

Evaluations of Italian National Wealth in the last 50 Years

Premise

The history of studies on wealth can be divided in the case of Italy into three periods: the first extends from the second half of the nineteenth century to the outbreak of the First World War; the second covers the time between the two World Wars; the third began after the Second World War.

The first period, regarded as the golden age of Italian studies on wealth, was characterized by works of the most eminent economists and statisticians of the time, who elaborated the evaluation methods, appraised their import, and drew up the first estimates of Italy's wealth. This period saw the appearance of the main work of Corrado Gini, to which the present article is chiefly devoted and which marked the passage to the second period (1).

The second period was characterized by a flowering of studies regarding primarily the evaluations of Italian wealth relating to the same year and to different years and carried out in accordance with the definitions and by applying the methods developed during the preceding period. The first evaluations of wealth by regions and groups of regions also began to appear.

The third period opened with several studies that examined the objections raised concerning the scientific foundation of the wealth evaluations and show that the objections are groundless. During this period, instead, there was a lack of statistical evaluations, explained also by the fact that immediately after the war the conditions necessary for carrying out estimates of any economic significance did not exist. Certain evaluations appearing in the last few years have only an incidental and summary character.

(1) C. GINI, *L'ammontare e la composizione della ricchezza delle Nazioni*, Utet, Turin, 1st ed. 1914, II ed. 1962.

The demands for further knowledge in this field have on the other hand become increasingly insistent and a new inquiry into Italy's wealth has now become essential, in relation, also, to current Italian economic policy, the trend of which is towards the drawing up of a plan of development.

In view of a resumption of deeper fact-finding and research, it has seemed timely, with the object, too, of continuing the work that was interrupted by the last war, to publish a new edition (1962) of Corrado Gini's work just mentioned, which has constituted a model that for many years has been a source of inspiration for scholars and not Italian alone. That work has been brought up to date by a group of young statisticians of the Italian Central Institute of Statistics, who have taken into account the new material that has been added to the body of knowledge from 1914 onwards.

In drawing upon the work mentioned and occasionally upon other of Gini's studies, our intention is to refer in this article to several outstanding points: (a) problems of a methodological character bearing on the evaluations of wealth (2); (b) available evaluations of Italian wealth; (c) comparisons of Italy's wealth with that of other countries.

(a) *Methods of evaluating wealth.*

As is known, manifold methods can be used for evaluating wealth; according to the statistical material available, several methods are often used simultaneously and not one method alone.

In the distant past wide resort was had to the methods based on fiscal statistics, and in particular among these, those of the transfer interval (*intervallo devolutivo*) and of the proportions between total estates and hereditary estates. They were however discarded after Gini in 1914 had made a penetrating criticism of them and shown that for various circumstances they gave results that were far below what was the truth.

Neither did the method of the so-called capitalization of incomes fare any better. The forecasting of future incomes, their distribution over a period of time, and the choice of an appropriate rate of interest involve so many and such judgments that economists and

(2) For the contribution made by Gini to the concept of wealth and for the conceptual division between public wealth and private wealth, cf. *op. cit.*, chapter I, pp. 5-18.

statisticians have always made only limited use of that method. And even when, for one reason or another, they have sometimes adopted it, they never failed to make many reservations about the reliability of the results.

After all, of the traditional methods only that of the inventory has continued to be one of the methods most preferred, in the postwar period as well. A clearer definition of the economic units to which the inventory relates has emerged from an accurate analysis of the import of the method and has contributed to a more reliable interpretation of the results (3).

What is new, instead, is the method introduced by Goldsmith, applied recently also in Italy, and defined by the author himself the "perpetual inventory method" (4). It is based on the statistical documentation that has been accumulating after the war, thanks to the appearance of the national economic accounts, which show among other things the so-called formation of capital, that is, the gross and net value of capital goods which, in a given period, are added to those already in existence. In substance, given the value of wealth for any year, one can obtain by this method the value of wealth of a following year by adding the net increment, which comes out equal to the total net capital formation after the initial year. The net capital formation, in its turn, is obtained by starting from the outlay on capital goods and deducting from it the depreciation allowances. It goes without saying that by using the same method the wealth of the initial year can also be calculated; in this case, it is a question of adding up for each category of capital goods the amount of the expenses borne in the period preceding that under consideration for a number of years equal to the average life of the goods themselves, and deducting from them the corresponding depreciation allowances.

