

Contributions to the Understanding of Contemporary Economics⁽¹⁾

by

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In his recent book (2), prof. G. DEL VECCHIO has observed that the basic theoretical problem now facing economists is to do for us what SMITH, MILL, MARSHALL and PARETO did in their classical works. On his turn, another eminent Italian economist, prof. DEMARIA, has also recently declared to be waiting « for the superior intellect capable of drawing from the multiplicity of contemporary doctrines, fertilized indeed by the ever-changing variety of economic phenomena but growing ever more unilateral and contradictory, a formula that can embrace and reconcile them all » (3).

Now, while waiting, a general view of the present state of economics, with its unsolved problems and tangle of enquiries extending in a variety of directions, may be found in the volumes here considered, which we owe to the exemplary initiative (and evidently ample means) of the American Economic Association.

It is not the purposes — explicit or implicit — of this collection to pave the way for the « superior intellect » capable of making the desired synthesis. Indeed, in one of the volumes we are reviewing, the idea is expressed that « the subject matter of economics has become so vast and its techniques so specialized and difficult, that the day of exhaustive treatise by a single Hivian figure, such as MILL, MARSHALL or PIGOU may have passed » (4). If so, then such compendia as those edited by ELLIS would be suited to our day, « less personal, less literary, and less unified, perhaps; but — it is to be hoped — less intuitive, less prescinded, and no less inspiring » (5).

Whatever one may think on this important subject, there can be little doubt of the utility of the works

in question as useful tools. The collection of *Readings* makes available a selection of « the most useful articles and essays that have appeared — roughly speaking in the period between the two world wars — in the various fields of economic analysis and policy ». This selection though chiefly made from works written in English (as it is also the extensive bibliographical note that accompanies each volume) complies nevertheless with the intention of lessening « the intellectual provincialism of specialists which threatens them with having nothing in common, not even on education » (6). In the *Survey* edited by ELLIS, the same purpose is expressed even more explicitly by drawing attention to the possible drawbacks of excessive specialisation which prevents the research worker from looking « beyond the regression coefficients, propensities, balances of accounts, and equilibria of forces within his own laboratory to the whole arena of economic life » (7).

For this purpose, the *Readings* reprints the most significant articles in the various branches of the science published during the past twenty years; while the *Survey* brings together a collection of essays on the evolution of economic thought in the several branches covering roughly the same period. These papers may be said to be « compensatory » essays, because the original draft of each of them has been revised by two critics as to make sure that the survey of the evolution of the science in the fields considered and the opinions expressed on its substantial significance is as well-balanced and impartial as possible.

Evidently, works of this kind lend themselves to criticism of details. Within the boundaries of the subject matter dealt with in the *Readings*, each of us might regret the absence of an article we should have liked to see included, as particularly useful or representative. Thus the writer of this review thinks it would have been advisable to insert in the chapter of the volume on business cycles dealing with « savings, investments, and national income » BRASCIANI-TURRONI's essay on « The Theory of Saving », published in 1930 in « *Economica* », as representative

(6) *Readings in the Theory of Income Distribution*, cit., preface.

(7) *Survey*, cit., preface.

(1) A review article on:

Readings in Business Cycle Theory, Blakiston Co., Philadelphia, 1945, pp. 494.

Readings in the Theory of Income Distribution, Blakiston Co., Philadelphia, 1946, pp. 717.

A Survey of Contemporary Economics, edited by Edward S. Ellis, Blakiston Co., Philadelphia, 1949, pp. 490.

(2) G. DEL VECCHIO, *La sintesi economica e la teoria del reddito*, Cedraz, Padova, 1950.

(3) G. DEMARIA, « *Giornale degli Economisti* », novembre-dicembre 1949.

(4) *Survey*, cit., p. VIII.

(5) *Survey*, cit., p. VII.

of the traditional line of thought on the Continent of Europe. Incidentally, in its case the difficulty arising from the language in which it was written did not exist.

On the other hand, the « team » criterion followed in editing the writings collected in the *Survey* also seems open to criticism, as the collaboration between the Author and his two critics has frequently led to estimations which are in the nature of a compromise, in cases where a more definite judgment, even if open to dispute, would perhaps have been more enlightening.

But the fact that such observations may be justified would not make them less invidious when we consider the heavy task the American Association has undertaken, and the substantial value of the instrument that its effort has placed at the service of students. We must moreover add to the list of the indirect merits of the volumes under consideration that of having led to the publication of really remarkable studies by economists who have been induced, when reviewing the books, to formulate penetrating considerations on the evolution of economics in the years nearest to us.

Indeed, the contents of the volumes lead themselves to reconsideration and retrospective analysis. The collection of writings on economic cycles — inclusive of studies on the problems of the methodology of the cycle; on those relating to the relations between savings, investments, and income; on the multiplier, acceleration principle and government spending; on the monetary theories of the cycle; on those of under-consumption and economic maturity; on the cycles of some special commodities — embraces a field of enquiry which has been the subject of intensive research during the period under consideration. The writings forming part of the collection dealing with the theory of the distribution of income, seem, on the other hand, to be closely connected with the problems of the cycle, no treatment of which could be considered exhaustive unless reference be made to the enquiries on the concept of income and distribution, on the production and marginal productivity, on the groups among which the social product is split up — wages, interest, profit, rent — all subjects dealt with in the essays reprinted in the second of the volumes mentioned above.

