	71	49
Costa Rica	100	114	126	104	133	86	118	121	135	93
El Salvador	87	100	110	91	116	76	104	106	118	81
Guatemala	79	91	100	82	105	68	94	96	107	74
Haiti	96	110	122	100	128	83	114	117	130	90
Honduras	75	86	95	78	100	65	89	91	102	70
Mexico	116	132	146	120	154	100	137	140	156	108
Nicaragua	84	97	106	87	112	73	100	102	114	78
Panama	83	95	104	86	110	71	98	100	112	77
Dominican Republic	74	85	94	77	98	64	88	90	100	69
British Guiana	107	123	136	111	143	93	127	130	145	100

NOTE: Horizontal Columns = prices
Vertical Columns = purchasing power.

Table IX b

PRICE RELATIVES BY SECTOR AND COUNTRY AT FREE MARKET EXCHANGE RATES: JUNE 1960

(Indexes: base country = 100)

(b) FOOD

(1) South America

Country	Argentina	Bolivia	Brazil	Colombia	Chile	Ecuador	Paraguay	Peru	Uruguay	Venezuela
Argentina	100	128	108	160	156	136	114	119	110	273
Bolivia	78	100	84	125	122	106	89	93	85	213
Brazil	92	118	100	148	144	126	106	110	101	252
Colombia	62	80	68	100	97	85	71	74	68	171
Chile	64	82	69	103	100	87	73	76	70	175
Ecuador	74	94	79	118	114	100	84	88	80	201
Paraguay	88	112	95	140	136	119	100	104	96	239
Peru	84	107	91	134	131	114	96	100	92	229
Uruguay	92	117	99	146	142	124	104	109	100	250
Venezuela	37	47	40	59	57	50	42	44	40	100
Costa Rica	63	80	68	100	98	85	72	75	69	171
El Salvador	48	61	51	76	74	65	54	57	52	130
Guatemala	47	60	51	75	73	64	54	56	51	128
Haiti	57	73	62	92	89	78	65	68	62	156
Honduras	43	55	46	69	67	58	49	51	47	117
Mexico	72	92	78	116	112	98	82	86	79	197
Nicaragua	50	64	54	79	77	67	57	59	54	135
Panama	50	64	54	80	78	68	57	60	55	137
Dominican Republic	42	53	45	66	65	56	47	49	45	113
British Guiana	73	94	79	117	114	99	84	87	80	200

(2) Central America, the Caribbean and British Guiana

Country	Costa Rica	El Salvador	Guatemala	Haiti	Honduras	Mexico	Nicaragua	Panama	Dominican Rep.	British Guiana
Argentina	159	210	213	175	233	139	202	199	241	136
Bolivia	124	164	166	136	182	108	157	156	188	107
Brazil	148	194	197	162	216	129	186	184	223	126
Colombia	100	131	133	109	146	87	126	124	150	85
Chile	102	135	137	112	150	89	129	128	155	88
Ecuador	117	154	157	128	171	102	148	146	177	100
Paraguay	140	184	187	153	204	121	176	174	211	120
Peru	134	176	179	147	195	116	169	167	202	115
Uruguay	146	192	195	160	213	127	184	182	220	125
Venezuela	58	77	78	64	85	51	74	73	88	50
Costa Rica	100	132	134	110	146	87	126	125	151	86
El Salvador	76	100	102	83	111	66	96	95	115	65
Guatemala	75	98	100	82	109	65	95	93	113	64
Haiti	91	120	122	100	133	79	115	114	138	78
Honduras	68	90	92	75	100	60	86	86	103	59
Mexico	115	152	154	126	168	100	146	144	174	99
Nicaragua	79	104	106	87	116	69	100	99	119	68
Panama	80	105	107	88	117	70	101	100	121	69
Dominican Republic	66	87	88	73	97	58	84	83	100	57
British Guiana	117	154	156	128	170	101	148	146	176	100

NOTE: Horizontal Columns = prices
Vertical Columns = purchasing power.

Table IX c

PRICE RELATIVES BY SECTOR AND BY COUNTRY AT FREE MARKET EXCHANGE RATES: JUNE 1960

(Indexes: base country = 100)

(c) CLOTHING AND TEXTILES

(1) South America

Country	Argentina	Bolivia	Brazil	Colombia	Chile	Ecuador	Paraguay	Peru	Uruguay	Venezuela
Argentina	100	99	101	85	182	82	102	104	98	177
Bolivia	101	100	102	86	184	83	103	106	99	179
Brazil	99	98	100	84	181	82	101	104	97	175
Colombia	117	116	118	100	214	97	120	123	115	208
Chile	55	54	55	47	100	45	56	57	54	97
Ecuador	121	120	122	103	221	100	124	127	118	214
Paraguay	98	97	99	84	179	81	100	102	96	173
Peru	96	95	96	81	174	79	98	100	93	169
Uruguay	103	102	103	87	187	85	105	107	100	182
Venezuela	56	56	57	48	103	47	58	59	55	100
Costa Rica	93	92	93	79	169	76	94	97	90	164
El Salvador	82	81	82	69	149	67	83	85	80	144
Guatemala	80	80	81	68	147	66	82	84	79	142
Haiti	95	94	96	81	174	78	97	99	93	168
Honduras	78	77	78	66	142	64	79	81	76	138
Mexico	86	85	86	73	156	71	87	90	84	151
Nicaragua	74	73	74	63	135	61	75	77	72	131
Panama	84	84	85	72	154	70	86	88	82	149
Dominican Republic	76	75	77	65	139	63	78	80	74	134
British Guiana	100	99	101	85	182	82	102	104	98	177

(2) Central America, the Caribbean and British Guiana

Country	Costa Rica	El Salvador	Guatemala	Haiti	Honduras	Mexico	Nicaragua	Panama	Dominican Rep.	British Guiana
Argentina	108	123	124	105	128	117	135	118	131	100
Bolivia	109	124	125	106	130	118	137	120	133	101
Brazil	107	122	123	104	128	116	134	118	130	99
Colombia	127	144	146	123	151	137	159	139	154	118
Chile	59	67	68	58	70	64	74	65	72	55
Ecuador	131	149	150	127	156	142	164	143	159	121
Paraguay	106	120	122	103	126	114	133	116	129	98
Peru	103	117	119	100	123	112	129	113	126	96
Uruguay	111	126	128	108	132	120	139	122	135	103
Venezuela	61	69	70	59	73	66	76	67	74	57
Costa Rica	100	114	115	98	119	108	126	110	122	93
El Salvador	88	100	101	86	105	95	110	96	107	82
Guatemala	87	99	100	85	104	94	109	95	106	81
Haiti	102	117	118	100	122	111	129	112	125	95
Honduras	84	95	97	82	100	91	105	92	102	78
Mexico	92	105	106	90	110	100	116	101	112	86
Nicaragua	80	91	92	78	95	86	100	87	97	74
Panama	91	104	105	89	108	99	114	100	111	84
Dominican Republic	82	93	94	80	98	89	103	90	100	76
British Guiana	108	123	124	105	128	117	135	118	131	100

NOTE: Horizontal Columns = prices
Vertical Columns = purchasing power.

