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BANCA NAZIONALE DEL LAVORO
HEAD OFFICE: ROME
VIA VITTORIO VENETO, 111

Concluded Statement of Condition, March 31, 1951
(Lire)

<table>
<thead>
<tr>
<th>ASSETS</th>
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<th>LIABILITIES</th>
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<tr>
<td>Cash, Balances with Banks &amp; Money at call</td>
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<tr>
<td>Govt. &amp; semi-Govt. Securities &amp; Treasury Bills</td>
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<td>Other Securities</td>
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<td>Deposits &amp; Current Accounts</td>
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<td></td>
<td>(Including Balance of Profit &amp; Loss)</td>
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<tr>
<td>Bills receivable &amp; Re-discounts</td>
<td>65,258,547,416</td>
<td>Cheques in Circulation (among banks)</td>
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<td>Sundry Accounts</td>
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<td>Bills for Collection</td>
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<td>Premises, Furnishings &amp; Fixtures</td>
<td>41,422,354,126</td>
<td>Guarantees &amp; Acceptances for A.G. of Customers</td>
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<tr>
<td>Customers' Liability for Guarantees &amp; Acceptances</td>
<td>357,921,000,000</td>
<td>Sundry Accounts</td>
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<td></td>
<td></td>
<td>Staff individual Retirement Accounts</td>
</tr>
<tr>
<td>Securities deposited by Third Parties</td>
<td>61,000,000</td>
<td>Unearned Discount &amp; other unearned Income</td>
</tr>
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<td>Special guaranteed Accounts</td>
<td>11,000,000</td>
<td>Depositors of Securities</td>
</tr>
<tr>
<td>Staff, Assistance &amp; Retirement Fund-Securities deposited by the Bank as Guarantor</td>
<td>4,000,000</td>
<td>Accounts guaranteeing special Accounts</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Bank's Securities guaranteeing staff Assistance &amp; Retirement Fund</td>
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<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

AUTONOMOUS SECTIONS FOR SPECIAL CREDITS

SECTION FOR CREDIT TO MEDIUM AND MINOR INDUSTRIES
Capital, Reserves and Government Guarantee Fund L. 3,800,000,000

SECTION FOR HOTEL AND TOURIST CREDIT
Aggregate Capital and Reserves L. 4,300,000,000

SECTION FOR COOPERATIVE CREDIT
Capital and Reserves L. 5,000,000,000 - Government Guarantee L. 2,000,000,000

SECTION FOR MORTGAGE CREDIT
Aggregate Capital and Reserves L. 5,000,000,000

SECTION FOR CINEMA CREDIT
Aggregate Capital and Reserves L. 5,000,000,000

BANCA NAZIONALE DEL LAVORO QUARTERLY REVIEW
Vo. IV, No. 10, January-March 1951

SUMMARY


The Report illustrates Italian economic developments in 1950, adopting mainly a national income approach. It consists of two parts: (i) the national income and its assessment; (ii) aspects of Italian economic life in 1950.

The first part deals with: (1) the formation of income (agricultural production; industrial production; the income from transports and services; the foreign component of the national income; and E.R.P. aid; the gross national product; comparisons with 1949); and (2) the uses of income (consumption and investment).

The second part examines briefly: the market and price trends; productive activity and trade; the balance of payments; the money and capital markets; the Budget; population and employment trends.

The Report is completed by an Appendix on the calculation of the national income, describing the statistical criteria followed, with information on its structure and recent variations.

Our Review is glad to publish — with the kind permission of the Minister of the Treasury — under the title "National Income, Consumption and Investments in Italy," the Appendix on National Income, followed by two chapters on the investment situation.

***

A new contribution to the controversy over the Italian investment policy is made by Prof. Bruno Foa in his article "The Italian Investment Problem Reviewed." The author, a former professor of economics in Italian universities, now in the United States, had already published his volume "Monetary Reconstruction in Italy," published in the fall of 1950, "for a body and more up-to-date approach of the investment problem on the part of the Italian authorities." He refers back to these conclusions in his new paper, though recognizing that "Italian Treasury and Central Bank policies have veered in the past few years towards the acceptance of a more advanced view" and that recent theoretical discussions have led to a reconsideration of the investment problem along more modern lines "narrowing down the differences between the two opposite viewpoints to a matter of degree rather than of principle."

Reviewing briefly the main bottlenecks to full investment and employment and possible remedies in the case of Italy, the author is led to the following conclusions:

A very vast and immediate expansion in Italian production is not to be expected or hoped for. However, a determined effort to increase production is required just the same. For while there may not be a wide margin of unemployed natural or industrial resources in Italy, there is a great deal of maladjustment in investment and in the employment of productive resources. Consequently, even disregarding the implications of a full employment policy concerning the balance of payments situation, there is room in Italy for a considerable, if not immediate, increase in production through the elim-
The article by Prof. Otto Veit, President of the "Landeszentralbank", of Hessen, "A Problem of Monetary Theory: Analysis of the Rate of Interest", is the fourth part of a study published in the "Zeitschrift für die gesamte Staatswissenschaft" and devoted to certain much debated questions of monetary theory, considered by the author as pseudo-problems.

"No other subject of the theory of money has caused so much fundamental difference of opinion as the analysis of the rate of interest. There is disagreement as to whether the rate of interest is a monetary phenomenon, or whether it must be defined as a barrier economy. In this conflict as such, argues Prof. Veit, a compromise seems impossible. According to the definition of interest as set forth by my analysis, however, this is in no case the case. If the rate of interest is considered to be a compensation for guaranteeing liquidity, the monetary and the barrier pattern merge into each other. Although only in the case of the phenomenon of liquidity being interpreted as a factor of barrier economy, since Keynes attributes liquidity to money only, he stressed the alleged contrast all the more. At the end of the chapter on a "General Theory of the Rate of Interest" he says, that the mistakes of previous theories were based on the fact that the rate of interest was regarded as the reward of non-spending, whereas, in fact, it is a reward of non-earning. Therefore it is set up as an alternative which does not exist. The rate of interest is the reward for both: for non-consumption and for investment in the invested funds in a relatively illiquid form (non-earning). Out of the large conflict between theories in the rate of interest nothing remains except what results from the diversity of the models used. But these models all have the same content."

The reliability of index numbers on Italian industrial production worked out by the Italian Central Institute of Statistics has been and still is judged differently. The objection more particularly raised is that they present for the last three years an excessively optimistic situation as compared to the pre-war period.

Prof. Eugenio D'Elia in a "Note on the Index Numbers of Italian Industrial Production" clears up some methodological problems connected with their construction and points out certain factors which directly or indirectly confirm their reliability and accuracy. His conclusions coincide with the considerations set forth in the "Report" of the Minister of the Treasury for 1956, published in this issue (p. 4).

