the distribution of the national income but also the size of the real income. Thus not only the savings and investment schedules are changed, but with them cumulative movements are engendered quite apart from the secondary multiplier effects of the change in the balance which alone has received attention.

If all these factors are taken into account it would seem that the practical men who have always been disinclined to permit changes in foreign exchange rates unless they were established, were more often right than economists. Although some of our arguments point in the opposite direction, it appears that, on balance, they lead to the advocacy of a greater degree of exchange rate stability than is popular today. Though exchange rate alterations are suitable in some conditions, their value is doubtful if the necessary adjustments are large.

And it is likely that in the literature the size of the required adjustment has been underestimated and the effectiveness of devaluation in bringing about any given adjustment overestimated. Hence slight adjustment may be ineffective and large changes may throw the whole international system into movements, the final consequences of which are exceedingly uncertain. Weaker countries who cannot take risks would seem likely to suffer most.

We have also seen that exchange rate alterations are unsuitable remedies if they would have to be used repeatedly in fairly short intervals. Finally, even where their application promises to be a remedial, they ought always to be considered in conjunction with full employment and international distributional effects and effects on internal monetary stability. Only if no excessive sacrifices of these alternative objectives are required can one advocate devaluation with a clear conscience. Orthodox theory, based on the fullness of partial equilibrium and the variation method, suffers from the same deficiency as the theory used to justify certain wage policies. Far-reaching practical measures are prescribed on the basis of simple abstract models without consideration of how to qualify and modify these models in order to adapt them to real life.

Italy's National Income

by EUGENIO D'ELIA

1. — The Italian Central Institute of Statistics has recently published the results of an exhaustive investigation on the pattern and recent trends in Italy's national income (1). The book brings together valuable contributions on methodological problems (e.g., the interpretation to be given to the concept of "income", the theoretical systems used in calculating it, etc.) (2) and a detailed statistical material of special interest for an up-to-date analysis of national income in this country.

The research has been carried out analytically for each separate branch of economic activity and is prefaced by a report in which the several component items of the income are defined and illustrated and the conclusive data are given in summarised form (3).

In this paper a synthetic exposition of these data will be made in an attempt to point out the essential features of Italy's national income, war disturbances and the recovery movement of the subsequent years. To start with, however, it seems necessary to submit a few explanatory remarks so as to clear up certain problems of method and definition.

2. — As is known, the national income of a given country may be estimated by the personal or by the real method, the choice depending on the statistical data available. The first method is adopted in countries possessing statistics on personal incomes returned for the purposes of the direct tax (the income-tax of the English-speaking countries). The second method is based on the ascertainment of the added value and of the net product. It should be used when, in the absence of the fiscal statistics just referred to, the results of economic census returns and of annual statistics on production for the several branches and sub-branches of economic activity are available.

As the Italian fiscal legislation does not provide statistical data which would allow of using the first method, recourse must be had to the second. This is what the Central Institute of Statistics has done in the recently published volume, in which the net product, both of private and of the public sector is to be understood as the internal component of the national income, while the external component is provided by net incomes from abroad (capital investments and labour) and by foreign donations.

If, however, we bear in mind that the net product represents the value of the national production of goods and services in the given period of time, of the value of the raw materials produced in the processes of production and of payments for upkeep, repairs and sinking funds, we cannot but admit that it can be identified with the internal component of income only when referred to "normal" periods. Thus, if during the period under consideration expenses incurred for rebuilding the efficiency of plants injured by lack of upkeep during the preceding periods are deducted from the gross product, the net product is found to be smaller than the internal component of the income. This, for instance, has occurred in Italy during the post-war years and in increasing extent from 1947 to 1949 in all branches of economy, and more especially in industry and agriculture. The reconversion of industrial plants, the reassignment of farm live-stock
largely depleted during the war, the building up of soil fertility so largely impoverished owing to insufficiency of fertilisers, all contribute to swell in a marked degree the expenditures to be deducted so as to ascertain the net product, which does not therefore represent, for the post-war period, the internal component of the national income (4).