Table IX d

PRICE RELATIVES BY SECTOR AND BY COUNTRY AT FREE MARKET EXCHANGE RATES: JUNE 1960

(Indexes: base country = 100)

(d) HOUSING

(1) South America

Country	Argentina	Bolivia	Brazil	Colombia	Chile	Ecuador	Paraguay	Peru	Uruguay	Venezuela
Argentina	100	100	102	107	161	90	86	86	83	190
Bolivia	100	100	102	107	162	90	86	86	83	191
Brazil	98	98	100	105	159	88	84	84	82	187
Colombia	93	93	95	100	151	84	80	80	78	178
Chile	62	62	63	66	100	56	53	53	52	118
Ecuador	111	111	113	119	180	100	96	95	93	212
Paraguay	116	116	118	125	188	104	100	100	97	222
Peru	117	116	119	125	189	105	100	100	97	223
Uruguay	120	120	122	129	194	108	103	103	100	229
Venezuela	52	52	53	56	85	47	45	45	44	100
Costa Rica	87	86	88	93	140	78	74	74	72	165
El Salvador	114	114	116	122	184	102	98	98	95	218
Guatemala	78	77	79	83	125	70	67	66	65	148
Haiti	100	100	102	107	161	90	86	86	83	190
Honduras	65	64	66	69	104	58	56	55	54	123
Mexico	126	126	128	135	204	113	108	108	105	240
Nicaragua	85	84	86	91	137	76	73	72	70	161
Panama	71	70	72	76	114	63	61	60	59	135
Dominican Republic	71	71	72	76	115	64	61	61	59	135
British Guiana	106	106	108	113	171	95	91	91	88	202

(2) Central America, the Caribbean and British Guiana

Country	Costa Rica	El Salvador	Guatemala	Haiti	Honduras	Mexico	Nicaragua	Panama	Dominican Rep.	British Guiana
Argentina	115	88	129	100	154	79	118	142	141	94
Bolivia	116	88	129	100	155	80	118	142	141	95
Brazil	113	86	126	98	152	78	116	139	138	93
Colombia	108	82	120	93	144	74	110	132	131	88
Chile	71	54	80	62	96	49	73	88	87	58
Ecuador	128	98	143	111	172	88	131	158	157	105
Paraguay	134	102	150	116	180	92	137	165	164	110
Peru	135	102	150	117	180	93	138	166	164	110
Uruguay	138	105	155	120	186	95	142	170	169	114
Venezuela	60	46	68	52	81	42	62	74	74	50
Costa Rica	100	76	112	87	134	69	102	123	122	82
El Salvador	132	100	147	114	176	90	135	162	161	108
Guatemala	90	68	100	78	120	62	92	110	109	73
Haiti	115	88	129	100	154	79	118	142	141	94
Honduras	75	57	83	65	100	51	76	92	91	61
Mexico	146	110	162	126	195	100	149	179	178	119
Nicaragua	98	74	109	85	131	67	100	120	119	80
Panama	81	62	91	71	109	56	83	100	99	67
Dominican Republic	82	62	92	71	110	56	84	101	100	67
British Guiana	122	93	136	106	164	84	125	150	149	100

NOTE: Horizontal Columns = prices
Vertical Columns = purchasing power.

Table IX e

PRICE RELATIVES BY SECTOR AND BY COUNTRY AT FREE MARKET EXCHANGE RATES: JUNE 1960

(Indexes: base country = 100)

(e) TRANSPORT AND COMMUNICATIONS

(1) South America

Country	Argentina	Bolivia	Brazil	Colombia	Chile	Ecuador	Paraguay	Peru	Uruguay	Venezuela
Argentina	100	69	107	104	92	106	85	85	70	178
Bolivia	145	100	155	151	133	153	124	123	102	258
Brazil	94	65	100	97	86	99	80	80	66	166
Colombia	96	66	102	100	88	102	82	82	68	171
Chile	109	95	116	113	100	115	93	92	76	193
Ecuador	94	65	101	98	87	100	81	80	66	168
Paraguay	117	81	125	122	108	124	100	100	82	208
Peru	117	81	126	122	108	124	100	100	83	209
Uruguay	142	98	152	148	130	150	121	121	100	253
Venezuela	56	39	60	58	52	60	48	48	40	100
Costa Rica	104	72	111	109	96	110	89	89	73	186
El Salvador	64	44	68	67	59	68	55	54	45	114
Guatemala	67	46	72	70	62	71	58	57	47	120
Haiti	73	50	78	76	67	77	62	62	51	130
Honduras	77	53	82	80	71	81	66	66	54	137
Mexico	133	92	142	139	122	141	114	113	94	237
Nicaragua	99	68	106	103	91	105	84	84	70	176
Panama	70	48	75	73	64	74	60	60	49	125
Dominican Republic	70	48	74	72	64	74	59	59	49	124
British Guiana	102	71	110	107	94	109	88	87	72	182

(2) Central America, the Caribbean and British Guiana

Country	Costa Rica	El Salvador	Guatemala	Haiti	Honduras	Mexico	Nicaragua	Panama	Dominican Rep.	British Guiana
Argentina	96	156	148	137	130	75	101	143	144	98
Bolivia	139	226	215	198	188	109	146	206	208	141
Brazil	90	146	139	128	122	70	95	134	134	91
Colombia	92	150	142	132	125	72	97	137	138	94
Chile	104	170	161	149	141	82	110	155	156	106
Ecuador	90	148	140	129	123	71	96	135	136	92
Paraguay	112	183	174	161	152	88	119	167	168	114
Peru	113	183	174	161	153	88	119	168	169	115
Uruguay	136	222	210	194	184	107	144	202	204	138
Venezuela	54	88	83	77	73	42	57	80	81	55
Costa Rica	100	163	155	143	136	78	106	149	150	102
El Salvador	61	100	95	88	83	48	65	91	92	62
Guatemala	65	105	100	92	87	51	68	96	97	66
Haiti	70	114	108	100	95	55	74	104	105	71
Honduras	74	120	114	105	100	58	78	110	110	75
Mexico	128	208	198	182	173	100	135	190	191	130
Nicaragua	95	154	146	135	128	74	100	141	142	96
Panama	67	109	104	96	92	53	71	100	101	68
Dominican Republic	67	109	103	95	90	52	70	99	100	68
British Guiana	98	160	152	140	133	77	104	146	147	100

NOTE: Horizontal Columns = prices
Vertical Columns = purchasing power.

Table IX f

PRICE RELATIVES BY SECTOR AND BY COUNTRY AT FREE MARKET EXCHANGE RATES: JUNE 1960

(Indexes: base country = 100)

(f) GOVERNMENT SERVICES

(1) South America

Country	Argentina	Bolivia	Brazil	Colombia	Chile	Ecuador	Paraguay	Peru	Uruguay	Venezuela
Argentina	100	80	150	128	170	102	103	90	88	462
Bolivia	125	100	188	161	213	128	129	113	111	579
Brazil	67	53	100	86	113	68	69	60	59	308
Colombia	78	62	117	100	132	79	80	70	69	360
Chile	59	47	88	76	100	60	61	53	52	272
Ecuador	98	78	147	126	167	100	101	88	87	453
Paraguay	97	77	146	125	165	99	100	87	86	448
Peru	111	89	167	143	189	113	115	100	98	514
Uruguay	113	90	170	145	192	115	117	102	100	523
Venezuela	22	17	32	28	37	22	22	20	19	100
Costa Rica	71	57	107	92	121	73	74	64	63	329
El Salvador	60	48	89	76	101	61	61	54	53	275
Guatemala	56	45	84	72	95	57	58	51	50	260
Haiti	65	52	98	84	111	66	67	59	58	301
Honduras	63	50	95	82	108	65	65	57	56	293
Mexico	61	49	92	78	104	62	63	55	54	282
Nicaragua	54	43	80	69	91	55	55	48	47	248
Panama	57	46	86	74	98	59	59	52	51	266
Dominican Republic	59	47	88	76	100	60	61	53	52	272
British Guiana	55	44	83	71	94	56	57	50	49	255

(2) Central America, the Caribbean and British Guiana

Country	Costa Rica	El Salvador	Guatemala	Haiti	Honduras	Mexico	Nicaragua	Panama	Dominican Rep	British Guiana
Argentina	140	168	178	154	158	164	186	174	170	181
Bolivia	175	210	223	193	198	205	234	218	213	227
Brazil	93	112	119	102	105	109	124	116	113	121
Colombia	109	130	139	120	123	127	145	135	132	141
Chile	82	99	105	90	93	96	110	102	100	107
Ecuador	138	164	175	150	154	160	183	171	167	178
Paraguay	136	163	173	149	153	159	181	169	165	176
Peru	156	186	198	171	175	182	207	193	189	201
Uruguay	159	190	201	174	178	185	211	197	192	205
Venezuela	30	36	38	33	34	35	40	38	37	39
Costa Rica	100	120	127	109	112	117	133	124	121	129
El Salvador	84	100	106	92	94	98	111	104	101	108
Guatemala	79	94	100	86	88	92	105	98	95	102
Haiti	91	109	116	100	103	66	122	113	111	118
Honduras	89	106	113	97	100	104	118	110	108	115
Mexico	86	102	109	94	96	100	114	106	104	111
Nicaragua	75	90	95	82	84	88	100	93	91	97
Panama	81	96	102	88	91	94	107	100	98	104
Dominican Republic	82	99	105	90	93	96	110	102	100	107
British Guiana	77	92	98	85	87	90	103	96	94	100

NOTE: Horizontal Columns = prices
Vertical Columns = purchasing power.