The method under examination can obviously, however, be applied only for the evaluation of reproducible assets: to evaluate therefore the overall wealth of a collectivity it is necessary to integrate the value of the reproducible assets with the value of the non-

(3) The method used after the war in the United Kingdom in evaluating industrial capital, consisting of buildings, plants and machinery, can be traced back to the inventory method. It has utilized the values declared for insurance against damage (fire) for the year 1955.

(4) R. W. GOLDSMITH, *A perpetual inventory of National Wealth*, vol. 14 of the "Studies in income and wealth", National Bureau of Economic Research, New York, 1951.

reproducible assets and of the limited rights on the reproducible and non-reproducible assets, calculated by other methods.

In addition, it is easy to realise that the results of the evaluation, even if restricted to reproducible assets, depend — as Gini observes — on two extremely delicate operations, the first regarding the determination of the depreciation allowances and the second the calculation of the wealth in a homogeneous measuring unit.

As to the difficulties of determining the depreciation allowances, there is no need to dwell upon these here, for they have been amply illustrated in international treatises. It is sufficient to recall that these difficulties are so serious that several countries declined until recent times to calculate the net national income and restricted themselves to calculating only the gross national income.

The percentages of depreciation commonly adopted by the firms are, as a precaution, generally exaggerated, so that the goods to which they are applied appear as amortized and therefore removed from the list of capital goods even before they are actually eliminated from productive activity. This fact acts in such a way that the evaluations of wealth made with the method above mentioned turn out practically undervalued. As an example one can recall that this fact has been taken to explain, at least partially, the notable difference found between the result of the evaluation, mentioned previously — cf. note (3) — of the United Kingdom's industrial capital in 1955 obtained by the common inventory method and that obtained by the perpetual inventory method.

Equally delicate is the operation of transforming the values of capital formation of the various years calculated at current prices into values expressed in the prices of a given year. This operation involves the use of appropriate price indices, the compilation of which calls for, in its turn, the solution of arduous problems that need not be recalled here.

In conclusion, according to Gini, the results of the evaluations carried out by means of the perpetual inventory method must be received with great caution and, in every case, checked by applying one or even more of the traditional methods.

(b) *The evaluations of Italian wealth.*

The evaluation of Italy's wealth after 1908, the year for which Gini carried out in 1914 the first evaluation by the inventory method

of tangible assets, up to the outbreak of the Second World War are numerous.

They are the work of various experts and generally concern private wealth calculated in current lire of the years to which they refer.

Such evaluations, unfortunately, do not enable comparisons to be made, not only because they are expressed in lire of different purchasing powers but also because they were carried out by different methods and with diverse statistical material. To prevent therefore the reader from being led, by taking them as a basis, to make comparisons between different periods of time which would have no meaning, they are listed merely for the purpose of information in Appendix I. Here we will do no more than recall that private wealth was evaluated by Gini for the year 1908 at around 80-85 milliard lire and for the year 1917 at 117 milliards. A. de Vita, following in this connection Gini's concepts and methods, later gave a total of 557 milliards for private wealth for the year 1938 (5).

After the Second World War, two evaluations in current lire were carried out, both with the capitalization of incomes method, one by L. Livi and the other by B. Barberi. The first evaluated the national wealth at 37,000 milliard lire for the year 1951 and the second gave the figure of roughly 49,000 milliards for the year 1956 (990,000 lire per inhabitant).

Barberi carried out in the postwar period also an evaluation at constant prices for each separate year from 1874 to 1961, but it

(5) Among the evaluations in current lire relating to this period, that of Retti-Marsani deserves being given here below, since it is the only one that refers to a long continuous series of years.