Lastly, the *Survey* edited by ELLIS includes a wide range of subjects dealing with economic theory and policy: value and distribution, employment theory, business cycles, monopoly and the concentration of economic power, price and production policies, fiscal policy and the budget, international trade theories, economics of labor, development and use of national income, monetary theory, dynamic process analysis, econometrics, socialist economics, the prospects for capitalism. This explains the desire of some of the reviewers to try to make a general estimate of the contribution made to the upbuilding of the scientific edifice by those many lines of approach from which

the enquiry into economic phenomena, as they present themselves to our contemporary world, can be made.

J. MARSHALL, in reviewing several years ago the volume on cycles (8), called special attention to the anxiety about problems relating to policy prevailing in the more recent theoretical developments, apart from the formal methods followed by the several writers: « Whether macro-or-micro-economics; static or dynamic; purely hypothetical or empirically tested, no economic theory — however interesting or true — is really useful if it does not help policy ».

This accounts for the shifting of interest towards enquiries based on aggregations, some of which (and hence some error) are inevitable, because a theory with million variables can be neither verified nor applied. Hence the acceptance of the « macro-static principle of effective demand » from which certain policies are deduced which aim at correcting cyclical fluctuations.

But, in making use of the instrument of effective demand, the theories that have made the most aggressive advance in the period under consideration, i.e. the Keynesian ones, have attributed undue emphasis on liquidity preference and speculation thus giving the impression that therein lies the basic explanation of instability. In reviewing the volume on Business Cycles (9), T. WILSON raises this point which — while it leads him directly to claim greater consideration for the « crucial role » (which he deems unjustly obscured and neglected) of the Banks in the creation of money during an expansion — leads him indirectly to enquire what has been the positive contribution made by the Keynesian theories « when one has deciphered the new and deplorable terminology », to the analysis of fluctuations in income and employment. He comes to the conclusion that, even if the theory of liquidity preference is not satisfactorily adequate as an attempt to explain the arbitrage movements of funds between different parts of the capital market, this detracts only a little from the importance of the general theory of effective demand. « There may still be a good deal of ignorance about the transfer of funds within the capital market but, largely as a result of Keynesian efforts, enough is known about monetary unemployment for practical purposes, in particular for the formulation of a full employment policy » (10). (Always supposing, he adds, that one does not prefer to split hairs on the marginal defects of the Keynesian analysis, without rising from individual observations, however acute, to a coherent explanation of the whole problem and, above all, without avoiding a new and persistent depression arising as the result of the lack of adequate policies).

Still more general considerations on the development of economics in the course of the last few

(8) J. MARSHALL, *A Cross Section of Business Cycle Discussion*, « American Economic Review », 1945.

(9) T. WILSON, *A Reconsideration of the Theory of Effective Demand*, « *Economica* », november 1947.

(10) T. WILSON, *cit.*

decades have been formulated by STIGLER and ROBERTSON. The former of these two writers has severely criticised the *Survey* edited by ELLIS in a rather heavy controversial article (11), while the latter has submitted it to the acid-test of his disillusioned sagacity (12).

The criticism of STIGLER is undoubtedly full of acute observations and vigorous polemical remarks (as for instance when he points out that the methodology of SAMUELSON may be suited to write a mathematical essay but is certainly not suited to write an essay on economics), but it suffers from its deliberately destructive tone. As often happens when this attitude is uncontrolled, it is detrimental not only to the fairness of STIGLER's appreciations, but also to the soundness of some of the observations on which he bases his criticism. Thus he criticises severely the importance given in the *Survey* to question of monopoly and the concentration of economic power, with special reference to its weight for American economy.

« Monopoly — he remarks — is not a branch of economics; its relationship to industrial organization is similar to that of runaway inflation to monetary theory. Most (but not all) of non-monopoly area of industrial organization has been neglected by economists generally, and monopoly is important ».

One may or may not agree with this remark, but in either case it is not consistent with the criticism made by the same writer to the Compilers of the *Survey* for failing to take into account the prospects, recently opened to science, by the proposition that is at the basis of VON NEUMANN and MORGENTHAU's « Theory of Games ». The chapter of the *Survey* dealing with the evolution of the theory of value certainly should have taken these developments into account. It is however certain — for it is MORGENTHAU himself who mentions it (13) — that the object and special utility of this new trend are to be sought in the importance acquired by monopoly (oligopoly) in contemporary economic life, and the consequent need of taking into account the problems of strategy that operators have to face under such conditions. Therefore if we request STIGLER to be consistent with himself, the request should not be considered as disrespectful.

A like lack of consistency may be noted between STIGLER's well-grounded remark that « the notion of a wholly adequate theory is perhaps the supreme abstraction in scientific thought » and his dissatisfaction at the lack of completeness of information that he points to in the *Survey*. Such completeness may perhaps be considered as the supreme abstraction of a critic inclined to compare the works he examines to models of absolute perfection, instead of endeavouring

to show the contribution they have made, in spite of possible lacunae and imperfections.