Table IX g

PRICE RELATIVES BY SECTOR AND BY COUNTRY AT FREE MARKET EXCHANGE RATES, JUNE 1960
(Indexes: base country = 100)

(g) INVESTMENT

(1) South America

Country	Argentina	Bolivia	Brazil	Colombia	Chile	Ecuador	Paraguay	Peru	Uruguay	Venezuela
Argentina	100	73	81	71	88	63	84	70	87	105
Bolivia	136	100	110	96	120	86	134	96	118	143
Brazil	123	91	100	87	109	78	103	87	107	130
Colombia	141	104	115	100	125	89	119	100	123	149
Chile	113	83	92	80	100	72	95	80	98	119
Ecuador	158	116	128	112	140	100	133	111	137	166
Paraguay	119	88	97	84	105	76	100	84	103	125
Peru	142	104	115	100	125	90	119	100	123	149
Uruguay	115	85	94	82	102	73	97	81	100	121
Venezuela	96	70	78	68	84	61	80	67	83	100
Costa Rica	133	98	108	94	117	84	111	94	115	140
El Salvador	143	105	116	101	126	90	120	101	124	150
Guatemala	146	107	118	103	129	92	122	103	127	154
Haiti	146	107	118	103	129	92	122	103	127	154
Honduras	126	93	102	89	111	80	106	89	109	133
Mexico	139	102	112	98	123	88	116	98	120	146
Nicaragua	115	85	94	82	102	73	97	81	100	121
Panama	113	83	92	80	100	72	95	80	98	119
Dominican Republic	116	85	94	82	103	74	98	82	101	122
British Guiana	139	102	112	98	123	88	116	98	120	146

(2) Central America, the Caribbean and British Guiana

Country	Costa Rica	El Salvador	Guatemala	Haiti	Honduras	Mexico	Nicaragua	Panama	Dominican Rep.	British Guiana
Argentina	75	70	68	68	79	72	87	88	86	72
Bolivia	102	95	93	93	108	98	118	120	117	98
Brazil	93	86	84	84	98	89	107	109	106	89
Colombia	106	99	97	97	112	102	123	125	122	102
Chile	85	79	77	77	90	82	98	100	97	82
Ecuador	119	110	108	108	125	114	137	140	136	114
Paraguay	90	83	82	82	95	86	103	105	103	86
Peru	107	99	97	97	112	102	123	125	122	102
Uruguay	87	81	79	79	91	83	100	102	99	83
Venezuela	71	67	66	66	76	69	83	84	82	69
Costa Rica	100	93	91	91	105	96	115	117	114	96
El Salvador	108	100	98	98	113	103	124	126	123	103
Guatemala	110	102	100	100	116	105	127	129	126	105
Haiti	110	102	100	100	116	105	127	129	126	105
Honduras	95	88	86	86	100	91	109	111	109	91
Mexico	104	97	95	95	110	100	120	122	119	100
Nicaragua	87	81	79	79	91	83	100	102	99	83
Panama	85	79	77	77	90	82	98	100	97	82
Dominican Republic	88	81	80	80	92	84	101	102	100	84
British Guiana	104	97	95	95	110	100	120	122	119	100

NOTE: Horizontal Columns = prices.
Vertical Columns = purchasing power.

Table IX h

PRICE RELATIVES BY SECTOR AND BY COUNTRY, AT FREE MARKET EXCHANGE RATES: JUNE 1960

(Indexes: base country = 100)

(h) CONSTRUCTION

(1) South America

Country	Argentina	Bolivia	Brazil	Colombia	Chile	Ecuador	Paraguay	Peru	Uruguay	Venezuela
Argentina	100	69	74	66	79	57	80	72	81	149
Bolivia	145	100	107	96	115	83	116	105	118	216
Brazil	136	94	100	90	108	77	108	98	110	202
Colombia	152	105	112	100	120	86	121	109	123	226
Chile	126	87	93	83	100	72	101	91	103	188
Ecuador	177	122	130	117	140	100	141	127	144	263
Paraguay	125	87	92	83	99	71	100	90	102	186
Peru	139	96	102	92	110	79	111	100	113	207
Uruguay	123	85	90	81	97	70	98	89	100	183
Venezuela	67	46	49	44	53	38	54	48	55	100
Costa Rica	112	77	82	74	88	64	89	81	91	167
El Salvador	130	90	95	86	103	74	103	93	105	193
Guatemala	135	93	99	89	107	77	108	97	110	201
Haiti	135	93	99	89	107	77	108	97	110	201
Honduras	108	75	80	71	85	62	86	78	88	161
Mexico	126	88	93	83	100	72	101	91	103	188
Nicaragua	94	65	69	62	74	53	75	67	76	139
Panama	87	60	64	58	69	50	70	63	71	130
Dominican Republic	99	68	73	65	78	56	79	71	80	147
British Guiana	121	84	89	80	96	69	97	87	98	180

(2) Central America, the Caribbean and British Guiana

Country	Costa Rica	El Salvador	Guatemala	Haiti	Honduras	Mexico	Nicaragua	Panama	Dominican Rep.	British Guiana
Argentina	89	77	74	74	92	79	107	115	101	82
Bolivia	130	112	108	108	134	115	155	167	147	120
Brazil	121	105	101	101	126	108	145	156	137	112
Colombia	135	117	112	112	140	120	162	174	153	125
Chile	113	98	94	94	117	100	135	145	128	104
Ecuador	158	136	131	131	164	140	189	203	178	146
Paraguay	112	97	93	93	116	99	134	144	126	104
Peru	124	107	103	103	128	110	149	159	140	115
Uruguay	110	95	91	91	114	97	132	141	124	102
Venezuela	60	52	50	50	62	53	72	77	68	56
Costa Rica	100	86	83	83	104	89	120	129	113	93
El Salvador	116	100	96	96	120	103	139	149	131	107
Guatemala	120	104	100	100	125	107	144	155	136	111
Haiti	120	104	100	100	125	107	144	155	136	111
Honduras	96	83	80	80	100	86	116	124	109	89
Mexico	113	98	94	94	117	100	135	145	128	104
Nicaragua	83	72	69	69	86	74	100	107	94	77
Panama	78	67	65	65	81	69	93	100	88	72
Dominican Republic	88	76	73	74	92	78	106	113	100	82
British Guiana	108	93	90	90	112	96	130	139	122	100

NOTE: Horizontal Columns = prices.
Vertical columns = purchasing power.

Table IX 1

PRICE RELATIVES BY SECTOR AND BY COUNTRY AT FREE MARKET EXCHANGE RATES: JUNE 1960
(Indexes: base country = 100)

(1) PRODUCERS' EQUIPMENT

(1) South America

Country	Argentina	Bolivia	Brazil	Colombia	Chile	Ecuador	Paraguay	Peru	Uruguay	Venezuela
Argentina	100	77	88	75	96	69	88	69	91	68
Bolivia	129	100	113	97	124	89	113	90	118	88
Brazil	114	88	100	86	110	79	100	79	105	78
Colombia	133	103	117	100	128	92	117	93	122	91
Chile	104	80	91	78	100	72	91	72	95	71
Ecuador	145	112	127	109	140	100	127	101	133	99
Paraguay	114	88	100	86	110	79	100	79	105	78
Peru	144	111	126	108	138	99	126	100	132	98
Uruguay	109	84	96	82	105	75	96	76	100	74
Venezuela	147	114	129	110	141	101	129	102	134	100
Costa Rica	157	122	138	118	151	108	138	109	144	107
El Salvador	156	120	137	117	150	107	136	108	142	106
Guatemala	157	121	138	118	151	108	138	109	144	107
Haiti	157	121	138	118	151	108	138	109	144	107
Honduras	146	112	128	109	140	100	128	101	133	99
Mexico	151	117	132	113	145	104	132	105	138	103
Nicaragua	144	111	126	108	138	99	126	100	132	98
Panama	153	118	134	115	147	105	134	106	140	104
Dominican Republic	136	105	119	102	131	94	119	94	124	93
British Guiana	157	121	137	118	151	108	137	109	143	107