THE PRIVATE WEALTH OF ITALY (1908-1934)

Years	Milliards of current lire	Years	Milliards of current lire	Years	Milliards of current lire
1908	87.4	1917	154.3	1926	544.0
1909	89.8	1918	201.4	1927	521.4
1910	93.4	1919	248.1	1928	498.5
1911	98.8	1920	333.8	1929	479.5
1912	104.0	1921	365.1	1930	460.8
1913	102.9	1922	387.9	1931	433.3
1914	107.4	1923	406.5	1932	408.8
1915	115.6	1924	458.7	1933	401.5
1916	126.5	1925	526.2	1934	407.1

relates solely to the fixed capital of the enterprises. With the object of passing from the enterprises' fixed capital to the total wealth, we have, for two years only, 1938 and 1961, integrated Barberi's data with an estimate of the capital of the households and public administration, which we have made by applying the perpetual inventory method (the statistical sources used and the methods followed are specified in Appendix II). Although the use of this method is not, as we have seen, free from disadvantages, it nevertheless has the merit of objectivity; being unable to apply the normal inventory method, we have therefore preferred it to the procedures based on purely subjective estimates that do not admit of any check. In any case it should be borne in mind that the evaluations of capital of households and public administration for the two years in question, and in particular that for 1938, are perhaps underestimated, inasmuch as data utilized for the earlier years are probably incomplete. Consequently the variations calculated between the two years become exaggerated.

Before the results are illustrated, it should be made clear that the classification of the goods indicated in Table I is the same as that adopted in the standardized systems, which is based on the sectors of utilization.

From Table I it is inferred that Italy's "domestic" wealth was evaluated at 639 milliard lire in 1938 and at 1,032 milliards of 1938 lire in 1961, thus showing an increment of 61.5 per cent, equal to a compound average annual rate of 2.1 per cent. Wealth per inhabitant amounted to 14,780 lire in 1938 and to 20,360 in 1961, with an increase of 37.8 per cent, equal to a compound average annual rate of 1.4 per cent.

For the purpose of economic analysis, the structure of wealth is of particular interest. The Table mentioned shows that in 1961 the enterprises' capital was about 896 milliard lire, equal to 86.8 per cent of the total wealth; it was equal to about 577 milliard lire in 1938 and represented 90.2 per cent of the total wealth. The importance of the enterprises' capital has therefore appreciably diminished between the two years.

Here too, however, as always happens, the aggregates conceal phenomena of particular interest. Examining the structure of the enterprises' capital, one notes that while the weight of the reproducible assets passed from 58 per cent in 1938 to 61.7 per cent in 1961, that of the non-reproducible assets fell from 32.2 per cent to

25.1 per cent; that is, the decline which occurred in the enterprises' capital is to be attributed solely to land holdings, and this is a phenomenon that does not affect Italy alone.

ITALY'S "DOMESTIC" WEALTH *
(absolute figures in milliards of 1938 lire)

TABLE I

Sectors	1938		1961	
	absolute figures	%	absolute figures	%
A. Enterprises	576.5	90.2	895.7	86.8
I. Reproducible assets	370.6	58.0	636.9	61.7
1. Dwellings	126.7	19.8	189.6	18.4
2. Other structures, equipment and inventories	243.9	38.2	447.3	43.3
(a) Other structures, equipment	247.0	23.0	327.2	31.7
(b) Inventories	96.9	15.2	120.1	11.6
II. Non-reproducible assets	205.9	32.2	258.8	25.1
B. Households	32.5	5.1	77.7	7.5
C. Public administration (a)	30.1	4.7	58.5	5.7
<i>Total</i>	639.1	100.0	1,031.9	100.0

* As the heading of the Table indicates, the evaluation refers not to national wealth but to Italy's "domestic" wealth, that is, to the actual goods which, at the dates indicated above, existed in the territory of the Italian State, delimited by its political boundaries. In other words, it does not take into account our country's net loans and investments abroad, which it has been impossible to estimate even approximately because of the scanty statistical material available.

It must also be pointed out that the agricultural structures and equipment have been included in the non-reproducible assets category instead of in that of the reproducible assets because of the difficulty of making a separate evaluation of them. The result is that the percentage share of the non-reproducible assets out of the total wealth is overvalued.

Finally, it should be noted that among the durable goods of the households' sector, clothes have been included, though as a rule clothes are excluded from the evaluations of the other countries; this has been done solely in order to conform with the practice generally followed in evaluations of Italian wealth. On the other hand, works of art have been excluded because of evaluation difficulties, whereas they are sometimes included in the wealth evaluations of other countries.

(a) Only public works.