The Banca Nazionale del Lavoro assumes no responsibility for opinions or facts stated by authors whose contributions are published in this Review. All communications regarding the Review should be addressed to Banca Nazionale del Lavoro, Ufficio Stati, Roma, Via Vittorio Veneto 159.

Editor: Dott. Lucio Casavola - Ufficio Stati, Banca Nazionale del Lavoro

**A - NATIONAL INCOME**

**Definitions.**

1. The "private sector of economy" includes all persons, enterprises and bodies - regardless of their private or public juridical nature - devoting their activity to the production of goods and services for profit purposes. State enterprises producing goods and services (State railways, State monopolies for salt and tobacco) are consequently included in the private sector for the purpose of assessing the value of the net product. The net product of the private sector of economy is given by the value of the goods and services produced by all activities considered as private, exclusive of any duplication arising as a result of re-employment of goods and services, sinking funds and maintenance of capital. Consequently the net product includes direct taxes and State services supplied to the private sector by Public Administrations and is assessed at production prices.

2. The term "Public Administrations" includes all such bodies as have objects of public interest, namely the State, territorial public bodies (municipalities and provinces) and other non profit-seeking public corporations. In assessing the net product of the Public Administration, it has not been possible, however, to take into account non territorial public corporations for two reasons: difficulties of assessment; entanglement of expenses carried out by these corporations with their own funds and expenses carried out with funds furnished by and pertaining to State Budget.

The net product of the Public Administration is the result of the difference between the value of goods and services produced by the bodies in question and the expenditure for the purchase of goods and services from the private sector.

3. The "net national product" is obtained by adding up the net products of the private sector and of the Public Administration, after having eliminated any duplication resulting from the inclusion in the private sector of goods and services supplied to it by the Public Administration, and instrumental to it.

The net national product is expressed at factor cost.

4. The "net income from abroad" is the result of the difference between the total of the capital and labour incomes and of the gifts received from abroad and the total of the paid to foreign countries by Italy.

5. The "national income at factor cost" is obtained by adding up the "net domestic product" and the "net income from abroad".

6. The "national income at market prices" is obtained by adding up the "national income at factor cost" and the labour and capital taxes not included in the assessment of goods and services. In fact, in calculating the value added by manufacture in 1938, which is at the base of the net private product, the prices of goods and services are those of production and consequently do not include the excise and local taxes weighing on distribution costs.

7. The "gross national income at market prices" is obtained by adding the value of depreciation and maintenance to the "national income at market prices".


The calculation of Italy's net national product for 1938 and 1947 has been worked out by the Central Institute of Statistics and published in the "Annali di Statistica" (Series VIII, Vol. III, Studi sul reddito nazionale). On the basis of the calculations made for 1938 and 1947, the Institute has posted the data up to 1950. The principles adopted for assessing the net product in 1938 will be found in the volume of the "Annali di Statistica" mentioned above and here we will merely mention the criteria and calculations in compliance with which the evaluation has been extended to 1950.
1. Net Product of Agriculture, Forestry and Fishing.

The net product of agriculture, forestry and fishing has been calculated directly for the years 1947-1950, on the basis of the respective gross production. As far as the principles of computation are concerned, the net product of these sectors may be considered to be reliable as those calculated for 1938, allowance being made however for the fact that some of the data for 1950 are still provisional, being the result of forecasts or estimates.

(a) Changes in the Harvested Area. — In 1950 there were no appreciable changes in the area devoted to the various types of crops as compared with 1949. There was a slight increase in the area under cereals and also in that devoted to pulse and to potatoes and vegetables, while there was a slight drop in the area devoted to industrial crops (see Table 1).

(b) Changes in the Consumption of Fertilizers. — The use of fertilizers increased very much between 1948 and 1949 and there was a further increase in 1950 (see Table 2).

The data contained in Table 2 refer to agricultural cycles starting on July 1 of the previous year and ending on June 30 of the following; in actual fact they regard the agricultural production of the calendar year indicated.

Although the consumption of phosphoric oxide in 1950 was lower than in 1938, the use of plant food per hectare last year may be considered as not inferior to the pre-war level, in view of the drop in the area under cereals in 1950 as compared with 1938.

1. Phosphoric oxide
2. Nitrogen
3. Potassium
4. Other plant food

<table>
<thead>
<tr>
<th>Type of crop</th>
<th>1938</th>
<th>1939</th>
<th>1940</th>
<th>1941</th>
<th>1942</th>
<th>1943</th>
<th>1944</th>
<th>1945</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cereals</td>
<td>7,428</td>
<td>7,371</td>
<td>6,584</td>
<td>6,878</td>
<td>6,349</td>
<td>6,926</td>
<td>6,468</td>
<td>6,226</td>
</tr>
<tr>
<td>Pulses</td>
<td>1,353</td>
<td>1,352</td>
<td>1,192</td>
<td>1,320</td>
<td>1,244</td>
<td>1,375</td>
<td>1,284</td>
<td>1,296</td>
</tr>
<tr>
<td>Potatoes and vegetables</td>
<td>655</td>
<td>657</td>
<td>733</td>
<td>722</td>
<td>714</td>
<td>716</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Industrial crops</td>
<td>955</td>
<td>110</td>
<td>255</td>
<td>276</td>
<td>285</td>
<td>115</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(c) Changes in the Volume of the Principal Types of Production. — For some types of agricultural production there was an appreciable improvement in 1950 as compared with the preceding year and in some cases a return to pre-war levels. The production of wheat, for instance, although it still remains below the exceptionally high level attained in 1938, exceeded the average for the last three years before war, totalling 756,000 tons with an increase of 42.5 per cent over 1949. The production of rice last year was still much below the 1938 average, although it had increased 16 per cent as compared with the preceding year. The data regarding the production of maize, which are still provisional, show a particularly unfavorable harvest in 1950 with a drop of 12.5 per cent as compared with 1949. For oats and other cereals 1950 shows the highest production of all the years considered.

The production of beans is still lower than before the war, although there was a considerable increase particularly for broad beans (55.5 per cent more than in 1949), for chick-peas (9.8 per cent) and for a grain pulse (21.7 per cent), while there was a decrease in the production of beans (6.5 per cent).

The production of potatoes, which in 1948 had reached a higher level than in 1938, declined constantly in 1949 and 1950. Last year it decreased 8.5 per cent.

The production of tomatoes was particularly satisfactory in 1950, with an increase of 14.5 per cent as compared with the previous year (see Table 3).

There was a considerable drop in 1950, as compared with 1949, in the production of hemp and tobacco while, on the other hand, the provisional figure for sugar beets is particularly high, also compared with that of the preceding year.

The sector of arboricultural plantations, the production of olives, apples, and pears was considerably lower than in 1949, but there was an improvement for citrus fruit, almonds and peaches.