(2) Central America, the Caribbean and British Guiana

Country	Costa Rica	El Salvador	Guatemala	Haiti	Honduras	Mexico	Nicaragua	Panama	Dominican Rep.	British Guiana
Argentina	64	64	64	64	69	66	69	65	74	64
Bolivia	82	83	82	82	89	86	90	84	95	82
Brazil	73	73	73	73	78	76	79	75	84	73
Colombia	85	85	85	85	92	88	93	87	98	85
Chile	66	67	66	66	72	69	72	68	77	66
Ecuador	92	93	92	93	100	96	101	95	107	93
Paraguay	73	73	73	73	78	76	79	75	84	73
Peru	91	92	92	92	99	95	100	94	106	92
Uruguay	69	70	69	70	75	72	76	71	80	70
Venezuela	93	94	94	94	101	97	102	96	108	94
Costa Rica	100	101	100	100	108	104	109	103	116	100
El Salvador	99	100	99	99	107	103	108	102	115	99
Guatemala	100	101	100	100	108	104	109	103	116	100
Haiti	100	101	100	100	108	104	109	103	116	100
Honduras	92	93	93	93	100	96	101	95	107	93
Mexico	96	97	96	96	104	100	105	99	111	96
Nicaragua	91	92	92	92	99	95	100	94	106	92
Panama	97	98	97	97	105	101	106	100	113	98
Dominican Republic	86	87	86	87	93	90	94	89	100	87
British Guiana	100	101	100	100	108	104	109	102	115	100

NOTE: Horizontal Columns = prices.
Vertical Columns = purchasing power.

Table IX 1

PRICE RELATIVES BY SECTOR AND BY COUNTRY AT FREE MARKET EXCHANGE RATES: JUNE 1960
(Indexes: base country = 100)

(1) TRANSPORT EQUIPMENT

(1) South America

Country	Argentina	Bolivia	Brazil	Colombia	Chile	Ecuador	Paraguay	Peru	Uruguay	Venezuela
Argentina	100	76	81	78	97	61	69	65	113	66
Bolivia	131	100	106	102	128	79	90	85	148	86
Brazil	123	94	100	96	120	75	84	80	139	81
Colombia	129	98	105	100	126	78	88	84	146	84
Chile	102	78	83	80	100	62	70	66	116	67
Ecuador	165	126	134	128	161	100	113	107	186	108
Paraguay	146	111	118	113	142	88	100	94	165	96
Peru	154	118	125	120	150	94	106	100	175	101
Uruguay	88	67	72	68	86	54	60	57	100	58
Venezuela	152	116	124	118	149	92	104	99	173	100
Costa Rica	146	112	119	114	143	89	100	95	166	96
El Salvador	159	122	129	124	155	96	109	103	180	104
Guatemala	175	133	142	136	170	106	120	113	198	115
Haiti	175	133	142	136	170	106	120	113	198	115
Honduras	178	136	145	138	174	108	122	116	202	117
Mexico	176	134	143	136	171	107	121	114	199	115
Nicaragua	145	110	118	112	141	88	99	94	164	95
Panama	188	144	153	146	183	114	129	122	213	123
Dominican Republic	159	122	130	124	155	97	109	103	180	104
British Guiana	177	135	144	137	173	107	121	115	200	116

(2) Central America, the Caribbean and British Guiana

Country	Costa Rica	El Salvador	Guatemala	Haiti	Honduras	Mexico	Nicaragua	Panama	Dominican Rep.	British Guiana
Argentina	68	63	57	57	56	57	69	53	63	56
Bolivia	89	82	75	75	73	74	90	70	82	74
Brazil	84	77	70	70	69	70	85	65	77	70
Colombia	88	81	74	74	72	73	89	68	81	73
Chile	70	64	59	59	58	58	71	54	64	58
Ecuador	112	104	94	94	92	94	114	88	103	93
Paraguay	100	92	83	83	82	83	101	78	92	82
Peru	105	97	88	88	86	88	106	82	97	87
Uruguay	60	55	50	50	50	50	61	47	55	50
Venezuela	104	96	87	87	86	87	105	81	96	86
Costa Rica	100	92	84	84	82	83	101	78	92	83
El Salvador	109	100	91	91	89	90	110	85	100	90
Guatemala	119	110	100	100	98	99	121	94	110	99
Haiti	119	110	100	100	98	99	121	94	110	99
Honduras	122	112	102	102	100	101	123	95	112	101
Mexico	120	110	101	101	99	100	121	94	110	99
Nicaragua	99	91	83	83	81	82	100	77	91	82
Panama	128	118	108	108	106	107	130	100	118	106
Dominican Republic	109	100	91	91	89	90	110	85	100	90
British Guiana	121	111	101	101	99	101	122	94	111	100

NOTE: Horizontal Columns = prices
Vertical Columns = purchasing power.

Table X-a

COMPARATIVE PRICE STRUCTURE AT PARITY RATES OF EXCHANGE: (a) JUNE 1960

(Indexes: average of the countries = 100)

Sector	Weight % a/	Argentina	Bolivia	Brazil	Colombia	Chile	Ecuador	Paraguay	Peru	Uruguay	Venezuela
CONSUMER EXPENDITURE, TOTAL	86.8	92	98	97	101	100	101	96	98	93	104
I. Foods	32.7	78	99	82	109	82	105	89	95	91	93
a) Meat, poultry	5.1	75	72	85	116	113	106	56	127	88	104
b) Fish	.9	57	135	63	179	84	51	85	84	41	72
c) Milk products, eggs.	5.4	70	136	74	103	62	107	113	108	91	66
d) Cereals	8.5	76	87	89	120	52	121	81	90	61	85
e) Fruits	1.8	113	84	81	84	125	73	69	138	160	96
f) Vegetables	5.3	67	97	86	106	63	85	105	66	115	105
g) Sugar	1.2	109	134	66	116	98	111	96	59	123	81
h) Fats, oils	2.0	78	120	128	126	98	112	74	70	108	75
i) Other foods	2.5	99	86	45	50	159	116	117	89	85	76
II. Beverages	3.4	59	112	49	105	57	89	81	76	65	89
a) Non-alcoholic	.9	82	128	69	61	75	86	110	98	59	140
b) Alcoholic	2.4	51	106	41	121	50	91	70	67	67	71
III. Tobacco	1.4	112	78	84	56	112	118	108	45	71	125
IV. Clothing, textiles	10.7	109	107	107	81	133	89	111	116	113	84
a) Clothing	5.4	110	107	102	88	149	75	111	110	107	86
b) Footwear	2.2	100	91	106	75	114	94	92	108	104	80
c) Textiles	3.1	113	119	117	73	119	109	123	132	130	83
V. Housing	16.3	112	112	112	105	122	100	96	98	100	94
a) Rent	7.3	137	122	179	135	126	75	67	111	70	117
b) Fuel, light, water	3.4	102	93	59	57	108	104	137	64	148	99
c) Household supplies	2.6	69	109	56	74	92	129	99	106	96	74
d) Furniture	1.4	85	128	65	108	159	134	97	94	88	59
e) Electrical appliances	1.5	122	93	90	128	159	132	145	108	157	41
VI. Transport, communication	3.5	115	79	120	105	71	120	98	100	86	90
a) Public transport	2.0	114	67	155	53	54	77	86	121	91	109
b) Private transport	1.2	123	86	83	200	90	187	126	67	91	41
c) Communications	.4	91	116	51	68	100	133	65	90	44	145
VII. Personal care	5.4	87	106	82	95	109	112	112	118	109	123
a) Toilet articles	1.0	73	126	61	114	120	155	192	118	100	63
b) Drugs, medicines	1.5	93	93	61	89	61	150	66	136	122	130
c) Medical, dental services	1.0	90	145	80	92	152	66	95	85	105	130
d) Hairdressing	.6	76	67	96	125	109	82	75	93	89	177
e) Domestic services	1.2	96	91	119	73	125	83	138	136	116	129
VIII. Recreation, entertainment	3.1	105	91	90	104	112	111	114	137	85	117
a) Public entertainments	2.0	113	88	71	98	110	104	106	142	86	146
b) Books, toys, etc.	1.1	89	96	125	114	117	122	129	128	81	64
IX. Government services	10.3	85	68	126	96	104	86	88	79	81	173
a) Salaries, wages	8.2	81	58	136	89	104	75	84	75	77	198
b) Purchases	2.1	101	104	83	125	105	132	104	92	95	74
INVESTMENT	13.2	154	113	122	94	96	96	129	111	142	71
X. Construction	6.4	147	101	106	84	82	83	117	108	127	96
a) Buildings	3.5	156	95	109	88	84	87	114	117	128	90
b) Other construction	2.9	136	107	101	79	79	77	119	97	125	101
XI. Producers' equipment	4.6	158	122	140	100	107	113	153	115	135	48
a) Agricultural	.4	150	120	159	93	95	112	137	135	143	49
b) Industrial	4.0	161	120	137	101	108	112	155	113	133	47
c) Office	.2	106	148	158	92	96	131	137	110	129	50
XII. Transport equipment	2.2	168	128	134	113	116	101	115	111	202	48
a) Road vehicles	1.8	169	132	141	118	119	100	108	110	202	49
b) Other equipment	.4	165	111	99	93	100	106	151	117	200	45
TOTAL EXPENDITURE	100	100	100	100	100	100	100	100	100	100	100