To sum up, our Author is dissatisfied with the *Survey* because — as a review of contemporary economic thought — it inevitably reflects the tendency that prevails in the last few decades to give importance above all to short-term problems. He disputes the value of this attitude, indulges in the tendency now in fashion of laughing at the celebrated phrase that reminds us that in the long run we are all dead and he makes this attitude responsible for the weakness and unsubstantial character that, in his opinion, present-day economic science offers.

« Because our views have been guided by causal observation, ours has become a flabby science. A single contrary investigation causes consternation, for the whole edifice may tumble — indeed, it will tumble if a few sufficiently prominent economists capitulate. This would be impossible if economics had been accumulating carefully tested regularities of economic behaviour; then we could be sure that most of what we knew would continue to be true, no matter how breath-takingly original the ideas advanced in the next numbers of the journals, no matter how disconcerting the replies of several dozen entrepreneurs to a questionnaire ».

« We are thus led to one of those points that seem to mark the extreme limit to the possibility of bridging over the differences between different conceptions. Anyone who is convinced that the appeal to the « long run » is a « misleading guide to current affairs » cannot but confirm not the brilliant remark of KEYNES, that has been all too frequently quoted, but a deep thought of his and one less often referred to:

« Economists set themselves too easy, too useless a task if in tempestuous season they can only tell us that when the storm is long past the ocean is flat again » (14).

It seems unlikely that a large number of our contemporary economists would be willing to renounce the consciousness they have acquired of the nature of the most imperative of the tasks assigned them. It seems also no less difficult to believe that they will give up seeking for frequent empirical confirmation of the soundness of the notions they have acquired (even by sending out questionnaires to « some dozen entrepreneurs », whose replies — though they may be disconcerting in relation to certain basic assumptions of the theoretical analysis — will be evidently disregarded by those who are convinced that facts must be adjusted to suit fixed theories, and not vice-versa).

The fundamentally pessimistic attitude of ROBERTSON towards the evolution of economic theory during the period dealt with by the *Survey*, cannot be disguised by the inexhaustible brilliancy of his style which is such that one would like to reprint

(11) G.J. STIGLER, *A Survey of Contemporary Economics*, « The Journal of Political Economy », 1949.

(12) D.H. ROBERTSON, *A Revolutionist's Handbook*, « The Quarterly Journal of Economics », 1950.

(13) O. MORGENTHAU, *Economics and the Theory of Games*, *Kyklos*, 1949.

(14) J.M. KEYNES, *A Treatise on Monetary Reform*, Macmillan, London, 1923, p. 80.

the whole article. He enumerates and appraises the « revolutions » in economic thought that have occurred during the said period, « revolutions » which, in his opinion, now compel the « general purposes » teacher of economics to live in fear of waking up every six months to learn that his subject « has undergone another revolution and that everything he has learnt is once more in the melting-pot ».

First in order, came the revolution led by HICKS and ALLEN, which attacked the very bases of the science as regards the ultimate essence of the notion of value, and the possibility of laying down rules of an objective and therefore scientific character on the means for promoting the economic welfare of a community. ROBERTSON expresses the opinion that « though a great deal of high-grade intellectual power has been expended in this field in the last fifteen years, nothing really very important has happened. We are still left with the conclusions that where the distribution of income is not at stake, arguments based on consumer's surplus are valid and important (though by no means final); and that as regards distribution (i), the immediate effect of a change in the direction of equality is probably favorable to economic welfare; but (ii) this result must be corrected, as best we can, by estimates, which are extremely difficult to form, of the probable reaction on the supply of the several factors of production; while (iii) even when this is done, there remain arguments of a less economic character on both sides of the question of inequality of which "our ethical instincts and our commonsense... as ultimate arbiters" must take account. But we knew all that fifty years ago ».

The Author is led to express a similar opinion on the revolution promoted by CHAMBERLIN and ROBINSON, and the long sequel of subtle disquisitions to which they gave rise about market structure and the behaviour of market operators. While, substantially, all that has been done in that field was already « implicit in MARSHALL », the path followed since then has been in the direction of technical refinements which, without making any real addition to the common fund of knowledge, have only led to complications and confusion. From the pedagogic standpoint « Geometry ascended the throne left vacant by philosophy and commonsense; and ingenious youths and maidens, beguiled into the belief that here at least was a true picture of the real world, spent the best moments of their young lives in memorizing (generally wrong) endless fantastic patterns of tangencies and intersections ». (It may be — he adds — that in all sciences the Moloch of intellectual progress demands the sacrifice of such innocent victims — they also serve who waste their time).

From the standpoint of policy, the path has led — from the first reactions which held it to be essential to take measures for the repression of oligopolistic trends and the tendency to restrict competition, revealed by the above enquiries — to directions which are neither clear nor incontestable. It is now gene-

rally agreed that the important thing for the society is not the attainment of an ideal equilibrium resulting from competition, which would prove self-destructive, but the maintenance of a vigorous competitive process (HAYEK). But, while this notion seems quite similar to that of « workable competition » brought forward by J. M. CLARK, we may question whether we are willing to accept without perplexity the idea of « an orderly competition which will assure a fair return on capital », an idea which seems to be at the basis of the thought of the last mentioned Author. « Perhaps the answer depends on time and place. Perhaps the consumers of the United States can now afford to pay a good deal of ransom to insure the stability of her free enterprise system — a stability which has become of outstanding importance to us all. Poorer nations, under pressure to earn their overseas bread, may be called upon to face the risks of instability involved in taking a tougher line with the spirit of "live and let live" ».