From this point of view, the calculations made by the Central Institute of Statistics, which take account of outlays incurred for upkeep, sinking-fund, etc., give results that should be considered as approximate, or at least subject to be understood as incomes available within the country for labour investments made abroad (6).

(b) We consider that «donations» from abroad offset the liabilities represented by the services that the importing country renders to the donating country. The value of such services may be held equivalent to that of the donations, which should therefore, in the last resort, be entered as «incomes for services rendered abroad». Indeed, one of the methods followed in post-war years by the great economic countries for winning the affections and the markets of other countries, has been the provision of help for relief purposes which has paved the way for peaceful penetration and the establishment of zones of economic influence. It would not therefore seem fair to deem the exports they have made in the shape of donations have given them no returns. Such donations should be considered as one of the more important sources of the invisible items of income for which they assure and raise the productive capacity of the countries that are in a position to make them, while on the other hand, they improve the economic well-being of the recipient countries (7).

The principle that foreign donations should be looked upon as the economic equivalent of the services the poor countries perform in favour of the richer ones and should be included in the reckoning of income, justifies the procedure adopted by the Central Institute of Statistics, a procedure we have thought well to recall so as to avoid doubtful interpretations.


1. The net product of Agriculture and Forests.

4. — Table I, which has been drawn up on the basis of the data given in Prof. Barberi's paper above referred to (8), specifies — in current lire — saleable production, costs and net rendered by forests (protection against landslips, soil erosion, avalanches, wind, etc.), that are beneficial to the underlying agricultural lands whose production is therefore inclusive of the economic equivalent of the services rendered by forests.

<table>
<thead>
<tr>
<th>Table I</th>
<th>Saleable Production, Expenditures, and Net Product of Agriculture and Forests</th>
</tr>
</thead>
<tbody>
<tr>
<td>Branches of production and expenditures</td>
<td>1938</td>
</tr>
<tr>
<td>AGRICULTURE</td>
<td></td>
</tr>
<tr>
<td>Salable production</td>
<td>10,000</td>
</tr>
<tr>
<td>Woods</td>
<td>1,000</td>
</tr>
<tr>
<td>2. Other than woods</td>
<td>800</td>
</tr>
<tr>
<td>3. Expenditures</td>
<td>200</td>
</tr>
<tr>
<td>4. Amortization and upkeep</td>
<td>100</td>
</tr>
<tr>
<td>5. Forest products</td>
<td>1,000</td>
</tr>
<tr>
<td>6. Net product of forests</td>
<td>9,000</td>
</tr>
<tr>
<td>7. Net product of agriculture and forests</td>
<td>10,900</td>
</tr>
</tbody>
</table>


On the other hand, any attempt to account for the various factors, which particularly in exceptional times, undoubtedly disguise the real volume of the farm products of each agricultural season, would have given rise to difficult problems of methodology. It would have been difficult to ascertain the «rotation» or the «cycling» of the biological productivity of certain plants, the «re-employment» of given quantities of products in the process of production, the upkeep and amortization quotas required to ensure the perpetuation of the capital stock and to build up again soil fertility. In
practice, the lack of statistical data is an other
hindrance to the solution of these problems.
This is the justification of the system adopted
in Table I, in which the net product is to be
understood as the amounts that have become
available for consumption during the year, net
of certain essential and unavoidable outlays
strictly connected with the process of pro-
duction. The net product so understood will
probably exceed net income in years of eco-
nomic depression in which provision is not made
due maintenance of the capital. On the other
hand it will be lower than the income in
table periods in which the cultivated areas are reduced because e.g. lack of labour,
as happens in the case of war; at such times
the increased potential output of the uncultivated
lands is not taken into account.

5. — The data given in Table I show that the
contribution made by agriculture to Italian
economy as a whole is impressive. In 1949
agricultural net product is estimated around
2,000 million lire (26.8% of net national
product) and agricultural gross saleable pro-
duction at 2,290 million lire.