a/ Percentages are based on per capita expenditure averaged for the nineteen countries (if based on aggregate expenditure in those countries, different percentages would be obtained).

Table II a (continued)

COMPARATIVE PRICE STRUCTURE AT PARITY RATES OF EXCHANGE: (b) JUNE 1960

(Indexes: average of the countries = 100)

Country	Costa Rica	El Salvador	Guatemala	Haiti	Honduras	Mexico	Nicaragua	Panama	Dominican Republic	Average
CONSUMER EXPENDITURE, TOTAL	101	104	104	103	104	99	101	102	102	100
I. Foods	100	118	109	109	114	99	107	105	115	100
a) Meat, poultry	98	97	104	112	96	160	98	99	91	100
b) Fish	63	105	75	107	135	125	139	65	235	100
c) Milk products, eggs	112	117	113	108	101	91	87	132	90	100
d) Cereals	106	143	118	90	128	84	121	88	148	100
e) Fruits	86	78	135	106	108	91	89	109	75	100
f) Vegetables	97	114	112	150	128	75	113	125	90	100
g) Sugar	107	126	92	98	100	79	106	117	82	100
h) Fats, oils	85	86	84	98	94	94	92	89	188	100
i) Other foods	103	146	100	101	112	105	119	93	98	100
II. Beverages	177	140	121	144	132	69	108	99	128	100
a) Non-alcoholic	179	114	153	127	73	61	77	98	109	100
b) Alcoholic	176	149	109	151	153	72	119	100	136	100
III. Tobacco	158	71	126	135	40	115	117	77	151	100
IV. Clothing, textiles	95	96	88	91	87	117	101	87	88	100
a) Clothing	90	95	96	98	83	126	106	80	82	100
b) Footwear	117	83	79	88	108	125	107	131	96	100
c) Textiles	88	108	82	79	81	95	87	69	92	100
V. Housing	105	71	96	90	109	82	90	108	97	100
a) Rent	124	57	99	68	107	78	54	108	64	100
b) Fuel, light, water	63	74	96	137	124	88	99	118	132	100
c) Household supples	134	114	110	118	100	71	127	82	139	100
d) Furniture	85	66	70	53	131	100	101	182	95	100
e) Electrical appliances	77	66	79	75	77	95	84	60	113	100
VI. Transport, communication	90	129	112	175	93	79	79	110	101	100
a) Public transport	87	147	129	132	103	81	76	133	83	100
b) Private transport	95	103	85	118	74	77	79	71	104	100
c) Communications	80	122	109	113	104	73	99	113	105	100
VII. Personal care	70	101	113	84	105	93	97	102	82	100
a) Toilet articles	77	91	107	81	94	75	101	70	81	100
b) Drugs, medicines	49	140	122	107	131	72	71	117	90	100
c) Medical, dental services	92	105	118	89	81	95	135	82	63	100
d) Hairdressing	84	85	135	104	81	86	116	111	89	100
e) Domestic services	63	68	80	43	116	136	81	122	84	100
VIII. Recreation, entertainment	89	91	114	87	107	94	90	90	72	100
a) Public entertainments	104	99	123	58	120	92	90	98	51	100
b) Books, toys, etc.	62	77	99	140	84	98	89	76	109	100
IX. Government services	97	104	100	104	84	129	109	100	88	100
a) Salaries, wages	96	105	101	104	81	139	112	101	83	100
b) Purchases	101	99	95	103	97	86	96	97	109	100
INVESTMENT	93	78	74	84	76	102	92	92	81	100
X. Construction	105	82	79	86	85	107	108	114	91	100
a) Buildings	104	76	75	83	79	107	107	113	87	100
b) Other construction	106	88	83	89	91	106	109	114	94	100
XI. Producers' equipment	78	74	70	84	74	103	76	76	77	100
a) Agricultural	78	75	70	84	70	108	71	77	73	100
b) Industrial	77	74	70	83	72	102	75	76	76	100
c) Office	78	69	77	80	100	94	96	69	80	100
XII. Transport equipment	92	76	66	76	59	88	80	60	65	100
a) Road vehicles	96	76	65	74	56	87	78	59	61	100
b) Other equipment	75	77	69	86	75	92	88	68	83	100
TOTAL EXPENDITURE	100	100	100	100	100	100	100	100	100	100

Table X b

COMPARATIVE PRICE STRUCTURE AT PARITY RATES OF EXCHANGE:(b) JUNE 1962

(Indexes: average of the countries = 100)

Country	Argentina	Bolivia	Brazil	Colombia	Chile	Ecuador	Paraguay	Peru	Uruguay	Venezuela
CONSUMER EXPENDITURE, TOTAL	92	104	95	101	100	98	95	97	100	102
I. Foods	82	100	81	111	85	104	93	99	84	89
a) Meat, poultry	74	76	76	116	127	106	67	146	61	89
b) Fish	70	121	71	180	67	51	84	70	69	68
c) Milk	71	142	72	104	63	108	117	107	88	83
d) Cereals	76	84	87	128	60	121	74	93	70	92
e) Fruits	91	90	89	88	97	75	84	152	115	98
f) Vegetables	98	95	103	101	90	79	104	66	111	97
g) Sugar	157	142	59	121	80	109	99	60	113	76
h) Fats, oils	54	121	114	128	99	113	134	70	76	72
i) Other foods	99	88	24	50	113	124	106	98	85	77
II. Beverages	65	105	48	97	71	90	70	71	71	97
a) Non-alcoholic	142	127	64	60	98	81	73	97	74	131
b) Alcoholic	38	98	43	109	62	93	69	62	71	86
III. Tobacco	126	82	95	58	121	119	61	49	56	125
IV. Clothing, textiles	124	100	138	77	116	83	109	115	119	92
a) Clothing	130	101	126	85	124	71	108	109	110	100
b) Footwear	106	86	136	72	84	89	105	108	109	84
c) Textiles	124	109	158	68	122	101	114	127	144	84
V. Housing	99	129	109	105	127	98	92	95	118	97
a) Rent	102	136	154	138	133	71	67	110	86	118
b) Fuel, light, water	79	89	47	59	114	100	140	67	184	98
c) Household supplies	93	143	65	71	93	124	88	96	117	81
d) Furniture	142	157	120	97	137	131	82	80	108	71
e) Electrical appliances	95	127	109	128	176	144	123	102	137	55
VI. Transport, communication	106	82	82	107	71	119	122	107	79	88
a) Public transport	99	72	88	55	52	78	124	133	79	110
b) Private transport	111	89	82	202	92	183	131	71	86	40
c) Communications	130	113	52	65	97	123	84	90	60	133
VII. Personal care	112	96	64	96	107	110	118	114	115	121
a) Toilet articles	78	112	51	114	124	168	198	112	88	81
b) Drugs, medicines	110	86	52	92	58	145	60	135	113	127
c) Medical, dental services	142	127	90	90	143	60	111	79	115	120
d) Hairdressing	100	62	60	129	119	79	71	92	92	172
e) Domestic services	123	83	70	74	112	79	153	132	157	129
VIII. Recreation, entertainment	119	81	80	104	112	111	122	132	91	119
a) Public entertainments	121	80	80	100	110	100	102	139	94	141
b) Books, toys, etc.	116	84	82	112	115	130	158	120	85	81
IX. Government services a/	70	68	129	97	103	88	90	80	88	163
a) Salaries, wages	60	56	139	90	104	78	86	78	84	185
b) Purchases	107	114	91	122	102	128	101	90	101	76
INVESTMENT	148	110	123	94	95	106	124	107	125	77
X. Construction	141	104	120	85	85	80	113	101	129	96
a) Buildings	145	99	122	90	90	84	112	110	129	91
b) Other construction	137	110	117	79	86	74	115	91	131	100
XI. Producers' equipment	155	114	132	96	102	135	140	113	107	55
a) Agricultural	138	114	140	91	90	135	128	135	117	52
b) Industrial	161	113	132	97	101	133	142	111	106	54
c) Office	87	136	113	87	130	162	129	106	103	70
XII. Transport equipment	152	121	114	118	113	123	120	111	153	68
a) Road vehicles	148	125	111	125	118	123	117	111	153	71
b) Other equipment	169	102	129	88	90	124	135	113	152	53
TOTAL EXPENDITURE	100	100	100	100	100	100	100	100	100	100