When dealing with « the most thunderous revolution of all », the Keynesian, ROBERTSON seems more inclined to suggest means for leading it back to the path of scientific respectability than to encourage attempts at orthodox revivals. Evidently, here again it would be possible to return to MARSHALL and show the evolutionary rather than the revolutionary lines of the successive developments of the monetary theory. And it would also be possible to have recourse to non-Keynesian formal systems, as for instance to the « looser and more dynamic formulation » suggested by ROBERTSON himself (in « Essays in Monetary Theory »). But now the « particular formalization of the forces at work invented by Keynes » is so large a part of the mental baggage of the younger economists (as is shown by at least three quarters of the writings brought together in the « Survey ») that it must be accepted as the basis for further work. Let us then study — our Writer goes on to say — how to make the Keynesian system dynamic, linking up the notion of fluctuation with that of development; let us make a critical examination of some of the instruments of the Keynesian analysis (income-consumption function, liquidity preference), bearing in mind recent experiences; let us link up the objectives of price and wage stability with that of full employment, bridging a notable gap in the literature on this subject.

The Authors we have so far mentioned in reviewing the volumes under consideration, have not failed to call attention to the vast store of knowledge one should possess to be able to appraise adequately the contemporary developments of economics in view of the degree of specialisation now attained in its several branches. Some of them have therefore avoided themselves of the volumes in question for the sole purpose of reconstructing the evolution of a certain line of thought; others have intentionally neglected some branches and examined only those nearest to the

field of study they have most carefully cultivated. The undersigned has had to devote himself to the restricted task of recalling the views of students much better qualified than himself, so as to place before the reader a reliable estimate of the volumes to which attention is here called, rather than to give a mere dry list of their contents. This does not, however, imply unconditional acceptance of the ideas that have been set forth with scrupulous impartiality; nor, above all, does it imply acceptance of the substantially pessimistic appraisal of the current trends of economic science, and of the view that « we knew all that fifty years ago », which seems to be the thought of some of the writers mentioned.

Were this remark well founded, and were it true that « in the fields of intellectual endeavour no harvest is final, all fruit is perishable and only as good as the new seed it might contain » (LEONTIEF), then we should be led to the conclusion that the fruits already ripe « fifty years ago » contained very few fertile seeds. But, as a matter of fact, the intensity and the multiplicity of the research work documented by the Survey does not seem to justify so sceptical a conclusion. Even if the season of ripened fruits is still far off, the encouraging feature of the present state of economics seems to be found above all in the work going on to secure them and in the coordination now being sought between theoretical analysis and empirical research. This trend (repeatedly confirmed in the several essays contained in the Survey notwithstanding the variety of writers and subjects) would seem to be bringing us nearer to the day that BURNS

in an article written not so long ago (15), said he was expecting:

« The day when economists will not rest content until they have at least specified the observable condition that would contradict their theories, when the conformity of a theory to facts is respected no less than its logical consistency, and when carefully formulated theories are tested promptly and thoroughly in a score of research centers ».

Progress towards these objective points, which calls for a vast and coordinated recourse to the collective work of groups of students, is fully set forth in the Survey and it has therefore made an appreciable contribution to the understanding of the lines along which contemporary economics is developing. It is, of course, understood that the goals already reached and those in sight could be yet more efficiently indicated by a « superior intellect » which would have the possibility of rising to a height from which all the land around could be surveyed rather than a single valley; without however failing to take into account that it is only possible to rise to such heights, as SCHUMPETER has warned us, if we recognize the right to exist of the various schools of thought — without advancing orthodox preconceptions and regardless of the possible results on the side of policy — and if we are able to feel emotional affinity to the ideas expressed by each of them (16).

(15) A. F. BURNS; *Keynesian Economics Once Again*, « The Review of Economic Statistics », 1947.

(16) W. LEONTIEF, *J. A. Schumpeter*, « *Econometrica* », 1950.

STATISTICAL APPENDIX (C)

ITALIAN BUDGET SUMMARY - ASSESSMENTS AND OBLIGATIONS (a)

(milliards of lire)