In the forestry sector, timber production in 1950 was lower than in 1949, while there was an increase in products other than timber (see Table 4).

Leaving the sector of agricultural and forestry products, let us now consider the livestock sector: here we find that the livestock popula-

1. Cereals
2. Pulses
3. Potatoes and vegetables
4. Industrial crops

<table>
<thead>
<tr>
<th>Year</th>
<th>1936-1938</th>
<th>1939</th>
<th>1940</th>
<th>1941</th>
<th>1942</th>
<th>1943</th>
<th>1944</th>
<th>1945</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wheat</td>
<td>75,308</td>
<td>81,606</td>
<td>45,279</td>
<td>65,000</td>
<td>35,500</td>
<td>36,100</td>
<td>36,600</td>
<td>36,900</td>
</tr>
<tr>
<td>Oats</td>
<td>3,600</td>
<td>3,600</td>
<td>3,600</td>
<td>3,600</td>
<td>3,600</td>
<td>3,600</td>
<td>3,600</td>
<td>3,600</td>
</tr>
<tr>
<td>Others</td>
<td>3,600</td>
<td>3,600</td>
<td>3,600</td>
<td>3,600</td>
<td>3,600</td>
<td>3,600</td>
<td>3,600</td>
<td>3,600</td>
</tr>
<tr>
<td>2. Tobacco</td>
<td>9,251</td>
<td>9,251</td>
<td>9,251</td>
<td>9,251</td>
<td>9,251</td>
<td>9,251</td>
<td>9,251</td>
<td>9,251</td>
</tr>
<tr>
<td>3. Vegetables</td>
<td>71,185</td>
<td>71,185</td>
<td>71,185</td>
<td>71,185</td>
<td>71,185</td>
<td>71,185</td>
<td>71,185</td>
<td>71,185</td>
</tr>
<tr>
<td>4. Tree Plant</td>
<td>1,707</td>
<td>1,707</td>
<td>1,707</td>
<td>1,707</td>
<td>1,707</td>
<td>1,707</td>
<td>1,707</td>
<td>1,707</td>
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<tr>
<td>5. Other Industrial Plants</td>
<td>52,951</td>
<td>52,951</td>
<td>52,951</td>
<td>52,951</td>
<td>52,951</td>
<td>52,951</td>
<td>52,951</td>
<td>52,951</td>
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<tr>
<td>6. Arboricultural</td>
<td>415</td>
<td>415</td>
<td>415</td>
<td>415</td>
<td>415</td>
<td>415</td>
<td>415</td>
<td>415</td>
</tr>
<tr>
<td>8. Tobacco</td>
<td>415</td>
<td>415</td>
<td>415</td>
<td>415</td>
<td>415</td>
<td>415</td>
<td>415</td>
<td>415</td>
</tr>
<tr>
<td>9. Tree Plant</td>
<td>1,707</td>
<td>1,707</td>
<td>1,707</td>
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<td>1,707</td>
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<td>10. Other Industrial Plants</td>
<td>52,951</td>
<td>52,951</td>
<td>52,951</td>
<td>52,951</td>
<td>52,951</td>
<td>52,951</td>
<td>52,951</td>
<td>52,951</td>
</tr>
</tbody>
</table>

(a) Provisional data.

The production of meat has increased considerably in recent years and particularly so during the last two years. Although no figures
TABLE 2

<table>
<thead>
<tr>
<th>Products</th>
<th>1937/38 (yearly average)</th>
<th>1938/39</th>
<th>1939/40</th>
<th>1940/41</th>
<th>1941/42</th>
<th>1942/43</th>
<th>1943/44</th>
</tr>
</thead>
<tbody>
<tr>
<td>2. Lumber of which: (a) Beech</td>
<td>1,577</td>
<td>1,712</td>
<td>1,772</td>
<td>1,772</td>
<td>1,772</td>
<td>1,712</td>
<td>1,577</td>
</tr>
<tr>
<td>(b) Spruce</td>
<td>1,937</td>
<td>2,207</td>
<td>2,370</td>
<td>2,370</td>
<td>2,370</td>
<td>2,207</td>
<td>1,937</td>
</tr>
<tr>
<td>3. Firewood</td>
<td>2,086</td>
<td>2,573</td>
<td>2,653</td>
<td>2,653</td>
<td>2,653</td>
<td>2,573</td>
<td>2,339</td>
</tr>
<tr>
<td>4. Vegetable oil</td>
<td>3,284</td>
<td>3,516</td>
<td>3,594</td>
<td>3,594</td>
<td>3,594</td>
<td>3,516</td>
<td>3,284</td>
</tr>
</tbody>
</table>

LIVESTOCK ESTIMATES

(Seasonal boundaries - Thousands)

<table>
<thead>
<tr>
<th>Animals</th>
<th>1937/38</th>
<th>1938/39</th>
<th>1939/40</th>
<th>1940/41</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cattle</td>
<td>7,667</td>
<td>7,667</td>
<td>7,543</td>
<td>7,421</td>
</tr>
<tr>
<td>Pigs</td>
<td>2,040</td>
<td>2,040</td>
<td>1,959</td>
<td>1,862</td>
</tr>
<tr>
<td>Sheep</td>
<td>9,457</td>
<td>9,457</td>
<td>9,121</td>
<td>8,839</td>
</tr>
<tr>
<td>Goats</td>
<td>8,215</td>
<td>8,215</td>
<td>8,121</td>
<td>7,939</td>
</tr>
</tbody>
</table>

(d) Total Changes in Agricultural and Forestry Production. — The index numbers for last year's agricultural production have been computed on the basis of the data available for crops harvested in 1930 and of forecasts posted up to date for those crops for which production data are not yet available. The index numbers in question must therefore be considered provisional.

The index numbers for agricultural production have been calculated by arithmetic means of the index numbers for the single products. Products are weighted on the basis of the value of the production, exclusive of re-employment, at the prices of the year taken as basis. The Central Institute of Statistics calculates two index numbers, one taking the 1936-39 average production as a basis and the other taking 1938 as basis.

The table No. 7 gives the index numbers based on 1938 for purposes of comparison with the yearly index numbers for industrial production also based on 1938.