In that year no less than 47.1% of the total
value of agricultural production was accounted
for by raw vegetable products (9.40% by animal
products, 12.9% by processed vegetable
products. The ratio of raw vegetable products
to the whole agricultural output has declined
from 52.3% in 1938 to 47.1% in 1949. This
reduction is offset by the greater importance of
processed animal products. The percentage
counted for by processed vegetable products
remained practically unchanged.

However, in considering the variations oc-
curred in these percentage values — expressed
in current lire — from 1938 to 1949 two re-
marks are to be made:

(a) their declining trend. The divergences
from 1938 position, noteworthy in 1947, were
considerably reduced in 1948 and 1949. This
would seem to confirm that such changes should be considered as war disturbances, now
gradually disappearing.

(b) the impact of price dispersion. The
value of ratios above referred to is affected by
the marked differences occurred in price in-
crease for the several agricultural products.
Thus, if the higher ratios (in 1948 as compared
to 1938) returned for potatoes, green vegetables
and oil are accounted for by an actual increase
in quantities produced, the higher ratios rated
for animal products and wine reflect mainly a price increase more marked that
which occurred in the case of the other products.
If the prices of farm products had remained
unaltered, the value of gross saleable agricul-
tural production would have fallen from 35
billion lire in 1938 to a little over 35 billion
in 1947 (−18.8%); as from that year the value
would have arisen to about 40 billion in 1948
(an increase of 13.9% on the previous year)
and to over 43 billion in 1949 (+7.5% on
1948); so in that year it exceeded, if only by
a little, the 1938 level.

6. — Owing to the difficulties above refer-
ted to, the figures given for expenses in Table I
refer to those actually disbursed and not to those
that would have been required to maintain
unvaried the value of the capital.

What are the implications of this calculat-
ing system on the estimate of agricultural income?
The percentage ratios of expenses to saleable
products in the several years under considera-
tion are as follows (to):

<table>
<thead>
<tr>
<th>Year</th>
<th>1938</th>
<th>1939</th>
<th>1940</th>
<th>1941</th>
<th>1942</th>
<th>1943</th>
</tr>
</thead>
<tbody>
<tr>
<td>Index Numbers</td>
<td>15.9</td>
<td>14.7</td>
<td>14.4</td>
<td>14.4</td>
<td>14.7</td>
<td>15.0</td>
</tr>
</tbody>
</table>

Now, it is generally recognised that in
1938 the expenses for upkeep, repairs, etc.,
were insufficient and that the value of agricul-
tural capital deteriorated, if only by a little.
There is no doubt that in the war years the
agricultural capital was heavily reduced more
especially owing to the failure to restore soil
fertility, and to the defective maintenance of

| These percentage ratios are calculated taking as basis
| the value in current lire of saleable products and expenses;
| otherwise they are not subject to relevant variations, either in
| the agricultural or the forestry branch, when calculated on the
| basis of 1938 market quotations. |

8. — The output obtained from forests
as Table I shows — was valued in 1938 at 1,830
million lire; in 1947 it amounted in real terms
to 80.6% of that figure, and this percentage
drew down in 1948 (84.5%) and in 1949 (83.8%).
The ratio of expenses to production stood at
2.7% in 1938 and at only 1.2% in 1947. This
shrinkage is to be attributed to reduced expen-
siture on the upkeep of the forests, an item of
expenditure that fell from 1.5% in 1938 to
1.1% in 1947.

In 1948 the incidence of expenditures (2.5%) was much the same as in 1938 (2.7%) and in
1949 that percentage was exceeded, as it rose
to 2.9%. This would show that attention is
again being paid to the reconstruction of the national forests which suffered much from exces-
sive exploitation during the war years. The expenditures on these accounts are regarded as invest-
ments for the improvement of the capital fund. Viewed as such, they should not be entered as liabilities when assessing the net income, which should therefore be considered as slightly higher.