Financial year beginning 1st July	Current revenue and expenditure				Movement of capital			Total				
	Ex- penditure (b)	Revenue (b)		Defi- cit.	Ex- penditure (b)	Reve- nue (b)	Surplus (+) or deficit (-)	Ex- penditure (b)	Reve- nue (b)	Defi- cit	% of revenue to expend- iture	
		do- mestic	from Lira- Fund									Total
	1	2	3	4 = 2+3	5	6	7	8 = 7-6	9 = 1+6	10 = 4+7	11 = 9-10	12 = 10/9
1946-47:												
Original estimates	341	148	—	148	193	10	4	6	351	152	199	43.3
Changes during the financial year (c)	+ 391	+ 204	—	+ 204	- 387	+ 293	+ 331	+ 38	+ 884	+ 535	- 249	—
At the end of financial year	932	352	—	352	580	303	335	+ 38	1,235	687	548	55.6
1947-48:												
Original estimates	832	521	—	521	311	90	92	2	922	613	309	66.3
Changes during the financial year (c)	+ 717	+ 225	+ 56	+ 281	- 476	+ 235	+ 100	- 135	+ 952	+ 381	- 571	—
At the end of financial year	1,549	746	56	802	787	335	192	- 133	1,874	994	880	51.5
1948-49:												
Original estimates	1,232	801	—	801	451	82	20	- 62	1,334	821	513	61.5
Changes during the financial year (c)	+ 271	+ 191	+ 13	+ 204	- 67	+ 16	+ 23	+ 7	+ 287	+ 227	+ 60	—
At the end of financial year	1,523	992	13	1,005	518	98	43	- 55	1,621	1,048	573	70.9
1949-50:												
Original estimates	1,397	1,102	121	1,223	174	133	100	- 33	1,530	1,323	207	85.9
Changes during the financial year (c) (d)	+ 120	+ 67	+ 42	+ 109	- 11	14	+ 5	- 9	+ 134	+ 114	- 20	—
At the end of financial year (d)	1,517	1,169	163	1,332	185	147	105	- 42	1,664	1,437	227	85.5
1950-51:												
Original estimates	1,397	1,127	100	1,227	170	65	59	- 6	1,462	1,286	176	87.9

(a) For back figures see this Review, n. 10, July-September 1949, Statistical Appendix, Table A, p. 179; (b) Recurrent and non-recurrent; (c) Changes are due, for the most part, to new receipts and expenditure resolved upon during the year in case of revenue, also to the difference between original estimates and actual receipts; (d) On the basis of the situation at April 30, 1950.

Source: *Conto Riassuntivo del Tesoro*.

ITALIAN BUDGET SUMMARY - CASH MOVEMENT (a)

(milliards of lire)

Financial year	Receipts (b)			Revenue assessed but not collected (c)	Payments (d)			Expenditure pledged but not incurred (e)	Deficit
	On year account	arrears	total		On year account	arrears	total		
	1	2	3 = 1+2	4	5	6	7 = 5+6	8	9 = 7-3
1945-46	230.5	3.8	234.3	(+ 10)	400.5	49.3	449.8	153	- 215.5
1946-47	648.3	9.5	657.8	29	715.9	157.6	873.5	519	- 205.7
1947-48	801.3	20.6	821.9	106	1,015.9	311.5	1,327.4	743	- 505.5
1948-49	979.6	40.6	1,020.2	39	1,034.5	405.7	1,440.2	450	- 420.0
1949-50 (c)	1,161.4	91.3	1,252.7	182	922.1	281.3	1,203.4	361	- 30.7

(a) While Table A shows assessed revenue and pledged expenditure (the so-called *bilancio di competenza*), this table indicates receipts actually collected and payments actually incurred (the so-called *bilancio di cassa*); (b) Current revenue (recurrent and non-recurrent) and movements of capital; (c) Assessed revenue and pledged expenditure are indicated in Table A of this Statistical Appendix, columns 9 and 10; (d) Current expenditure (recurrent and non-recurrent) and movements of capital; (e) July 1, 1949-April 30, 1950.

Source: *Conto Riassuntivo del Tesoro*.

(*) See explanatory notes in No. 3, October 1947 (p. 197) and No. 8, January-March 1949 (p. 70).

DEPOSITS AND CURRENT ACCOUNTS OF ITALIAN BANKS (a)

Table C

End of the period	Time and Demand Deposits			Current Accounts (b)			% of 1913	Total		
	Amounts outstanding	Quarterly changes	Index number	Amounts outstanding	Quarterly changes	Index number		Amounts outstanding	Quarterly changes	Index number
	1	2	3	4	5	6		7	8	9
1947 - December	528,316	—	100	485,373	—	100	91.8	1,013,889	—	100
1948 - March	603,860	+ 73,284	113.7	527,708	+ 42,335	108.8	87.7	1,129,508	+ 115,619	111
June	691,375	+ 49,575	123.0	609,763	+ 82,055	125.7	93.6	1,261,138	+ 131,630	124
September	740,492	+ 89,117	140.1	664,620	+ 54,857	136.9	89.7	1,405,112	+ 143,974	138
December	805,497	+ 65,005	152.4	714,781	+ 50,161	147.4	88.7	1,520,278	+ 115,166	149
1949 - March	845,176	+ 39,679	160.0	774,422	+ 59,641	159.5	91.6	1,619,598	+ 99,320	159
June	860,859	+ 15,683	162.8	811,444	+ 37,022	167.2	94.2	1,672,303	+ 52,705	164
September	949,220	+ 88,361	179.6	856,561	+ 45,517	176.5	90.2	1,805,781	+ 133,878	178.1
December	1,015,917	+ 66,717	192.2	932,787	+ 76,226	193.1	91.8	1,948,724	+ 142,943	192.2
1950 - March	1,051,760	+ 35,830	199.0	947,450	+ 14,660	195.2	90.1	1,999,200	+ 50,500	197.1

(a) The data refer to 365 banks (commercial and savings banks) which hold about 99 % of the total deposits collected by all Italian banks.

(b) Interbank current accounts are excluded.

Source: *Bollettino* of the Bank of Italy.