If, again, productive capital is considered in a still narrower sense, that is, the capital which has a more direct influence on the volume of production, one sees that the increased importance of the reproducible assets is to be attributed solely to the "other structures

and equipment" category, the percentage share of which rose from 23 in 1938 to no less than 31.7 in 1961.

The reduced importance mentioned of the enterprises' capital — with the qualifications indicated — was accompanied by an increased importance of the households' sector's durable goods and of the capital of the public administration (central Government and local authorities). In fact, the value of the households' durable goods is shown as having risen from 32.5 milliard lire in 1938 to 77.7 milliards in 1961, representing an increase of 139.1 per cent, equal to an average annual rate of 3.9 per cent. This big rise was caused, as can be seen from Table A.1 given in Appendix II, by the development of private means of transport and electrical household appliances which took place after the war.

The public administration capital, finally, is shown as having risen from 30.1 milliard lire in 1938 to 58.5 milliards in 1961, with an increase of 94.4 per cent, equal to an average annual rate of 2.9 per cent. This increment is explained by the development policy pursued in Italy after the war in the field of public works.

As can be seen from Table A.2 of Appendix II, the greatest percentage increase took place in the health and sanitation works category and in that of public building (including schools), a development that was the result of a policy directed towards securing for the population healthier living conditions and a higher cultural level.

(c) *Comparisons between Italy's wealth and that of other countries.*

Let us consider now the evaluations of national wealth made during the second postwar period in foreign countries so as to compare their results with those of the evaluations of Italian wealth.

It should be made clear at once that, unfortunately, because of the serious difficulties of comparing data on the international plane, it will be possible to provide only scanty information on the structure and dynamics of wealth and therefore the idea must be abandoned of illustrating other interesting aspects, such, for example, as those concerning concentration. Those difficulties have still remained serious in spite of the efforts of the International Association for Research on Income and Wealth (IARIW), which aim at stimulating

new evaluations as well as improving the comparability of the various countries' data.

As regards Italy, unlike what happened in the first postwar period, when there was a rich output of evaluations, during the second postwar period evaluations with that abundance of analyses which marked those of other countries were not carried out. But the evaluations of wealth made by the other countries are likewise often incomplete, so much so that of the 18 estimates relating to as many countries, and given in the volume on wealth evaluations published after the war under the aegis of the Association mentioned above (IARIW, *The measurement of National Wealth*, Bowes & Bowes, London, 1959), barely eight offer material on which significant comparisons can be made, comparisons which, however, are valid only within certain limits, since the data used are influenced by the different methods of calculation and the different content of several items.

Some data on the absolute amount, per inhabitant, of wealth in various countries are given in Tables II and III.

As can be seen, both the absolute data and the data per inhabitant are expressed in the currency of the respective countries; no attempt at all has been made to express them all in the same currency, since any exchange would have distorted the results.

Highly interesting for the purpose of economic analysis is the distinction between "consumer capital" and "productive capital". It unfortunately does not emerge directly from the data given in Table II where the figure relating to the households' sector includes only durable consumer goods; the dwellings, in conformity with the schemes of the standardized national accounts, are included in the enterprises' sector and no distinction is made in public administration capital between consumer capital and production capital. The distinction has therefore been reconstructed by including in consumer capital the durable consumer goods (item B), dwellings (item A.I.r), and a part, normally assumed to be equal to one-half, of the public administration overall capital (item C). By doing this, however, we have been compelled to omit Norway from the comparison, since that country's consumer capital includes only a part of the durable goods, and also the United States of America and Australia, where the public administration capital includes a part of the enterprises' capital. In the final analysis, the percentages of consumer

TABLE II

THE NATIONAL WEALTH OF VARIOUS COUNTRIES

(current prices, milliards in the currency of the respective countries except where indicated)