The item represented by wood accounts for 86.2% of the total forest output in the years under consideration; but to conclude from this that products other than wood are of little impo-
tance to our forestry economy would be misleading. It must be remembered that in calculating the net forest product the Central Institute of Statistics has, as we noted before, excluded all non-woody products generally used for feeding livestock, as they have been taken into account in the calculations made for animal husbandry.

In the case of the net product yielded by the forests, it is calculated that approximately 82.9% of the net product of industrial activity; electric power, gas, and water supply account for 6.7%, 5.8% of the building trades for 17.0%, and 17.0% of the mining and quarrying industries for 9.7%

The above percentages are not the same for all branches of economic activity, and it will be seen that the share belonging to mining and quarrying is highest, and that in this respect it is reflected in a marked deficiency of raw materials; the share of industries engaged in supplying electric power, gas and water is low, and the net product of the building trades is a very modest one, especially in the case of dwelling houses.

The new economic conditions determined by the war and the post-war period have reacted strongly on the distribution of the net industrial product between the several branches of activity. Thus, while in 1949 there has been a 45% increase in the total industrial product as a whole, the increase has been much more marked in some branches; on the contrary, in the others the increase has been smaller.

In conclusion, while there are reductions of more than 40%. Metallurgy industries have un-

II. The net product of the industry and other branches of economic activity. The amount of the national income.

9. - The net product of industrial activities amounted in 1938 to 40,640 million lire, exceeding by 72% that obtained in the same year from agriculture and forests. Had the market quotations existing in 1938 remained unchanged in the post-war years, the net product of industrial activities would have amounted in 1947 to 35,760 million lire (12% lower than in 1938 figure), 39,440 million lire (35%) in 1949, and 39,420 million lire (8.5%) in 1949 compared with those for the net product of agriculture and forestry, these figures show an excess of 16.1% in 1947, of 12.6% in 1948, and of 18.0% in 1949. This

Table II shows the net product of industrial activities accounted for 82.9% of the net product of all industries; electric power, gas, and water supply account for 5.8% of the building trades for 6.7%, and 17.0% of the mining and quarrying industries for 9.7%.

These percentages, however, do not reflect an effort for adjusting industrial activity to the changed national needs. In fact, there has been a heavier demand for the products of just those industries which have had reductions of more than 40%. Metallurgy industries have undergone a shrinkage of 15%; mining and quarrying, 46%; textiles, 10%; clothing, 9%; paper, 8.5%.

These variations, however, do not reflect an effort for adjusting industrial activity to the changed national needs. In fact, there has been an increase in the production of all those industries which have had reductions of more than 40%. Metallurgy industries have undergone a shrinkage of 15%; mining and quarrying, 46%; textiles, 10%; clothing, 9%; paper, 8.5%.