BANK CREDITS IN ITALY, BY BUSINESS BRANCHES (a)

Table D

Business branches	Dec. 31, 1946		Dec. 31, 1947		Dec. 31, 1948		Dec. 31, 1949		I.N. (31.XII. '38=100)
	millions of lire	% of total	millions of lire	% of total	millions of lire	% of total	millions of lire	% of total	
1. Personal (professional, consumer, etc.)	33,794	8.52	54,599	7.44	69,637	6.60	95,200	6.90	23.0
2. Public Institutions (Institutions for special ed. activities excluded)	22,976	5.79	36,393	4.96	45,975	4.35	59,400	4.31	11.5
3. Banks, exchanges, fin. and ins. Cos.	23,850	5.89	39,969	5.44	57,525	5.45	86,400	4.81	19.5
4. Transport and communications	10,255	2.58	21,870	2.98	25,399	2.40	31,500	2.28	37.5
5. Electric power, gas, water	6,260	1.57	11,470	1.56	8,837	0.83	7,200	0.60	21.9
6. Hotels, entertainments	3,780	0.70	4,923	0.67	6,622	0.61	14,700	1.06	51.4
7. Building and real estate, public works, land-reclamation	28,217	7.11	50,274	6.85	65,159	6.17	85,400	6.19	20.3
8. Agriculture and agricultural equipment and supply trades	25,748	6.49	54,666	7.45	88,746	8.41	111,200	8.11	37.8
<i>Industry and wholesale trade in:</i>									
9. Cereals, foodstuffs, drink	97,901	24.79	174,893	23.90	271,804	25.85	328,400	23.74	76.1
10. Wood and related products	8,828	2.22	16,484	2.24	22,690	2.15	34,600	2.51	67.8
11. Non-metallic mineral ores	8,712	2.19	22,068	3.09	42,861	4.06	65,400	4.74	71.9
12. Steel, metal and engineering products	40,754	12.55	75,865	10.34	106,455	10.09	143,300	10.37	45.0
13. Chemical products	13,482	3.40	30,673	4.18	35,090	3.32	43,100	3.12	73.3
14. Paper and printing	4,788	1.20	9,390	1.27	12,961	1.22	17,500	1.26	49.8
15. Hides and skins	11,017	2.77	14,637	1.99	26,495	2.51	36,400	2.64	63.2
16. Textile products and clothing	36,168	9.12	74,140	10.10	107,676	10.20	152,400	11.05	68.1
17. Other trades and industries	3,542	0.89	7,764	1.05	13,132	1.24	20,600	1.49	119.7
18. Retail trade and miscellaneous services	17,821	4.49	32,956	4.49	45,940	4.35	65,700	4.76	55.7
Total	396,394	100.0	733,444	100.0	1,055,004	100.0	1,378,200	100.0	39.3
Index numbers: 1938=1	11.3		20.9		30.1		39.3		

(a) The data refer to 365 banks (commercial and savings banks) which hold about 99 % of the total deposits collected by all Italian banks. For 1938 figures, see this Review, n. 10, July-September 1949, Statistical Appendix, Table F, pag. 181.

Source: *Bollettino* of the Bank of Italy.

NOTE CIRCULATION, PRICES, WAGES AND SHARE QUOTATIONS IN ITALY
(Index, 1938=100)

Table E

Year or month	Note Circulation (a)		Wholesale prices (c)		Cost of Living (c)	Wage rates in industry (c)	Share quotations (b)	Fine gold	
	Amount (b) (milliards of lire)	Index	All commodities	Foodstuffs				Price of one gram (lire) (d)	Index
1945 December	389.8	1,732			3,764		517	823	3,165
1947 December	795.0	3,537	5,326	6,196	4,939	5,105	1,206	827	3,180
1948 December	970.9	4,316	5,696	5,969	4,917	5,415	1,416.9	995	3,827
1949 March	900.6	4,000	5,557	5,686	4,980	5,424	1,748.9	1,055	4,057
June	905.4	4,024	5,219	5,416	4,990	5,426	1,386.3	1,035	3,981
September	964.0	4,283	4,910	5,020	4,886	5,455	1,511.8	1,095	4,211
December	1,058.2	4,700	4,747	4,954	4,733	5,791	1,511.3	957	3,680
1950 January	1,002.8	4,456	4,232	5,001	4,735	5,793	1,576.4	942	3,623
February	985.3	4,379	4,759	5,101	4,747	5,799	1,557.9	903	3,473
March	982.9	4,368	4,732	5,081	4,682	5,800	1,480.5	872	3,354
April	950.4	4,402	4,691	5,074	4,752	5,804	1,523.6	829	3,188
May	984.1	4,374	4,888	5,115	4,760	5,809	1,470.7	791	3,042
June	994.2	4,419						775	2,981

(a) End of year or month. Includes: Bank of Italy notes, Treasury notes, and A-M-lire; (b) *Bollettino* of the Bank of Italy; (c) *Bollettino Mensile* and *Bollettino dei Prezzi* issued by the Central Institute of Statistics; (d) Business Statistics Centre of Florence.