Sectors and categories of assets	Belgium 1950 (B. fcs.)	Luxembourg 1950 (B. fcs.)	The Netherlands 1952 (Dutch florins)	France 1954 (French fcs. '000)	Norway 1953 (kroners)	Jugoslavia 1953 (dinars)	United States of America 1955 (\$)	Australia 1956 (£A sterling)	Italy 1961 (1938 lire)
A. Enterprises	1,031	73.18	77.6	44.55	79.70	6,435	993.4	14.57 (a)	895.7
I. Reproducible assets	851	59.89	61.2	35.05 (a)	76.65	4,406	816.8	10.97	636.9
1. Dwellings (1)	400	17.70	18.3	8.90 (a)	22.01	1,273	325.9	3.73	189.6
2. Other structures and equipment	451	42.19	42.9	26.15	54.64	3,133	490.9	7.24	447.3 (a)
(a) Structures	103	16.13	14.2	20.36	23.96	1,453	224.3	1.85	327.2
(b) Equipment	273 (a)	26.06 (a)	18.9	21.08	21.08	764	155.4	2.70	—
(c) Inventories	75	(1.51)	9.8	5.79	9.60	916	111.2	2.69	120.1
II. Non-reproducible assets (land)	180 (b)	13.29 (b)	16.4	9.50 (b)	3.05	2,029	176.6	3.60	258.8 (b)
B. Households (durable consumer goods)	165	(0.10)	20.2	6.90	0.55 (a)	714	143.7	1.73	77.7 (c)
C. Public administr. (2)	82	6.16	12.0	11.45 (c)	10.64 (b)	675	158.2 (a)	5.43 (b)	58.5 (d)
Total	1,278	79.44	109.8	62.90	90.89	7,824	1,295.3	21.73	1,031.9
D. Rest of the world (net investments and loans abroad)	110	-3.00	8.1	2.00	-1.37	-42	41.5	1.02	—
National wealth (A+B+C+D)	1,388	76.44	117.9	64.90	89.52	7,782	1,226.8	20.71	—

General notes.

(1) All the dwellings. (2) Excluding military assets. Public administration understood in a general sense. The public enterprises are excluded. Included in the public administration are also roads, bridges, canals, dams and public schools.

Notes concerning the individual countries.

Belgium: (a) Including inventories of the joint-stock companies. (b) Including the public administration's land.
Luxembourg: (a) Including the agricultural and industrial inventories and a part of the structures. (b) Including the forests (timber).

France: (a) Excluding agricultural dwellings. (b) Including agricultural dwellings and structures and excluding the land of the structures. (c) Including museums and art collections.

Norway: (a) Only vehicles. (b) Excluding equipment and inventories. This item therefore includes only public works.

United States of America: (a) Includes some public enterprises of local bodies.

Australia: (a) Excluding public enterprises. (b) Including public enterprises.

Italy: (a) Excluding structures and agricultural equipment. (b) Including structures and equipment. (c) Including clothes and excluding art collections. (d) Only public works.

TABLE III

WEALTH PER INHABITANT OF SOME COUNTRIES DURING THE POSTWAR PERIOD

Countries	Year	Currency unit	National wealth (milliards)	Resident population (thousands)	Wealth per inhabitant (thousands)
Belgium	1950	Belgian franc	1,378	8,639	159.5
Luxembourg	1950	Belgian franc	76.44	295	259.1
The Netherlands	1952	Dutch florin	117.9	10,382	11.4
France (*)	1954	French franc	64.90	42,777	1,517.2
Italy	1956	Italian lira	49,080	49,555	990.4
Norway	1953	Kroner	89.52	3,362	26.6
Yugoslavia	1953	Dinar	7,782	16,991	458.0
United States	1955	Dollar	1,336.8	164,280	8.1
Australia	1956	Austr. £ sterling	20.71	9,428	2.2

(*) National wealth expressed in thousands of milliards.

capital out of the total wealth emerge as follows for five European countries:

Countries	Consumer capital (percentages)
1. Belgium	47.4
2. The Netherlands	40.6
3. France	38.2
4. Yugoslavia	29.8
5. Italy	28.8

The figures given above show that consumer capital varies from 47.4 per cent for Belgium to 28.8 per cent for Italy. Since only a few countries have been considered, it would clearly be rash to infer that consumer capital represents a higher share in the countries that are economically more advanced, the more so that an exception would be Italy who, although she has an income per inhabitant notably higher than Yugoslavia, has a lower quota of consumer capital. At any rate, it is not improbable that Italy's consumer capital and especially that of the durable consumer goods and a part of the public administration capital are undervalued as a result of the calculation method adopted which, as was said, is that of the perpetual inventory based on the annual outlay for consumer goods and on their average life.