Table II

<table>
<thead>
<tr>
<th>Branch and class of activity</th>
<th>1938</th>
<th>1947</th>
<th>1949</th>
<th>1949</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mining &amp; Quarrying</td>
<td>0.79</td>
<td>0.70</td>
<td>0.36</td>
<td>0.21</td>
</tr>
<tr>
<td>Manufacturing industries</td>
<td>3.68</td>
<td>1.09</td>
<td>1.54</td>
<td>1.47</td>
</tr>
<tr>
<td>Food and related</td>
<td>1.50</td>
<td>0.60</td>
<td>0.19</td>
<td>0.14</td>
</tr>
<tr>
<td>Textiles</td>
<td>0.62</td>
<td>0.20</td>
<td>0.20</td>
<td>0.19</td>
</tr>
<tr>
<td>Clothing &amp; furnishings</td>
<td>0.25</td>
<td>0.10</td>
<td>0.25</td>
<td>0.10</td>
</tr>
<tr>
<td>Wood</td>
<td>0.12</td>
<td>0.08</td>
<td>0.10</td>
<td>0.08</td>
</tr>
<tr>
<td>Paper</td>
<td>0.01</td>
<td>0.01</td>
<td>0.01</td>
<td>0.01</td>
</tr>
<tr>
<td>Printing &amp; publishing</td>
<td>0.01</td>
<td>0.01</td>
<td>0.01</td>
<td>0.01</td>
</tr>
<tr>
<td>Metallurgy</td>
<td>0.06</td>
<td>0.03</td>
<td>0.05</td>
<td>0.03</td>
</tr>
<tr>
<td>Engineering</td>
<td>0.05</td>
<td>0.03</td>
<td>0.05</td>
<td>0.03</td>
</tr>
<tr>
<td>Processing non-metallic ores</td>
<td>0.04</td>
<td>0.03</td>
<td>0.04</td>
<td>0.03</td>
</tr>
<tr>
<td>Chemical and related industries</td>
<td>0.04</td>
<td>0.03</td>
<td>0.04</td>
<td>0.03</td>
</tr>
<tr>
<td>Rubber先</td>
<td>0.03</td>
<td>0.01</td>
<td>0.03</td>
<td>0.01</td>
</tr>
<tr>
<td>Sundry manufacturing industries</td>
<td>0.02</td>
<td>0.01</td>
<td>0.02</td>
<td>0.01</td>
</tr>
<tr>
<td>Building Trades</td>
<td>0.01</td>
<td>0.01</td>
<td>0.01</td>
<td>0.01</td>
</tr>
<tr>
<td>Electric Power, Gas &amp; Water</td>
<td>0.02</td>
<td>0.01</td>
<td>0.02</td>
<td>0.01</td>
</tr>
</tbody>
</table>

Total: 4.41 100.0 2.37 75.7

<table>
<thead>
<tr>
<th>Branch and class of activity</th>
<th>1938</th>
<th>1947</th>
<th>1949</th>
<th>1949</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mining &amp; Quarrying</td>
<td>0.79</td>
<td>0.70</td>
<td>0.36</td>
<td>0.21</td>
</tr>
<tr>
<td>Manufacturing industries</td>
<td>3.68</td>
<td>1.09</td>
<td>1.54</td>
<td>1.47</td>
</tr>
<tr>
<td>Food and related</td>
<td>1.50</td>
<td>0.60</td>
<td>0.19</td>
<td>0.14</td>
</tr>
<tr>
<td>Textiles</td>
<td>0.62</td>
<td>0.20</td>
<td>0.20</td>
<td>0.19</td>
</tr>
<tr>
<td>Clothing &amp; furnishings</td>
<td>0.25</td>
<td>0.10</td>
<td>0.25</td>
<td>0.10</td>
</tr>
<tr>
<td>Wood</td>
<td>0.12</td>
<td>0.08</td>
<td>0.10</td>
<td>0.08</td>
</tr>
<tr>
<td>Paper</td>
<td>0.01</td>
<td>0.01</td>
<td>0.01</td>
<td>0.01</td>
</tr>
<tr>
<td>Printing &amp; publishing</td>
<td>0.01</td>
<td>0.01</td>
<td>0.01</td>
<td>0.01</td>
</tr>
<tr>
<td>Metallurgy</td>
<td>0.06</td>
<td>0.03</td>
<td>0.05</td>
<td>0.03</td>
</tr>
<tr>
<td>Engineering</td>
<td>0.05</td>
<td>0.03</td>
<td>0.05</td>
<td>0.03</td>
</tr>
<tr>
<td>Processing non-metallic ores</td>
<td>0.04</td>
<td>0.03</td>
<td>0.04</td>
<td>0.03</td>
</tr>
<tr>
<td>Chemical and related industries</td>
<td>0.04</td>
<td>0.03</td>
<td>0.04</td>
<td>0.03</td>
</tr>
<tr>
<td>Rubber</td>
<td>0.03</td>
<td>0.01</td>
<td>0.03</td>
<td>0.01</td>
</tr>
<tr>
<td>Sundry manufacturing industries</td>
<td>0.02</td>
<td>0.01</td>
<td>0.02</td>
<td>0.01</td>
</tr>
<tr>
<td>Building Trades</td>
<td>0.01</td>
<td>0.01</td>
<td>0.01</td>
<td>0.01</td>
</tr>
<tr>
<td>Electric Power, Gas &amp; Water</td>
<td>0.02</td>
<td>0.01</td>
<td>0.02</td>
<td>0.01</td>
</tr>
</tbody>
</table>