PRICES AND YIELDS OF ITALIAN SECURITIES BY MAIN CATEGORIES
(annual or monthly averages)

Table F

Year or month	Government Securities								Share Securities	
	Consolidated		Redeemable		Treasury Bills		Average		Price (index number '38=100)	Yield (per cent per annum)
	Price (index number '38=100)	Yield (per cent per annum)	Price (index number '38=100)	Yield (per cent per annum)	Price (index number '38=100)	Yield (per cent per annum)	Price (index number '38=100)	Yield (per cent per annum)		
1938	100.0	5.40	100.0	5.37	100.0	5.07	100	5.33	100	5.17
1946	105.3	5.13	112.1	4.78	91.3	5.55	98.2	5.43	781.7	0.45
1947	94.4	5.72	98.1	5.39	71.7	6.88	86.5	6.16	2,235.8	0.44
1948	99.4	5.43	85.8	6.60	89.2	5.93	87.6	6.22	1,319.5	2.31
1949	105.9	5.10	96.1	5.89	94.6	5.39	96.0	5.68	1,517.7	3.97
June	105.7	5.11	97.4	5.81	97.4	5.43	96.8	5.63	1,398.9	4.59
December	106.9	5.05	98.1	5.77	99.2	5.33	98.2	5.55	1,511.3	5.05
1950 January	107.1	5.04	97.6	5.80	113.3	4.67	101.7	5.36	2,576.4	4.87
February	105.1	5.74	94.8	5.97	101.5	5.21	96.8	5.63	1,557.0	4.95
March	104.9	5.15	93.1	6.08	90.4	5.85	92.5	5.89	1,480.5	5.31
April	104.0	5.19	92.6	6.11	91.4	5.79	92.2	5.91	1,525.6	5.31
May	104.4	5.17	93.6	6.05	98.1	5.39	93.0	5.86	1,470.7	5.31

Source: *Bollettino* of the Bank of Italy.WHOLESALE PRICES BY GROUPS OF COMMODITIES
(Index, 1938=100)

Table G

Period	All Commodities	Foodstuffs		Textiles	Hides, Skins and Foot-wear	Raw materials, metal and engineering products	Fuels and lubricants	Chemical raw materials and products	Paper goods	Lumber	Bricks, Lime and Cement	Glass
		Vegetable	Animal									
1947 June	5,329	4,185	9,088	6,988	6,796	5,066	3,592	5,565	9,105	7,741	6,060	4,601
December	5,526	4,393	8,035	6,404	4,953	6,296	4,063	5,815	7,894	6,546	6,309	4,601
1948 June	5,142	4,177	7,085	6,172	4,557	5,851	4,342	5,810	5,560	5,893	6,174	4,819
December	5,696	5,278	7,678	5,996	5,316	5,712	4,432	5,814	5,164	5,571	5,988	4,839
1949 March	5,557	5,149	6,968	6,205	5,162	5,647	4,024	5,835	4,981	5,683	5,977	4,839
June	5,215	4,967	6,469	6,004	4,412	5,373	3,919	5,659	4,650	5,660	6,082	4,889
September	4,910	4,544	6,158	5,772	4,442	5,258	3,771	5,400	4,516	5,654	6,135	4,856
December	4,747	4,493	6,054	5,644	4,112	5,165	3,878	5,314	4,502	5,664	6,219	4,957
1950 January	4,732	4,519	6,157	5,560	3,952	5,060	3,849	5,304	4,390	5,664	6,205	4,928
February	4,759	4,580	6,363	5,389	3,905	4,579	3,744	5,415	4,374	5,708	6,193	4,928
March	4,732	4,547	6,379	5,562	3,788	4,770	3,742	5,375	4,374	5,721	6,167	4,928
April	4,693	4,575	6,275	5,520	3,704	4,004	3,683	5,219	4,347	5,662	6,131	4,928
May	4,688	4,744	5,967	5,518	3,648	4,720	3,647	5,208	4,380	5,643	6,063	4,928

Source: *Bollettino Mensile di Statistica*.WAGES AND SALARIES IN ITALY
(gross remunerations - inclusive of family allowances)
(Index, 1938=100)

Table H

Categories	1948		1949		1950				
	June	Dec.	June (c)	Dec.	January	Feb.	March	April	May
<i>Industry:</i>									
Specialised workers	4,272	4,497	4,501	4,590	4,915	4,918	4,918	4,933	4,925
Skilled workers	4,922	5,187	5,194	5,238	5,573	5,581	5,582	5,585	5,580
Ordinary workers and semi-skilled labourers	5,331	5,618	5,630	5,669	5,980	5,988	5,991	5,994	5,996
Labourers	5,802	6,134	6,152	6,164	6,484	6,493	6,495	6,498	6,508
<i>General index of Industry</i>	5,135	5,475	5,426	5,471	5,793	5,793	5,800	5,804	5,809
<i>Land Transport</i>	5,003	5,299	5,305	5,679	5,685	5,675	5,675	5,681	5,681
<i>Government Civil Employees:</i>									
Groups A and B (a)	2,491	2,851	2,851	2,851	2,851	2,851	2,851	3,327	3,327
Group C (b)	3,550	3,947	3,947	3,947	3,947	3,947	3,947	4,086	4,086
Subordinate staff	4,269	4,679	4,679	4,679	4,679	4,679	4,679	4,774	4,774
<i>General Index of Government Civil Employees</i>	3,152	3,533	3,533	3,533	3,533	3,533	3,533	3,838	3,838

(a) Administrative and executive grade; (b) Clerical grade; (c) The net remunerations have been reduced since April 1, 1949 as a consequence of the special deduction made for financing the "Fanfani Plan" for housing reconstruction (Act No. of 332-1949); (d) From April 11, 1950.