INDEXES OF AGRICULTURAL AND FORESTRY PRODUCTS (1938 = 100)

<table>
<thead>
<tr>
<th>Products</th>
<th>1939/40</th>
<th>1940/41</th>
<th>1941/42</th>
<th>1942/43</th>
<th>1943/44</th>
<th>1944/45</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Agricultural products</td>
<td>79.5</td>
<td>79.5</td>
<td>79.5</td>
<td>79.5</td>
<td>79.5</td>
<td>79.5</td>
</tr>
<tr>
<td>2. Pulses</td>
<td>79.5</td>
<td>79.5</td>
<td>79.5</td>
<td>79.5</td>
<td>79.5</td>
<td>79.5</td>
</tr>
<tr>
<td>3. Potatoes and vegetables</td>
<td>79.5</td>
<td>79.5</td>
<td>79.5</td>
<td>79.5</td>
<td>79.5</td>
<td>79.5</td>
</tr>
<tr>
<td>4. Industrial plants</td>
<td>79.5</td>
<td>79.5</td>
<td>79.5</td>
<td>79.5</td>
<td>79.5</td>
<td>79.5</td>
</tr>
<tr>
<td>5. Animals, including giving rise to fish</td>
<td>79.5</td>
<td>79.5</td>
<td>79.5</td>
<td>79.5</td>
<td>79.5</td>
<td>79.5</td>
</tr>
<tr>
<td>6. Fish processing products</td>
<td>79.5</td>
<td>79.5</td>
<td>79.5</td>
<td>79.5</td>
<td>79.5</td>
<td>79.5</td>
</tr>
</tbody>
</table>

To the figures of Table 7 must be added the estimated fish production which, according to the data recorded by the Central Institute of Statistics, was not characterized by any appreciable changes between 1940 and 1946.

The net product for agriculture, forestry and fishing is obtained by calculating the value of the component parts of the gross product at production prices and deducting expenses for raw materials, depreciation and maintenance in compliance with the principles adopted for the preceding years (see "Annuale di Statistica", Series VIII, Vol. III). This product totals 2,000 billion lire (190 billion for agriculture and forestry and 15 billion for fishing) with an increase of 9.6 per cent as compared with 1946.

The slight difference between the increase in the net product and the volume of agricultural and forestry production, taking into account the increase in the price level in the second half of 1950, is due to the difference in the qualitative composition of production in 1950 as compared with 1949.


For 1950 the net product of Industry and Handicraft Trades has been assessed on the basis of the data relating to the net product calculated for the separate branches of activity in 1949. The assumptions on which the computation for 1949 and the following years has been founded are:

1. that the ratios between the net products and the global values of the various types of production ascertained in 1938 have remained unchanged in the years to which the evaluation has been extended;
2. that the changes in the index numbers for industrial production reflect the total changes in the net product;
3. that the index numbers for wholesale prices reflect the changes in value of the separate net products.

On the basis of these assumptions the net product of each branch of activity has been calculated by multiplying the net product of 1938 by the index numbers of industrial production and by the index numbers of their respective prices.

Obviously, the degree of approximation of the results of these calculations increases with the possibility of the operations being carried out in as great detail as possible. As a rule, the Central Institute of Statistics has taken as basis the net product for each group of industry and the respective index numbers for output and prices. When specific index numbers for output and prices were not available for the branch considered, index numbers for similar branches or groups have been used (1).

(1) Any discussion regarding the reliability of national net product estimates would be out of place here. Let it suffice to say that both for Italy and for other countries the figures calculated must be taken as approximate values. As it is known, also statistics regarding national income in the United States are characterized by a degree of approximation that, according to Morgenstern (On the Accuracy of Economic Observations, Princeton, 1950) and Kenney (Discussion on the...
(a) Changes in the Principal Industrial Productions.

Before turning our attention to the calculation of the net product of industry, some elements required for its assessment — mainly production data — must be examined. Since, as has been seen, the index numbers for industrial production are one of the fundamental elements for this calculation, we shall first attempt to prove their reliability (a), especially for those sections (textile and engineering branches) which are of outstanding importance in connection with the total net product of industry.

1) Supplies of power in 1950 were larger than in 1949. The output of electricity showed, in recent years, the trend indicated in Table 8.

**Table 8**

<table>
<thead>
<tr>
<th>Years</th>
<th>Hydroelectric power (millions of kwh)</th>
<th>Thermal power generated and produced (millions of kwh)</th>
<th>Total (millions of kwh)</th>
<th>Indexes (1938 = 100)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1951</td>
<td>14,330</td>
<td>1,694</td>
<td>16,024</td>
<td>100</td>
</tr>
<tr>
<td>1950</td>
<td>15,404</td>
<td>1,640</td>
<td>17,044</td>
<td>100</td>
</tr>
<tr>
<td>1949</td>
<td>14,530</td>
<td>1,641</td>
<td>16,171</td>
<td>100</td>
</tr>
<tr>
<td>1948</td>
<td>13,060</td>
<td>1,651</td>
<td>14,711</td>
<td>100</td>
</tr>
<tr>
<td>1947</td>
<td>14,400</td>
<td>1,610</td>
<td>16,010</td>
<td>100</td>
</tr>
</tbody>
</table>

(a) Provisional data.

There was a drop in the national output of solid fuel in 1950 as compared with 1949, offset by a 27 per cent increase for natural gas (See Table 9). Net coal imports in 1950 were lower than in 1949, but there was a considerable increase in imports of liquid fuel (See Table 10).

If the stocks of solid and liquid fuel at the end of the year are taken into account, it is possible to have a fairly precise picture of the supplies and yearly consumption of power.

**Table 9**

<table>
<thead>
<tr>
<th>Years</th>
<th>Total</th>
<th>Indexes (1938 = 100)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1951</td>
<td>16,024</td>
<td>100</td>
</tr>
<tr>
<td>1950</td>
<td>17,044</td>
<td>100</td>
</tr>
<tr>
<td>1949</td>
<td>16,171</td>
<td>100</td>
</tr>
<tr>
<td>1948</td>
<td>14,711</td>
<td>100</td>
</tr>
<tr>
<td>1947</td>
<td>16,010</td>
<td>100</td>
</tr>
</tbody>
</table>

2) Output and Supplies of Iron and Steel Products and Non-Ferrous Metals. — The existence of sufficiently precise figures regarding supplies of iron and steel products allows for a fairly detailed analysis not only of the metallurgical sector, but also, indirectly, of the sectors which are closely connected with the production of ferrous metals. In fact, according to the 1937-38 Industrial and Commercial Census, in 1938 out of a global consumption of about 1,700 thousand tons of rolling mill products, 1,120 thousand tons (61.8%) were accounted for by the engineering industry and 320,000 tons (18.4%) by the building industry, while the remaining 300,000 tons (16.8%) were divided among all the other activities, including the direct use of rolling mill products by the Armed Forces.

Table 13 gives the figures for output, net imports and stocks of iron and steel products in 1938 and the last four years.

Some words of explanation are necessary before examining the yearly figures, particularly with regard to supplies and consumption of rolling mill products in 1938.

If the consumption of rolling mill products may be considered an indirect indicator of the productive level of the industries for which said products represent one of the basic materials, a comparison between the figures for 1938 and the post-war figures is only possible, as far as use is concerned, if allowance is made for certain consumption peculiarities in 1938. In fact, in that year, allocations of finished iron and steel products for direct and indirect war uses ranged from 40,000 to 50,000 tons a month, totalling about 340,000 tons a year.