Table X b (continued)

COMPARATIVE PRICE STRUCTURE AT PARITY RATES OF EXCHANGE: (b) JUNE 1962

(Indexes: Average of the countries = 100)

Product	Costa Rica	El Salvador	Guatemala	Haiti	Honduras	Mexico	Nicaragua	Panama	Dominican Republic	Average
CONSUMER EXPENDITURE: TOTAL	102	103	102	109	103	97	99	100	103	100
I. Foods	96	122	110	109	108	100	110	106	113	100
a) Meat, poultry	94	102	105	113	89	162	101	100	90	100
b) Fish	67	110	76	108	125	126	138	66	231	100
c) Milk products, eggs	102	123	115	109	95	92	89	134	89	100
d) Cereals	101	149	119	90	119	84	122	89	145	100
e) Fruits	89	80	141	112	118	98	93	115	80	100
f) Vegetables	91	107	107	141	127	73	107	119	87	100
g) Sugar	99	130	91	97	92	78	106	117	80	100
h) Fats; oils	91	90	85	99	88	96	94	91	186	100
i) Other foods	106	162	107	109	111	113	128	101	102	100
II. Beverages	245	127	111	134	126	65	98	91	120	100
a) Non-alcoholic	162	109	148	124	74	61	74	95	107	100
b) Alcoholic	273	133	98	137	144	67	106	90	125	100
III. Tobacco	161	73	130	140	43	122	120	79	141	100
IV. Clothing, textiles	85	84	85	94	90	111	96	84	103	100
a) Clothing	81	83	93	103	84	121	102	78	97	100
b) Footwear	107	74	77	92	110	121	103	129	114	100
c) Textiles	77	93	77	81	87	88	81	65	105	100
V. Housing	104	68	96	86	112	83	90	108	87	100
a) Rent	119	47	104	64	114	79	75	111	75	100
b) Fuel, light, water	64	79	98	137	132	92	100	121	107	100
c) Household supplies	135	113	104	110	99	69	120	78	105	100
d) Furniture	84	61	62	46	121	91	89	161	67	100
e) Electrical appliances	85	68	78	73	79	96	83	60	88	100
VI. Transport, communication	87	131	114	128	99	83	80	112	104	100
a) Public transport	84	151	134	138	111	87	78	139	88	100
b) Private transport	95	103	85	119	77	80	79	72	106	100
c) Communications	75	115	103	108	102	72	93	107	178	100
VII. Personal care	66	104	110	82	106	93	93	99	98	100
a) Toilet articles	82	91	102	78	93	73	96	67	95	100
b) Drugs, medicines	46	147	122	108	135	74	70	117	110	100
c) Medical, dental services	81	104	111	84	79	92	126	78	72	100
d) Hairdressing	78	88	154	104	84	87	114	110	108	100
e) Domestic services	58	70	78	42	118	137	79	120	101	100
VIII. Recreation, entertainment	89	93	110	85	108	93	86	87	85	100
a) Public entertainments	97	102	120	59	123	93	88	96	61	100
b) Books, toys, etc.	65	76	92	132	82	94	83	72	126	100
IX. Government services	96	107	100	106	87	132	108	100	91	100
a) Salaries, wages	95	110	102	106	84	144	112	102	88	100
b) Purchases	100	96	92	109	97	84	93	95	102	100
INVESTMENT: TOTAL	98	82	77	86	79	105	94	95	78	100
X. Construction	102	83	79	87	85	106	108	115	86	100
a) Buildings	102	78	76	84	80	108	107	115	84	100
b) Other construction	102	89	83	89	91	105	108	114	90	100
XI. Producer's equipment	90	79	76	88	78	109	79	80	77	100
a) Agricultural	92	81	77	91	75	116	83	83	74	100
b) Industrial	90	79	76	88	76	109	78	81	77	100
c) Office	90	73	82	89	104	99	99	72	79	100
XII. Transport equipment	102	83	72	82	63	95	85	65	66	100
a) Road vehicles	106	83	72	80	60	94	84	63	62	100
b) Other equipment	86	81	74	90	78	97	91	72	82	100
TOTAL EXPENDITURE	100	100	100	100	100	100	100	100	100	100

Table XI a

INTER-CITY COMPARISON OF PURCHASING POWER EQUIVALENTS FOR A LATIN AMERICAN MARKET BASKET a/ PRICED IN SELECTED CITIES: JUNE 1962