Total: 4.41 100.0 2.37 75.7

(12) These comparisons, that obviously suppose that market quotations are the same as in 1938, have no connection with the variations induced by the index numbers for industrial production. The latter relate to the flow of finished products of each class of economic activity while the variations referred to consider the flow of raw and auxiliary materials employed and of upkeep and sinking fund charges.

The net product of private activities reckoned on the supposition that the market quotations
of 1938 had remained unaltered, — and inclusive of the value of instrumental goods and services supplied by the public to private sector — amounts in 1947 to 75.5% of the 1938 figure, in 1948 to 86.1%, and in 1949 to 88.6%. The country, and which is therefore determined by the net national product at market prices. It may be useful to classify this part of the national income under the three following headings: (a) private activities, (b) public administration, and (c) indirect taxes, as shown by the data given in Table IV.

In real terms, Italy’s net national product amounted to 75.5% of 1938 figure in 1947, 87.5% in 1948 and 94.4% in 1949. In 1947 the net product of private activities — exclusive of the value of instrumental goods and services supplied by the public to private sector — amounted 85.4% of the 1938 figure; this percentage rose in 1948 to 94.5% and in 1949 to 99.8%. In the case of the Public Administration the percentages are respectively, 43.8%, 61.3%, and 66.9%. As can be seen, the productive capacity of the Public Administration, though it has progressively increased in the post-war years, is still markedly below that of 1938. The yield of indirect taxation, on the other hand, is seen to be respectively equal to 51.7% in 1947, 71.7% in 1948 and 83.9% in 1949. We are led therefore to the conclusion that in post-war years fiscal pressure in Italy affects productive activity to a definitely less degree than in pre-war period.

Obviously, these developments react on the percentage participation of the private sector, public and indirect taxes on the composition of national product.

In 1938 the net product obtained from private activity represented approximately 75% of the total; the remaining was accounted for by the public administration (11.7%) and by the yield of indirect taxation (13.6%). In 1947 the ratio of the net product of the public administration to the total fell by about 47%, and that of indirect taxation by about 37%; on the other hand the contribution of net national product made by private activities increased by 14%.

Thus the rejections of World War II were felt in 1947 in the form of a reduction of fiscal pressure and in the stagnation of the activities of the public administration. In 1948, and still more so in 1949, these phenomena were however greatly reduced.

13. If, as above stated, we take into consideration the net national product at market prices, the net incomes obtained from abroad we then have the two component parts which, taken together, form the national income.

The data are set forth in Table V. The contribution made to Italy’s national income by foreign items consisting of net imports of goods, services, and transfers would be of great importance if it were not for the fact that this contribution is of negligible amount, and that we choose to consider the capital represented by the emigrants. In their case, as already stated, only their remittances, i.e., their savings that have actually entered the national territory, have been taken into consideration in assessing the national income.

As compared to the figures for 1938, donations have acquired in the post-war years a quite special importance. It is to them that we must ascribe in these years the marked increase in the external component of the national income, whose ratio to the total passes from 0.2% in 1938 to 3.2% in 1947, 3.6% in 1948 and 2.4% in 1949. As has already been stated, imports consisting of donations should be interpreted as the economic equivalent of special.
services exported in favor of those who have made the grants. Looked at as such, they acquire the significance of a “remuneration,” and this justifies their inclusion among the items of the national income.