Converting this quantity into raw steel, it is possible to estimate that about 750,000 tons were earmarked for war production. These figures are quite reliable owing to the control system exercised at the time by the “Fabbriguida” (a) regarding iron and steel products.

If the consumption of finished iron and steel products for war purposes amounted to 31.2 per cent in 1938, it may be interesting to examine what proportion of the engineering industry took part in the production designed to meet military requirements. On the basis of the returns of the 1937-38 and 1938-39 Industrial and Commercial Census, I.R.I.’s Research Office, as a result of special calculations, has established that the production of mechanical goods for war purposes amounted to 4,650 million lire, about 40 per cent of it mechanical output of 14,450 billion lire, which means that 28.29 per cent of the value of output in the engineering sector was earmarked for armaments.

The distribution of mechanical products for war use in 1938 was as follows: 1) munition...
and arms, 1,989 million lire; 2) aircraft and their parts, 900 millions; 3) warships, 806 millions; 4) motor-vehicles for the Armée Forces, 179 millions; 5) other mechanical products, 254 millions.

As has already been said, figures regarding the consumption and actual supplies of rolling mill products, are of remarkable interest for judging the reliability of the index of mechanical production. The index number in question includes, besides others, also the ship-building sector and the manufacturing of motor-vehicles and engines and sundry machinery. It includes that the index number for mechanical production may also be considered to represent a part of the industries which in 1938 included war production, exclusive of arms and ammunition.

Output, Net Imports, Supplies and Consumption of Iron and Steel Products

<table>
<thead>
<tr>
<th>Year</th>
<th>Output (thousands of m. tons)</th>
<th>Net imports</th>
<th>Supplies (in actual quantity)</th>
<th>Stocks at hand of year</th>
<th>Consumption (in actual quantity)</th>
<th>Consumption 1958 = 100</th>
</tr>
</thead>
<tbody>
<tr>
<td>1938</td>
<td>842</td>
<td>79</td>
<td>913</td>
<td>98</td>
<td>912</td>
<td>100</td>
</tr>
<tr>
<td>1937</td>
<td>449</td>
<td>118</td>
<td>519</td>
<td>57</td>
<td>523</td>
<td>100</td>
</tr>
<tr>
<td>1936</td>
<td>278</td>
<td>118</td>
<td>416</td>
<td>65</td>
<td>414</td>
<td>100</td>
</tr>
<tr>
<td>1935</td>
<td>207</td>
<td>118</td>
<td>214</td>
<td>85</td>
<td>212</td>
<td>100</td>
</tr>
<tr>
<td>1934</td>
<td>152</td>
<td>118</td>
<td>164</td>
<td>105</td>
<td>164</td>
<td>100</td>
</tr>
<tr>
<td>1933</td>
<td>108</td>
<td>118</td>
<td>120</td>
<td>120</td>
<td>120</td>
<td>100</td>
</tr>
<tr>
<td>1932</td>
<td>170</td>
<td>118</td>
<td>170</td>
<td>170</td>
<td>170</td>
<td>100</td>
</tr>
</tbody>
</table>

The figures relating to the output and supplies of iron and steel products may be completed with those relating to the output and supplies of other metallurgical products (See Table 14).

In 1949 apparent supplies of non-ferrous metals, with the exception of aluminium, were considerably lower than in 1928. The drop in net imports of copper was due to the decrease in consumption for military purposes and the same may be said for lead. In 1950 there was a marked increase in the supplies and probably also in the consumption of non-ferrous metals.

3) The data for cotton supplies and consumption give a fairly exact picture of the trend of activity in the cotton sector. As is known, Italy's production of raw cotton is so low (18,000 quintals in 1949) that it is not worth considering when calculating supplies and consumption (See Table 15).

Output, Imports, Exports and Supplies of Cement and Building Materials (m. tons)

<table>
<thead>
<tr>
<th>Year</th>
<th>Output</th>
<th>Imports</th>
<th>Exports</th>
<th>Apparent supplies</th>
<th>Index number of apparent supplies (1938 = 100)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1938</td>
<td>4,007,204</td>
<td>4,922</td>
<td>4,146,720</td>
<td>1,597,406</td>
<td>100.6</td>
</tr>
<tr>
<td>1937</td>
<td>2,801,658</td>
<td>5,005</td>
<td>2,591,658</td>
<td>1,495,000</td>
<td>100.0</td>
</tr>
<tr>
<td>1936</td>
<td>2,005,450</td>
<td>4,804</td>
<td>1,600,450</td>
<td>1,205,000</td>
<td>78.4</td>
</tr>
<tr>
<td>1935</td>
<td>1,300,800</td>
<td>3,877</td>
<td>800,800</td>
<td>1,005,000</td>
<td>78.4</td>
</tr>
<tr>
<td>1934</td>
<td>590,500</td>
<td>3,877</td>
<td>300,500</td>
<td>1,005,000</td>
<td>108.3</td>
</tr>
<tr>
<td>1933</td>
<td>530,500</td>
<td>5,005</td>
<td>230,500</td>
<td>1,205,000</td>
<td>108.3</td>
</tr>
</tbody>
</table>

The computation of wool supplies is based on the estimated domestic production and net imports (See Table 16).

The index number for wool supplies has increased much more than that for wool output owing to the extensive use of artificial fibres related to the wool industries in 1938.

4) Supplies of Cement and Building Materials. The consumption of cement may be taken as a largely approximate indirect index of building activity. The figures recorded for the output of cement cover almost all the cement works of any importance, so that the data available may be said with certainty to represent not less than 90 per cent of the national output. For obvious technical reasons, the comparison between post-war figures and those for 1938 is made for the output of the same group of enterprises.

Output, Imports, Exports and Supplies of Raw Cotton and Artificial Textile Fibres (quintals)

<table>
<thead>
<tr>
<th>Year</th>
<th>Net imports</th>
<th>Stocks at beginning of year</th>
<th>Supplies</th>
<th>Stocks at end of year</th>
<th>Consumption</th>
<th>Artifical textile fibres consumption</th>
</tr>
</thead>
<tbody>
<tr>
<td>1935</td>
<td>1,554,615</td>
<td>276,860</td>
<td>1,832,475</td>
<td>276,860</td>
<td>1,554,615</td>
<td>48,505</td>
</tr>
<tr>
<td>1936</td>
<td>1,457,324</td>
<td>276,860</td>
<td>1,734,184</td>
<td>276,860</td>
<td>1,457,324</td>
<td>48,505</td>
</tr>
<tr>
<td>1937</td>
<td>1,394,755</td>
<td>276,860</td>
<td>1,671,615</td>
<td>276,860</td>
<td>1,394,755</td>
<td>48,505</td>
</tr>
<tr>
<td>1938</td>
<td>1,332,306</td>
<td>276,860</td>
<td>1,558,166</td>
<td>276,860</td>
<td>1,332,306</td>
<td>48,505</td>
</tr>
</tbody>
</table>

Besides raw cotton, also vegetable and artificial textile fibres were also used by the industry for manufacturing purposes. The consumption of said fibres, which was considerable before the war, had decreased very much immediately after, but had almost returned to the pre-war level by 1949.