Of particular interest in the sphere of the enterprises' capital is the item concerning the structures (excluding dwellings) and equipment that are more closely linked with the volume of production. Restricting the comparison to the same five countries considered on page 431, the percentages on the overall capital of structures and equipment (A + B + C in Table II) are as follows:

Countries	Structures and equipment (percentages)
1. France	32.4
2. Italy	31.7
3. The Netherlands	30.1
4. Belgium	29.4
5. Yugoslavia	28.3

As has been indicated, one of the most interesting among the objects aimed at in calculating wealth is the measurement of wealth's growth rate on which depends, in part at least, the growth of income. But, as has already been pointed out, the statistical material available is extremely scanty, and only in the case of a few countries is it possible to make comparisons of the growth rate in the postwar period. We quote from Goldsmith (The national wealth of the United States in the postwar period, N.B.E.R., New York, 1962) the Table that follows, *integrated with the data relating to Italy for the period 1938-1961.*

TABLE IV

AVERAGE ANNUAL RATES OF GROWTH OF REPRODUCIBLE REAL WEALTH PER INHABITANT (excluding durable consumer goods)

Countries	Periods	Average annual percentage rate
1. Norway	1945-55	4.6
2. German Federal Republic	1948-55	3.5
3. Canada	1947-55	3.3
4. South Africa	1945-55	3.2
5. United Kingdom	1947-57	3.0
6. Australia	1947-56	2.2
7. Italy	1938-61	1.7
8. United States	1945-58	1.7
9. Columbia	1945-53	1.4
10. Argentina	1945-55	0.7

From the data given above it seems possible to infer that the growth rate is lower in the underdeveloped countries than in those more advanced from the economic point of view. The high growth rate shown for some European countries must perhaps be linked with the intensive reconstruction work of the postwar period. In the case of Italy the growth rate would plainly have been higher if the beginning of the period had been fixed at one of the years of the immediate postwar period.

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APPENDIX I

TABLE A I

EVALUATIONS OF PRIVATE WEALTH IN ITALY IN THE PERIOD 1908-1938

Authors	Years	Mil-liards of current lire	Authors	Years	Mil-liards of current lire
C. Gini	1908	80-85	J. Tivaroni	1924	500.0
M. Santoro	1910	74.5 (a)	C. Gini	1924-25	550.0
N. Colajanni	1910-11	80.0	A. Sacerdote	1926-27	547.0
Ministry of Finance	1911-12	49.8 (b)	G. Mortara	1928	450.0
C. Gabrielli-Wisemann	1912	93.0	A. Degli Espinosa	1928	475.0
F. Benedetti	1912	90.0	A. de Vita	1928	510.0
F. Flora	1912	92.0 (a)	G. Lasorsa	1928	455.0
J. Tivaroni	1912-13	74.1	J. Tivaroni	1928-29	470.0
C. Coppini	1913	90.0	J. Tivaroni	1931	400.0
N. Colajanni	1913-14	100.0	F. Virgili	1932	333.0(a)
J. Tivaroni	1913-14	74.9	A. de Vita	1935	426.3
C. Gini	1914	111.0	A. de Vita	1936	430.7
G. Dettori	1914	95.0	A. Degli Espinosa	1936	538.6
G. Corniani	1914	100.0	A. de Vita	1937	546.4
J. Tivaroni	1914	100.0	A. Degli Espinosa	1937	620.7
B. Griziotti	1916	65-70	P. Thaon di Revel	1937	297.0(b)
C. Gini	1917	117.0	A. de Vita	1938	566.7
U. Pellegrini	1921	353.0	F. Vinci	1938	748.0

(a) National wealth. (b) Real estate.

APPENDIX II

Evaluation of Italy's wealth for the years 1938 and 1961

1. - Italy's wealth for the years 1938 and 1961 has been calculated starting from the data on fixed capital published by Barberi (*Il metodo statistico nello studio dei fenomeni osservazionali*, Boringhieri, Turin, 1962, p. 215) for each of the years from 1874 to 1961 and integrating them so as to take into account the inventories, the durable and semi-durable goods of the households' sector, and the capital of the public administration.