The facts above set forth, lead us to the conclusion that Italy’s national income arises to a very large extent, if not exclusively, from the productive activities (goods and services) exercised on the national territory. After the parenthesis of the war years (from 1940 to 1945) it marks a clear upward trend, rising (1938 = 100) from 78.4 in 1947 to 93.7 in 1948 and 95.1 in 1949. If we take into account the growth of the Italian population from 1938 to 1949 (14) and of the greater needs that accompany the advance of social organization, we must agree that the national dividend of Italy in 1949, though closely approaching (in real terms) the pre-war one, cannot however be given an optimistic interpretation, and it is therefore to be hoped that in the near future it may secure further marked increases, so as to assure a more adequate standard of living.

(1) From December 1938 to December 1949 Italian population rose by 8,346 thousand units, passing from 45,776 to 46,648 thousand units (+4.7%).

---

**Italy’s Foreign Trade in 1950: January–September**

**by**

GIULIO PIETRANERA

1. — This survey illustrates the most recent trends in Italy’s foreign trade, with particular reference to its developments by monetary areas or political zones, pointing to certain current problems of Italian international exchanges and more especially to the changes occurred in its geographical structure in the first 9 months of 1950 as compared to the corresponding period of 1949. In a few cases only is reference made to 1938.

The period dealt with (January 1 to September 30, 1950) is of special importance as it throws light on the consequences of the September 1949 monetary devaluations and on the growing effects of the “liberalization” policy for the European trade. The period also covers the transition from a seller’s to a buyer’s market, in the first half of the year, and to its reversal by the Korean war.

The basic figures are those published by the Central Institute of Statistics (1) in Italian lire. The dollar figures have been excluded, as the variations in the “value” of Italy’s imports and exports so calculated must be considered as definitely misleading (2).

(1) See more especially the “Statistica del Commercio con l’Italia,” by Central Institute of Statistics, Sept. 1950, No. 6.

(2) The figures expressed in dollars, and more especially the percentages of variation, lead to very different results from those expressed in lire. For instance, Italian exports would have risen in the first 9 months of 1950, as compared to the corresponding months of 1949, from 47,151 to 52,159 billion lire (+10.7%) and would have fallen from 47,151 to 53,519 billion dollars (=17%).

These different results are due to the depreciation of the several currencies in September 1949 and to the system followed in converting imports or exports into lire or into dollars.

Since January 1, 1949, the values of imports and exports, usually returned by the Customs in foreign currency, are converted by the Central Institute of Statistics in the following manner:

(a) in lire, on the basis of export exchange rates or the exchange rates for clearing and reciprocity transactions (as communicated in the latter case each month by the Italian Exchange Office). In the case of currencies for which no official exchange rate is quoted, a cross-rate is used calculated on the basis of lira-dollar export exchange rate and the dollar parities of the several currencies;

(b) in dollars, by using the average monthly dollar quotes.

---

**Italy’s Foreign Trade: Imports, Exports, Deficit in 1949 and 1950 by Quarters**

<table>
<thead>
<tr>
<th>Quarters</th>
<th>Imports Exports Deficit</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1949 Index 1949 Index 1949 Index 1949 Index 1949 Index 1949 Index</td>
</tr>
<tr>
<td></td>
<td>1 2 3 4 5 6 7 8 9 10 11 12 13 14 15</td>
</tr>
<tr>
<td>1st Quarter</td>
<td>212,365 100 220,850 100 105,325 100 105,325 100 212,866 100 105,325 100 105,325 100 105,325 100 105,325 100</td>
</tr>
<tr>
<td>2nd Quarter</td>
<td>219,490 94 247,453 111 135,493 105 135,493 105 120,956 114 120,956 114 120,956 114 120,956 114</td>
</tr>
<tr>
<td>3rd Quarter</td>
<td>239,372 93 251,232 96 159,853 112 159,853 112 188,453 120 188,453 120 188,453 120 188,453 120</td>
</tr>
<tr>
<td>Total</td>
<td>662,234 480,470 761,460 761,460 761,460 761,460 761,460 761,460 761,460 761,460 761,460 761,460 761,460 761,460 761,460</td>
</tr>
</tbody>
</table>


---

Italy’s Foreign Trade in 1950: January–September