The consumption of cotton fully justifies the index for cotton industry production.
plies and consumption should not be very great
in this sector owing to the fact that the output
of cement normally decreases and increases in
relation to the size of producers' stocks (See
Table 17).

The figures relating to the national pro-
duction of building timber, have already been
given when speaking of agricultural and for-
tory production. In order to calculate apparent
supplies of timber, it has been necessary to
estimate the value of net imports, converting
into cubic metres imports and exports, which
foreign trade statistics express in tons; con-
sequently the figures contained in Table 18
must be considered as approximate, though suf-
iciently reliable.

### Table 18

| Supplies of rough building timber (thousands of cubic metres) |
|---|---|---|---|---|---|
| 1918 | 1919 | 1920 | 1921 | 1922 | 1923 |
| 1 | 2 | 3 | 4 | 5 | 6 |

(b) Indexes of Industrial Production.

The survey carried out regarding some fun-
damental branches of production and consump-
tion justifies the recourse to the industrial pro-
duction indexes as to the fundamental instru-
ment for calculating the net product of industry.
Indeed, on the basis of the above assumptions
it is sufficient to multiply the net domestic
product for 1938, by the indexes of industrial
production for 1949 and 1950 and price indexes
for the same years.

3 - Net Product of Transport and Communica-
tions:

Both for 1938 and 1947 and the follow-
ing years, the net product of transports and
communications has been calculated on the
following bases: balance-sheets of the State
Railways and of the Post Office and Telegraph
Administration; figures supplied by the Civil
Motorisation Inspectorate for privately operat-
ed transport Services; estimates and evalua-
tions for other road transports. For transport
by sea, the net product for 1938 has been cal-
culated on the basis of the 1937-1939 Indus-
trial and Commercial Census and on figures
and information supplied by the Merchant
Navy Ministry, while the net product for 1947
and the following years has been estimated on
the basis of data supplied by the aforesaid Ministry
and by the Italian Shipowners' Confederation.

(c) Calculation of the Net Product of Industry.

Table 20 gives the elements for calculating the
net product of industrial activities: namely the
net product for 1938, the indexes of industrial
production for 1949 and 1950 and price indexes
for the same years.

### Table 20

<table>
<thead>
<tr>
<th>Industrial Group</th>
<th>1938</th>
<th>1949</th>
<th>1950</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>net product (thousand lire)</td>
<td>price index</td>
<td>net product (thousand lire)</td>
</tr>
<tr>
<td>1. Mines and Quarries</td>
<td>720</td>
<td>1.0</td>
<td>128</td>
</tr>
<tr>
<td>2. Manufacturing Industries</td>
<td>51.58</td>
<td>1.09</td>
<td>24.19</td>
</tr>
<tr>
<td>3. Textiles</td>
<td>0.45</td>
<td>1.20</td>
<td>3.57</td>
</tr>
<tr>
<td>4. Tobacco</td>
<td>0.45</td>
<td>1.20</td>
<td>3.57</td>
</tr>
<tr>
<td>5. Chemicals</td>
<td>0.45</td>
<td>1.20</td>
<td>3.57</td>
</tr>
<tr>
<td>6. Pottery, cutlery and glass</td>
<td>0.45</td>
<td>1.20</td>
<td>3.57</td>
</tr>
<tr>
<td>7. Leather</td>
<td>0.45</td>
<td>1.20</td>
<td>3.57</td>
</tr>
<tr>
<td>8. Food</td>
<td>0.45</td>
<td>1.20</td>
<td>3.57</td>
</tr>
<tr>
<td>9. Beverages</td>
<td>0.45</td>
<td>1.20</td>
<td>3.57</td>
</tr>
<tr>
<td>10. Metallurgical industries</td>
<td>0.45</td>
<td>1.20</td>
<td>3.57</td>
</tr>
<tr>
<td>11. Electrical and gas equipment</td>
<td>0.45</td>
<td>1.20</td>
<td>3.57</td>
</tr>
<tr>
<td>12. Textiles</td>
<td>0.45</td>
<td>1.20</td>
<td>3.57</td>
</tr>
<tr>
<td>13. Chemicals</td>
<td>0.45</td>
<td>1.20</td>
<td>3.57</td>
</tr>
<tr>
<td>14. Engineering industries</td>
<td>0.45</td>
<td>1.20</td>
<td>3.57</td>
</tr>
<tr>
<td>15. Sundries manufacturers</td>
<td>0.45</td>
<td>1.20</td>
<td>3.57</td>
</tr>
</tbody>
</table>

For air transport, computations for 1938
have been based on the Industrial Census, while
those for the post-war years have been cal-
culated indirectly on the basis of traffic data.
In the indexes of 1950 have been based
on the estimated figures of the Railways Budget
and on information that is as yet incomplete
for the other sectors, the net product estimated
at 375 billion lire is still provisional.

4 - Net Product of Commerce.

For 1938 the net product of Commerce has
been estimated on the basis of the 1937-1939
Industrial and Commercial Census and of enquiries
on distribution costs, but after the war many
serious difficulties arose; consequently no real
calculations in the true sense of the word have
been possible, but only evaluations of a purely
conjectural nature.

One gets the impression that the data for
the net product of commerce are considerably
below true figures.

The principles of computation for 1938
and 1947 will be found in the already men-
tioned "Annali di Statistica", and the data for
1950 have been calculated according to the
same methods and in compliance with the
statistical sources used for 1947. The figure
obtained for 1950 is 850 billion lire.

5 - Net Product of Credit and Insurances.

The net product of credit Institutes for 1938
and the post-war years has been calculated by
computing their total receipts and expenditure
on the basis of the volume of deposits, the
number of employes, etc.

For 1950 the gross receipts of the whole
banking system have been estimated at 265
billion lire and expenses (not including those
for personnel) at 69 billion lire, so that the net
product has been estimated at 196 billion lire;
if the net product of the Bank of Italy is added
a total net product of 210 billion is obtained.
The difference between interests received
and interests paid is 161 billion lire.

For insurance companies, the net product
has been calculated on the basis of the balance-
sheets of said companies with an assessment at
factor cost. By adding labour income to capital
yield, inclusive of direct taxes, the net product
obtained for 1950 is 27 billion lire. The difference between the premiums collected and the same paid (damages branch) amounts to 38 billion lire.