(a) Units of currency equivalent to one mexican peso

Expenditure group \ City / currency / free rate	Buenos Aires m$n 10.8	Rio de Janeiro Cr$ 28.8	Santiago de Chile Eo .130	Mexico City $ (Mex) 1.00	Lima S/o 2.15	Montevideo $ (Ur) .88	Caracas Bs .36	Los Angeles Houston $(U.S.) .080
CONSUMER EXPENDITURE b/								
TOTAL	9.9	29.0	.128	1.00	2.27	1.10	.60	.137
I. Foods	8.1	24.8	.098	1.00	2.10	.96	.55	.139
a) Meat, poultry	4.4	13.3	.105	1.00	1.99	.36	.32	.078
b) Fish	4.9	15.0	.063	1.00	1.08	.55	.28	.154
c) Milk products, egg	7.3	22.8	.090	1.00	2.48	1.01	.50	.129
d) Cereals	9.5	31.9	.098	1.00	2.64	1.05	.72	.179
e) Fruits	9.2	28.6	.116	1.00	2.78	1.22	.46	.168
f) Vegetables	12.0	42.4	.142	1.00	1.88	1.69	.92	.211
g) Sugar	19.2	22.1	.130	1.00	1.65	1.51	.55	.161
h) Fats, oils	5.8	40.9	.131	1.00	1.62	.84	.47	.085
i) Other foods	7.5	5.4	.114	1.00	1.64	.72	.35	.068
II. Beverages	8.9	22.8	.130	1.00	2.23	1.15	.78	.139
a) Non-alcoholic	21.6	30.1	.196	1.00	3.16	1.23	1.18	.223
b) Alcoholic	5.7	21.0	.114	1.00	1.99	1.12	.67	.118
III. Tobacco	10.1	23.3	.122	1.00	.89	.49	.53	.110
IV. Clothing, textiles	10.1	35.0	.127	1.00	2.09	1.05	.43	.089
a) Clothing	10.1	29.4	.133	1.00	1.89	.92	.42	.066
b) Footwear	8.2	32.9	.087	1.00	1.90	.92	.38	.090
c) Textiles	12.7	56.1	.166	1.00	3.01	1.63	.54	.098
V. Housing	11.6	38.4	.192	1.00	2.56	1.42	.63	.123
a) Rent	11.9	54.5	.206	1.00	3.18	1.09	.82	.126
b) Fuel, light, water	10.4	20.6	.177	1.00	1.40	1.90	.62	.150
c) Household supplies	11.4	24.7	.145	1.00	2.72	1.57	.52	.131
d) Furniture	16.9	36.3	.184	1.00	1.77	1.52	.52	.136
VI. Transport, communication	12.4	29.0	.111	1.00	2.89	1.02	.60	.260
a) Public transport	12.2	30.7	.085	1.00	3.81	1.00	.74	.351
b) Private transport (operation)	10.9	28.6	.133	1.00	1.56	1.06	.25	.100
c) Communications	18.4	21.3	.174	1.00	2.79	.90	1.11	.346
VII. Personal care	15.6	26.9	.181	1.00	2.89	1.56	.87	.191
a) Toilet articles	10.2	20.6	.211	1.00	3.31	1.24	.54	.122
b) Drugs and medicines	15.5	20.4	.102	1.00	3.79	1.59	1.07	.192
c) Medical, dental services	21.7	36.9	.216	1.00	1.93	1.60	.91	.227
d) Hairdressing	13.4	26.8	.214	1.00	3.07	1.61	1.40	.319
e) Laundry, dry cleaning	11.1	24.9	.141	1.00	2.70	2.15	.55	.099
VIII. Recreation	12.7	26.9	.142	1.00	3.00	1.09	.63	.154
a) Public entertainments	14.5	29.5	.149	1.00	3.74	1.20	.99	.208
b) Books, toys, etc.	11.8	25.4	.139	1.00	2.60	1.03	.43	.123
INVESTMENT, TOTAL	14.0	35.0	.119	1.00	2.14	1.24	.37	.110
X. Construction	14.0	34.8	.109	1.00	1.96	1.30	.42	.159
a) Buildings	12.7	33.3	.108	1.00	1.96	1.34	.42	.157
b) Other construction	17.5	39.3	.111	1.00	1.95	1.77	.45	.162
XI. Producer's equipment	13.5	35.1	.118	1.00	2.23	.99	.29	.068
a) Agricultural	11.3	34.9	.098	1.00	2.48	1.00	.26	.066
b) Industrial	14.2	35.2	.118	1.00	2.18	1.02	.27	.068
c) Office	8.4	33.2	.167	1.00	2.30	1.10	.40	.081
XII. Transport equipment	15.3	35.0	.152	1.00	2.50	1.70	.41	.060
a) Road vehicles	15.0	34.2	.159	1.00	2.50	1.70	.43	.058
b) Other equipment	16.7	38.7	.119	1.00	2.50	1.66	.31	.071
TOTAL EXPENDITURE b/	10.4	29.8	.127	1.00	2.25	1.12	.57	.133

a/Items have been combined whose weights reflect the expenditure pattern in Latin American countries only.

b/Excludes Governmental Expenditure on Consumer Goods and Services (Sector IX).

Table XI b

INTER-CITY COMPARISON OF PURCHASING POWER EQUIVALENTS FOR A LATIN AMERICAN MARKET BASKET a/ PRICED IN SELECTED CITIES: JUNE 1962

(b) Units of currency equivalent to one US dollar (Spent in Los Angeles and Houston, U.S.

Expenditure group \ City	Buenos Aires	Rio de Janeiro	Santiago de Chile	Mexico City	Lima	Montevideo	Caracas	Los Angeles (Houston)
currency	M$N	Cr.$	E°	$(Mex)	S/o	$(Ur)	Bs.	$(U.S.)
free rate	135.0	359.4	1.630	12.49	26.81	10.98	4.54	1.00
CONSUMER EXPENDITURE b/								
TOTAL	72.0	211.4	.933	7.29	16.54	7.99	4.40	1.00
I. Foods	58.3	177.8	.702	7.18	15.03	6.86	3.92	1.00
a) Meat,poultry	44.8	135.6	1.076	10.22	20.35	3.69	3.25	1.00
b) Fish	36.3	112.2	.468	7.48	8.11	4.10	2.91	1.00
c) Milk products, eggs	56.6	176.3	.694	7.75	19.23	7.79	3.90	1.00
d) Cereals	53.4	178.4	.546	5.60	14.75	5.88	4.00	1.00
e) Fruits	54.7	170.4	.693	5.95	16.54	7.26	2.75	1.00
f) Vegetables	56.7	201.0	.675	4.75	8.94	8.04	4.39	1.00
g) Sugar	119.2	137.0	.809	6.21	10.27	9.37	3.43	1.00
h) Fats; oils	60.5	429.6	1.373	10.49	17.00	8.84	4.95	1.00
i) Other foods	111.4	80.4	1.680	14.77	24.26	10.70	5.15	1.00
II. Beverages	64.0	163.7	.934	7.17	15.99	8.22	5.57	1.00
a) Non-alcoholic	96.8	135.0	.878	4.48	14.18	5.52	5.30	1.00
b) Alcoholic	48.2	178.0	.961	8.46	16.87	9.52	5.70	1.00
III. Tobacco	91.9	212.2	1.108	9.12	8.08	4.50	4.87	1.00
IV. Clothing,textiles	112.6	391.0	1.422	11.18	23.39	11.69	4.83	1.00
a) Clothing	116.6	340.3	1 536	11.59	21.90	10.63	4.85	1.00
b) Footwear	90.8	363.7	.962	11.06	21.06	10.23	4.22	1.00
c) Textiles	128.7	569.3	1.682	10.16	30.60	16.55	5.22	1.00
V. Housing	94.0	311.8	1.563	8.12	20.75	11.57	5.12	1.00
a) Rent	94.4	433.6	1.643	7.96	25.34	8.70	6.50	1.00
b) Fuel,ligth, water	69.2	137.5	1.180	6.67	9.31	12.67	4.12	1.00
c) Household supplies	86.9	189.2	1.110	7.64	20.81	12.02	3.94	1.00
d) Furniture	124.0	266.8	1.349	7.35	13.02	11.20	3.80	1.00
e) Electrical appliances	182.3	638.6	4.971	19.60	45.75	30.83	5.01	1.00
VI. Transport, communication	47.7	111.5	.429	3.85	11.13	3.90	2.32	1.00
a) Public transport	34.8	87.4	.241	2.85	10,85	2.86	2.12	1.00
b) Private transport (operation)	109.4	286.5	1.328	10.01	15.63	10.62	2.47	1.00
c) Communications	53.1	61.5	.503	2.89	8.04	2.60	3.21	1.00
VII. Personal care	81.5	140.8	.945	5.23	15.14	8.19	4.58	1.00
a) Toilet articles	83.5	168.8	1.728	8.10	27.13	10.20	4.41	1.00
b) Drugs and medicines	80.7	106.3	.531	5.22	19.78	8.29	5.57	1.00
c) Medical,dental services	95.3	162.3	.948	4.40	8.48	7.01	4.00	1.00
d) Hairdressing	42.1	84.1	.673	3.14	9.63	5.05	4.40	1.00
e) Laundry,dry cleaning	111.6	250.8	1.418	10.06	27.18	21.65	5.49	1.00
VIII. Recreation	82.6	174.5	.923	6.49	19.49	7.07	4.07	1.00
a) Public entertainments	69.6	142.0	.715	4.81	17.99	5.79	4.78	1.00
b) Books,toys,etc.	95.5	206.8	1.125	8.12	21.12	8.33	3.46	1.00
INVESTMENT: TOTAL	127.0	317.2	1.076	9.07	19.40	11.23	3.36	1.00
X. Construction	88.0	219.3	.689	6.30	12.31	8.17	2.67	1.00
a) Buildings	80.8	211.3	.689	6.35	12.43	8.52	2.64	1.00
b) Other construction	107.9	241.4	.682	6.15	11.97	7.21	2.76	1.00
XI. Producer's equipment	199.2	516.7	1.733	14.71	32.83	14.64	4.23	1.00
a) Agricultural	173.1	533.3	1.503	15.26	37.84	12.57	3.94	1.00
b) Industrial	209.5	520.7	1.750	14.77	32.99	15.04	4.23	1.00
c) Office	103.3	408.4	2.058	12.28	28.31	13.51	4.95	1.00
XII. Transport equipment	255.2	583.4	2.538	16.68	41.78	28.27	6.80	1.00
a) Road vehicles	260.2	592.4	2.757	17.33	43.41	29.51	7.42	1.00
b) Other equipment	235.9	547.9	1.689	14.15	35.44	23.45	4.43	1.00
TOTAL EXPENDITURE b/	78.4	223.6	.949	7.50	16.87	8.36	4.28	1.00

a/ Items have been combined whose weights reflect the expenditure pattern in Latin American countries only.