The value of the inventories has been determined by taking as a basis the evaluation carried out for the year 1952 by the Bank of Italy (*Report for the year 1954*, Rome 1955, p. 252) which, however, relates only to industrial and commercial inventories. To have therefore the overall inventories it would have been necessary to add those of agriculture and the public administration. In view of the difficulty of estimating the agricultural sector's inventories, account has been taken only of cattle, an item which represents the major part and can easily be evaluated by taking as a basis the data available on quantity and price. The value of the cattle, calculated for the year 1952 by using the series published by Giannone (*Rivista Italiana di Economia, Demografia e Statistica*, nos. 3-4, Rome, 1952, pp. 213-37), has been added to the value of the industrial and commercial inventories estimated by the Bank of Italy. The figure thus obtained, expressed in 1952 lire, has then been converted into 1938 lire; finally, one has passed from it to the value of the years respectively 1938 and 1961 taking into account the data available on the global variation of the inventories, expressed in 1938 lire, resulting from the material elaborated by the Italian Central Institute of Statistics for the compilation of the national accounts. Owing to lack of necessary data it has been impossible to take into account the inventories of the public administration which, however, can be regarded as of moderate size. In any case, for this reason and because all the agricultural inventories have not been taken into account, the figure for inventories calculated in this way is certainly undervalued.

2. - The value of the durable goods of the households' sector has been calculated by taking into consideration the following categories of durable and semi-durable goods: furniture, furnishings, cutlery, etc., clothes; motor vehicles; jewelry and other precious ornaments. Clothes, which are excluded from international evaluations, have instead been included only so as to conform to the practices followed in evaluations of Italian wealth.

The value of each category of goods has been calculated by the perpetual inventory method on the basis of expenditure expressed in 1938 lire calculated

by the Central Institute of Statistics and of the average life taken from a study of Goldsmith (*A perpetual inventory of National Wealth*, published in vol. XIV of the collection "Studies in Income and Wealth" of the National Bureau of Economic Research, New York, 1952, p. 23). Only the average life of the furniture category has been modified in the case of Italy where it has been raised from 20 to 30 years.

The value of the jewels and other precious ornaments has been determined by calculating separately the value of the watches and that of the other jewels and precious ornaments. The value of the watches has been calculated on the assumption of an average life of 20 years, and that of the other jewels and precious ornaments by adding up, instead, the annual outlay at constant prices from 1861, calculated on the basis of the data available for each year of the period 1947-1961.

The results obtained are given in the following Table:

VALUE OF THE DURABLE CONSUMER GOODS
(absolute figures in millions of 1938 lire)

TABLE A I

Categories of goods	1938		1961	
	absolute figures	percentage figures	absolute figures	percentage figures
1. Furniture	7,731.2	23.8	15,127.1	19.5
2. Furnishings, cutlery, electrical household appliances etc.	17,631.5	54.2	36,573.1	47.1
3. Jewels and other precious ornaments	5,690.0	17.5	9,341.4	12.0
4. Motor vehicles	1,472.9	4.5	16,640.2	21.4
Total	32,525.6	100.0	77,681.8	100.0

3. - As has been stated before, in order to maintain uniformity with the practice followed in carrying out evaluations in the other countries, the capital of the public administration has been calculated and added integrally to the capital of the enterprises and to the durable and semi-durable goods of the households' sector.

The public administration capital has been calculated by taking into consideration the following categories of public works: road, hydraulic, maritime, public buildings and health-sanitation works. As in the case of the households' sector's capital, the method adopted has been the perpetual inventory, applied to the data on the formation of capital calculated by the Central Institute of Statistics for compilation of the national accounts. An average life of 75 years

has been assumed for all works, taken from a study by P. Redfern (*Net investment in fixed assets in United Kingdom, 1938-1953*, Journal of the Royal Statistical Society, vol. 118, part 2, 1955, pp. 176-177).

The results obtained are given in the following Table:

CAPITAL OF PUBLIC ADMINISTRATION
(absolute figures in milliards of 1938 lire)

TABLE A 2

Categories of work	1938		1961	
	absolute figures	percentage figures	absolute figures	percentage figures
1. Roads	12.2	40.5	24.0	41.0
2. Hydraulic	4.5	15.0	7.2	12.3
3. Maritime	4.1	13.6	5.6	9.6
4. Public buildings	7.5	24.9	15.4	26.3
5. Health-Sanitation	1.8	6.0	6.3	10.8
<i>Total</i>	30.1	100.0	58.5	100.0

A. G.