The total figure (196 billion lire) obtained by adding 161 billion lire (difference between interests received and paid by the banking system) and 38 billion lire (difference between premiums and casualties) represents a duplication between the net product of the banking and insurance sector and the net product of the whole sector of private economy.

6 - Net Product of Services.

The net product of paid domestic service, professions and industrial and personal services has been calculated for 1950 according to the same principles adopted in the "Annali di Statistica" for 1947. The total net product for 1950 is 256 billion lire.

7 - Net Product of Buildings.

The net product of buildings has been calculated on the basis of the 1939 building census as of up date, taking into account changes in rentals and new buildings. For 1950 the net product is 44 billion lire. As is known, the low net product of buildings is due to the rent control.

8 - Total Private Net Product.

The data relating to private net product in 1950 and the preceding years are summed up in Table 21.

Bearing in mind the definition given, the values indicated as net products of the private sector include the direct taxes and services instrumental to private production supplied by the Public Administration; they are calculated on the basis of State Budget; (b) the net product of municipal and provincial administrations which has been calculated on the basis of figures recorded by the local Finance Direction of the Finance Ministry.

The conversion of data referring to fiscal years to calendar year data has been effected approximately through an arithmetic mean of the two fiscal years inclusive of the two halves of the same calendar year.

For the purpose of calculating the net product, public expenditure has been divided into: (a) military and police expenses; (b) productive expenses; (c) consumption expenses; (d) transfers.

The first group of expenses includes salaries and remuneration in kind to the Armed Forces and Police, family allowances, expenses for buildings and military material, etc.

Productive expenses include expenses for the organisation, control and protection of economic activities (Labour Inspectors, Chambers of Commerce, professional Schools, the increase of agricultural production, anti-parasite measures, etc.), half of the expenses pertaining to general State organisation and part of the expenses for the building of roads, railways, land reclamation works, etc.

Consumption expenses include those of direct benefit to the public such as expenses for public health, for assistance to the poor and for primary schooling. To these consumption expenses proper have been added part of the expenses of a productive nature such as those for general State organisation, communications, aqueducts, etc.

Interest on the National Debt, State contributions to private enterprises, contributions to social security organisations, etc., have been considered as transfers.

For the purpose of calculating the net product, half of the military and police expenses have been considered as production and half as consumption expenses.

The difference between the total consumption expenditure of Public Administrations and the expenses for goods and services supplied by the latter to the private sector gives the expenditure for goods and services pertaining to Public Administration.

IV. - Net Income from Abroad.

In order to calculate national income, it is necessary to calculate the net incomes from capital and labour and net gifts from abroad. The net income from capital is represented in the balance of payments by the interest, income and dividends received by Italy on capital investments abroad after similar payments made by Italy to foreign countries have been deducted. The net income from labour is represented by emigrants' remittances after the deduction of immigrants' remittances. Gifts consist of free supplies of goods or services or expenditure for goods and services supplied to the private sector (See Table 23).

III. - Calculation of Net National Product.

Since the net product of the private sector includes public expenditure for services of an instrumental nature, the total of the net product of the private sector and of the Public Administration can only be calculated after having eliminated the duplications involved. For this purpose, therefore, it is necessary to divide public expenditure for consumption goods and services into expenditure for durable goods and
B - EXPENDITURE FOR CONSUMER GOODS AND SERVICES AND FOR DURABLE GOODS AND SERVICES

I. - Expenditure for Consumer Goods and Services

The calculation of consumer goods and services has been effected separately for the various items of expenditure on the basis of: (a) an estimate of the supplies of each type of goods, taking account of the stock formation; (b) yearly average market prices.

Food supplies are calculated yearly by the Central Institute of Statistics and the principle of computation will be found in the Institute's official publications (5). For some items the data relating to food supplies in 1950 are still provisional.

Table 26 shows per capita food consumption calculated on the basis of supplies for 1948 and the years 1947-50. The change in daily average food supplies per capita is quite clear if the quantities of foodstuffs are converted into calorific and nutritive substances (See Table 27).

The direct computation of total expenditure for food leads to figures which may be considerably used in the calculation of the index of food expenditure per inhabitant.

The calculation of the indexes for food expenditure per inhabitant has been affected in order to eliminate such part of the change in index as is due to the increase in the population. The division of the indexes of consumption expenditure per inhabitant (column 6) by the indexes for daily per capita consumption in calories (column 8) leads to ratios (column 7) which, apart from the other disturbing elements and the rough approximation of the calculation, should represent the index of foodstuffs cost for a standard calory budget. If this index number is compared with the index number for the cost of living calculated by the Central Institute of Statistics on the basis of a standard food budget (column 6), early negligible differences are found, except in the case of 1947. In the latter year exceptional conditions regarding the qualitative formation of foodstuffs made the indexes not comparable.
For journeys, 75 per cent of the total expenditure has been included under the heading of consumer expenses, the remaining 25 per cent being considered as productive expenses (business trips, etc.).

Lastly, it has been thought fit to add to the total for consumer expenses an extra 4 per cent for sundry expenses, including sums spent on medicine, culture and instruction (papers, books, etc.), communications, brochures, etc.

The results of the calculations are summed up in Table 39.

II. Expenditure for Durable Goods and Services.

From evaluation of consumer goods we may now pass on to the evaluation of durable goods, bearing in mind the ratio R = C + I, where R stands for the gross national income at market prices, C for the consumption expenditure at market prices and I for the expenditure for gross investments. In calculating consumption, durable consumer goods (motor-cars, furniture, household appliances, etc.) have not been considered, with the exception of articles for house decoration (carpets, curtains, etc.) and consequently the difference between gross income and consumption will include also durable goods and services. It should be mentioned, to avoid any confusion, that durable consumer goods include also consumption by the State and by public bodies, just as goods distributed by Public Administrations to their staff are included in the case of food and clothes consumption. Among the durable goods consumed by the State and by public bodies included in the figure obtained by difference between gross income and consumption, let us mention armaments and defence, equipment and furniture, etc. (See Table 39).

The figures of No. 5 (Table 39) may be used to control the net investment calculations, made directly and in compliance with other systems, bearing in mind that they include the value of durable consumer goods.

(The Appendix on national income, the whole of which has been translated, we will now add two paragraphs of Chapter I of the General Report on the Economic Situation, which complete the picture of the investment situation).

C. INVESTMENTS

Since a complete analytical recording of net investments, both public and private, is not possible at present, we will merely attempt to make an estimate of total gross investments on the basis of the data available, namely: value of machinery output (plus or minus the difference between imports and exports), the value of constructions, whether designed for residential buildings or other purposes, such part of public and agricultural works as is not included in previous calculations, changes in the livestock, production of means of transportation.