Table XII a

INTER-CITY DIFFERENCES IN PRICE LEVELS AT FREE MARKET EXCHANGE RATES

For a Latin American Market Basket[a] priced in Selected Cities: June 1962

(a) Indexes: Average of prices in seven Latin American cities = 100

Expenditure group	Buenos Aires	Rio de Janeiro	Santiago de Chile	Mexico City	Lima	Montevideo	Caracas	Average 7 L.A. cities	Houston and Los Angeles
CONSUMER EXPENDITURE: TOTAL	81	89	87	89	94	110	149	100	152
I. Foods	76	87	76	101	98	109	153	100	175
a) Meat, poultry	58	66	115	143	133	59	126	100	175
b) Fish	72	84	78	160	81	100	125	100	268
c) Milk products, eggs	69	81	71	102	118	117	143	100	164
d) Cereals	76	95	65	86	106	102	170	100	192
e) Fruits	77	90	81	91	118	126	117	100	191
f) Vegetables	77	102	76	70	61	134	179	100	184
g) Sugar	145	63	82	82	63	140	126	100	164
h) Fats, oils	53	142	101	100	76	96	131	100	119
i) Other foods	92	25	115	132	101	108	127	100	112
II. Beverages	71	68	86	86	90	112	186	100	150
a) Non-alcoholic	119	62	90	60	88	84	196	100	167
b) Alcoholic	51	71	85	97	90	124	182	100	143
III. Tobacco	106	92	107	114	47	64	169	100	157
IV. Clothing, textiles	87	114	91	93	91	111	112	100	104
a) Clothing	92	101	101	99	87	103	115	100	106
b) Footwear	81	122	71	106	95	112	113	100	120
c) Textiles	81	134	88	69	97	128	104	100	84
V. Housing	79	99	109	74	88	120	130	100	114
a) Rent	73	125	105	66	98	82	150	100	104
b) Fuel, light, water	78	58	111	82	53	176	140	100	153
c) Household supplies	86	71	92	82	104	147	118	100	134
d) Furniture	118	96	107	76	63	131	109	100	129
e) Electrical appliances	70	93	160	82	89	147	58	100	52
IV. Transport, communication	98	86	73	86	116	99	143	100	278
a) Public transport	89	84	52	79	141	90	164	100	347
b) Private transport (operation)	106	105	108	105	77	127	72	100	132
c) Communication	117	51	92	69	89	70	212	100	297
VII. Personal care	98	63	94	68	92	120	165	100	162
a) Toilet articles	76	57	130	80	124	113	120	100	122
b) Drugs, medicines	96	47	52	67	118	121	198	100	160
c) Medical, dental services	125	80	104	62	56	113	158	100	177
d) Hairdressing	72	54	96	58	84	69	228	100	233
e) Laundry, dry cleaning	78	66	82	76	96	186	115	100	94
VIII. Recreation, entertainment	96	76	89	82	114	101	142	100	157
a) Public entertainments	90	69	77	67	118	92	186	100	175
b) Books, toys, etc.	100	81	98	92	112	107	109	100	141
INVESTMENT: TOTAL	115	108	82	89	89	125	92	100	123
X. Construction	114	107	74	88	81	130	104	100	176
a) Buildings	106	104	75	90	82	138	104	100	177
b) Other construction	136	115	72	84	76	112	107	100	170
XI Producer's equipment	120	116	87	95	98	110	75	100	81
a) Agricultural	104	121	76	100	115	114	71	100	82
b) Industrial	124	116	86	94	96	109	74	100	80
c) Office	71	106	118	92	98	115	101	100	93
XII. Transport equipment	110	94	91	78	91	150	87	100	58
a) Road vehicles	107	92	94	77	90	150	91	100	56
b) Other equipment	124	108	75	80	93	151	69	100	71
TOTAL EXPENDITURE b/	86	92	87	89	93	113	140	100	148

a/ Weights reflect the expenditure pattern in Latin American countries only.

b/ Excludes Governmental Expenditure on Consumer Goods and Services (Sector IX).

Table XII b

INTER-CITY DIFFERENCES IN PRICE LEVELS AT FREE MARKET EXCHANGE RATES

For a Latin American Market Basket[a/] prices in Selected Cities: June 1962

(b) Averages of prices in Houston and Los Angeles = 100

Expenditure group	Buenos Aires	Rio de Janeiro	Santiago de Chile	Mexico City	Lima	Montevideo	Caracas	Houston and Los Angeles
CONSUMER EXPENDITURE: TOTAL	53	59	57	58	62	73	97	100
I. Foods	43	49	43	57	56	62	86	100
a) Meat, poultry	33	38	66	82	76	34	72	100
b) Fish	27	31	29	60	30	37	64	100
c) Milk products, eggs	42	49	43	62	72	71	86	100
d) Cereals	40	50	34	45	55	54	88	100
e) Fruits	43	47	42	48	62	66	61	100
f) Vegetables	42	56	41	38	33	73	97	100
g) Sugar	88	38	50	50	38	85	76	100
h) Fats, oils	45	120	84	84	63	80	109	100
i) Other foods	83	22	103	118	90	97	113	100
II. Beverages	47	46	57	57	60	75	123	100
a) Non-alcoholic	72	38	54	36	53	50	117	100
b) Alcoholic	36	49	59	68	63	87	126	100
III. Tobacco	68	59	68	73	30	41	107	100
IV. Clothing, textiles	83	109	87	89	87	106	106	100
a) Clothing	86	95	94	93	82	97	107	100
b) Footwear	67	161	59	88	79	93	93	100
c) Textiles	95	158	103	81	114	151	115	100
V. Housing	70	87	96	65	77	105	113	100
a) Rent	70	121	101	64	94	79	143	100
b) Fuel, light, water	51	38	72	53	35	115	91	100
c) Household supplies	64	53	68	61	78	109	87	100
d) Furniture	92	74	83	59	49	102	84	100
e) Electrical appliances	135	198	305	157	171	281	110	100
VI. Transport, communication	35	31	26	31	42	36	51	100
a) Public transport	26	24	15	23	40	26	46	100
b) Private transport (operation)	81	80	81	80	58	97	54	100
c) Communications	39	17	31	23	30	24	71	100
VII. Personal care	60	39	58	42	56	74	101	100
a) Toilet articles	62	47	106	66	101	93	97	100
b) Drugs and medicines	60	30	32	42	74	76	123	100
c) Medical, dental services	71	45	58	35	32	64	88	100
d) Hairdressing	31	23	41	25	36	46	97	100
e) Laundry, dry cleaning	83	70	87	80	101	197	121	100
VIII. Recreation, entertaimnet	61	48	57	52	73	64	90	100
a) Public entertainments	52	39	44	33	67	53	105	100
b) Books, toys, etc.	71	58	69	65	79	76	76	100
INVESTMENT: TOTAL	94	88	66	73	72	102	74	100
X. Construction	65	61	42	50	46	74	59	100
a) Buildings	60	59	42	51	46	78	58	100
b) Other construction	80	67	42	49	45	66	61	100
XI Producer's equipment	148	143	108	118	122	136	93	100
a) Agricultural	131	148	92	122	141	115	87	100
b) Industrial	155	145	107	118	120	137	93	100
c) Office	76	114	126	98	106	123	109	100
XII. Transport equipment	189	162	156	134	156	257	150	100
a) Road vehicles	193	165	169	139	162	269	163	100
b) Other equipment	175	152	104	113	132	214	98	100
TOTAL EXPENDITURE b/	58	62	58	60	63	76	94	100

a/ Weights reflect the expenditure pattern in Latin American countries only.
b/ Excludes Governmental Expenditure on consumer goods and services (Sector IX).