For some sectors at least, the results of this calculation may be controlled by other means, for instance by examining the balance-sheets and reports of the principal joint-stock companies, State enterprises and other bodies, by which a large part of the total investments is carried out (let it suffice to mention the industrial Recovery Institute, the State Railways, the big telephone and electricity concerns, State monopolies and the Autonomous Road Enterprises). Thus, an estimate has been reached for the total gross investments actually made during the year, which may be considered reliable and that is summed up, by major sectors, in Table 31 (in order to obtain total gross investment, the increase in stocks, mentioned further on, must be added).

The bases for these results have been as followed:

(a) for agriculture, the figures relating to State expenditure and totalling 75 billion lire are available. According to estimates gross investments in the agricultural sector (exclusive of those, just mentioned), for improvements, machinery, special arboreal plantations, upkeep and livestock increase, may be valued at 105 billion lire;

(b) for industry, calculations made for 1949 by the Ministry of Industry have been posted up to date for 1950. The value of gross investments has thus been obtained by applying suitable coefficients to the figure already known for plants and equipment in each sector (output + imports - exports). In order to ascertain the reliability of this estimate, it should be observed that this calculation does not include machinery output for immediate use, for transportation, for communications and for agriculture and also that investments in electricity, metallurgical and iron and steel industries alone, ascertainment on the basis of information recorded by other means, account for about half of the total of 370 billion lire given in table 31;

(c) for transportation and communications the figure given is the result of the already known sums for investments of the State railways, municipalised concerns, telephone concerns and the Merchant Navy. To this figure
has been added the value of motor lorries, motor vehicles for passenger conveyance (insofar as they are not included in previous figures) and half the motor cars coming into circulation during the year.

e) for the building sector, the figures relating to the rooms declared inhabitable during the year are available; the average value estimable by the National Builders' Association has been applied to the foregoing and an additional 40 billion lire has been added to allow for buildings under way not included in the statistics for rooms declared inhabitable;

(f) for public works, the figures for works executed have been used, while for sundry investments a prudential estimate (referring not only to shops but also to theatres, cinemas and hotels) has been made on the basis of the increase in the number of firms registered with the Chambers of Commerce. It should be mentioned that for the tourist industry alone, investments connected with the implementation of the Act of May 29, 1946; and Act No. 481 of July 23, 1949 amount to 5.5 billion lire.

Since figures calculated with the same methods are available for 1949 (contained in the Report of the Bank of Italy for said year), which estimated gross investments at 1,770 billion lire, the volume of investments may reasonably be said to have increased in 1950 at least at the same rate as the national product. The above-mentioned calculation has not taken into account the increase in stocks, the obvious difficulty of estimating which is well known. However, if we consider that, particularly during the latter part of the year, the figures relating to stocks in the different sectors show a higher level than at the end of 1949, the figure for gross investments may be estimated prudentially between 1,900 and 1,950 billion lire (as against the sum of 1,486 billion lire calculated by the Bank of Italy for 1949), with an increase of about 10 per cent.

The above figures show that total gross investments, including amortizations, account for about 20 per cent of the gross national income; a very high percentage if Italy's per capita income is taken into account.

The results of this direct estimate show a sufficient degree of approximation with the results attained by the Central Institute of Statistics on the basis of an indirect calculation, and set forth in the preceding "Appendix" on national income. As will be remembered, the Central Institute of Statistics takes into account the gross value of durable consumer goods and capital goods. The difference between these two figures is equivalent to a reliable estimate of durable consumer goods (motor-cars, bicycles, motor-cycles, etc.). In view of the principles of calculation adopted, this concordance proves that the estimates made, though of an approximate nature, are reliable.

Public Investments

As already mentioned in the General Report for 1949, from 1948 on State action, which immediately after the war reflected the urgent necessity of re-building and repairing works damaged or destroyed during the war, took the form of a public investment programme having three main objects: to give work to unemployed manpower by creating permanent employment opportunities; to encourage the development of depressed areas; and to facilitate the modernisation and renewal of productive equipment.

In the fiscal year 1949-50 as well as in the present fiscal year, State investments have remained at a very high level; at the same time a series of measures have been taken to encourage and facilitate certain private investments (indicated in other documents as "induced" investments).

An exact evaluation of the amount of public investments actually effected during the year is difficult, not only because a large part of the figures available are for the fiscal and not to the calendar year, but also because of the very nature of the accountancy documents which, according to our legislation, have to satisfy other requirements, particularly in the nature of controls, differing from those of social accounts.

In our specific case, neither the stage of appropriations to the Budget, nor that of expenditure engagements, nor that of payment are suitable to provide a reliable index of the extent of public investments for the purpose of national accounting. In fact, the investments effected during the year must be considered regardless of the fiscal year for which the appropriations to the Budget are made, since, as is known, at least a part of the investments are executed in a subsequent period. To overcome this difficulty a special enquiry has been carried out in the various Administrations in order to adjust accountancy figures and obtain an assessment of the investments actually effected. Obviously, the results obtained merely represent a simple estimate, which nevertheless offers satisfactory guarantees of reliability.

For 1949, the total value of investments charged to the Budget (fiscal year 1949-50 and preceding), to the Lira Counterpart Fund or financed by credit operations is estimated at 300 billion lire. This figure is lower than the one given in the 1949 Report owing to the fact that in the case of subsidised building, the works (planned for 1949) were actually executed to a large extent in 1950.

Total direct public investments in 1949 were distributed as follows, by large groups: transport, 715 billion lire; railways, 110 billion lire; public buildings and subsidies to the building sector, 186 billion lire; agriculture and reforestation, 54 billion lire; industry (State Monopoly and Administration, contributions and loans to industry charged to the budget), 47 billion lire; tourism, 14 billion lire; communications and other less important sectors, 5.5 billion lire. It is estimated that in 1950 the allocation of contributions and loans charged to the Budget induced private investments for about 80 billion lire, of which 51 billion in the industrial sector, 12 billion in the agricultural sector and 18 billion in the building sector.

Computations for 1950 assumed State investments for 194 billion lire during the year, showing an appreciable increase over 1949. Of these, 110 billions referred to transportation (State railways, private railways, merchant navy); 250 billions to hydraulic and road works, public buildings and subsidies to the building sector (particularly S.N.A.C.C.; 73 billions to agriculture and 59 billions to industry and less important sectors.

Also in 1950, private investments induced by the granting of State contributions and loans were high, over 200 billion lire (purchases of industrial equipment for about 130 billions, buildings for over 50 billions, agriculture for 25 billions).

A comparison between the figures for the two years shows that whereas there was no change in the amount of investments in the transportation sector, there was an appreciable increase in investments in the building sector. Also works in the agricultural sector increased considerably as compared with 1949.

To sum up State action regarding the renewal of equipment in the form of both direct investments and of loans (Act No. 723 of July 30, 1950 and Act No. 922 of November 4, 1950) and the granting of guarantees assumed quite exceptional proportions, representing an essential factor for the increase in the productive capacity of Italian industry.