Source: *Bollettino Mensile di Statistica*.NATIONAL INDEX OF LIVING COST
(1938=100)

Table I

Year or month	All Items	Foodstuffs	Clothing	Heating and lighting	Housing	Miscellaneous
1947 - December	4,929	6,196	6,866	2,393	269	4,359
1948 - June	4,835	6,111	5,993	2,354	363	4,317
December	4,917	6,149	5,969	2,359	399	4,387
1949 - March	4,980	6,194	5,984	3,058	520	4,300
June	4,990	6,192	6,019	3,183	532	4,459
September	4,886	6,004	5,943	3,436	562	4,426
December	4,753	5,719	5,845	3,464	574	4,502
1950 - January	4,735	5,760	5,755	3,472	575	4,502
February	4,747	5,778	5,715	3,473	574	4,747
March	4,682	5,658	5,658	3,429	595	4,586
April	4,752	5,770	5,628	3,432	595	4,586
May	4,760	5,789	5,592	3,427	595	4,590

Source: *Bollettino Mensile di Statistica*.

UNEMPLOYMENT IN ITALY BY CLASSES (a)

Table L

End of period	Employed persons and pensioners seeking other jobs	Housewives seeking first job	Young people under 21 or ex-servicemen seeking first job	Unemployed formerly employed	Total		
					absolute figures	Index numbers	of which women
1948 - October	77,781	193,810	306,271	1,175,425	1,754,187	100	609,205
December	87,386	222,671	365,785	1,498,429	2,161,271	123.3	679,502
1949 - March	92,973	205,261	395,821	1,440,338	2,133,493	121.8	656,596
June	83,637	180,406	353,287	1,198,438	1,815,768	103.6	600,483
September	79,107	159,319	344,801	1,139,348	1,722,575	98.3	561,871
December	88,833	173,910	405,268	1,387,595	2,055,606	117.3	630,200
1950 - January	94,244	175,677	418,718	1,420,591	2,109,230	120.4	621,155
February	94,386	172,418	429,796	1,355,501	2,052,101	117.1	613,193
March	94,472	172,134	435,383	1,263,570	1,966,234	112.2	608,741
April	95,647	170,367	434,816	1,255,432	1,956,261	107.4	615,851
May	90,987	164,831	419,014	1,162,594	1,837,426	105.2	607,171

(a) See Explanatory Notes in n. 8 of this Review (pag. 71, "Unemployment").

Source: Ministry of Labour.

ITALIAN INDUSTRIAL PRODUCTION INDEX (a)

Table M

(unadjusted - monthly averages, 1938=100)

Year or month	General Index	Mining	Manufactures									Electric Power
			Total	Textiles	Lumber	Paper	Rubber	Chemicals	Petroleum and coal products	Non-metallic ores	Metal-lurgy	
1947 - Average	93	95	85	92	67	70	91	85	82	90	75	121
March	83	94	76	88	65	66	87	70	50	75	65	119
June	103	99	93	98	77	74	96	100	94	93	80	154
September	100	108	93	104	74	78	107	93	104	83	77	135
December	91	88	82	82	52	62	100	90	122	100	73	137
1948 - Average	98	88	89	91	54	74	102	93	124	91	86	149
March	94	91	86	86	58	74	95	88	118	89	89	137
June	100	90	90	86	60	71	87	94	127	93	104	153
September	100	90	100	98	56	88	115	107	153	100	104	160
December	102	88	94	94	50	90	117	99	154	98	93	150
1949 - Average	104	107	98	99	57	86	115	101	165	109	92	135
March	98	103	94	101	58	80	107	93	167	98	82	118
June	115	108	107	103	62	92	121	120	159	120	109	158
September	108	121	103	104	61	89	116	108	177	113	98	132
December	107	119	99	95	55	95	124	99	175	113	101	142
1950												
January	107	129	98	97	58	96	131	99	171	104	97	149
February	102	124	95	96	50	94	132	94	150	104	93	134
March	118	134	111	109	64	104	140	108	200	138	109	148
April	112	120	105	98	62	95	119	108	195	136	103	147

(a) These data are to be considered as merely indicative; see also the article of P. BATTARA, *Index Numbers of Industrial Production and Capitalisation in Italy*, this Review, No. 9, p. 115 et seq.

Source: *Bollettino Mensile di Statistica*.

ITALY'S BALANCE OF PAYMENTS, 1948 AND 1949 - CURRENT ITEMS

Table N

(millions of dollars)

Description	1949			1948		
	Credit	Debit	Surplus (+) or deficit (-)	Credit	Debit	Surplus (+) or deficit (-)
Current Items - Total	1,426.6	1,641.4	- 214.8	1,322.8	1,623.1	- 300.3
Goods and Services - Total	1,333.9	1,633.0	- 299.1	1,327.9	1,595.5	- 267.6
Exports and Imports (F.O.B.)	1,103.1	1,377.1	- 274.0	1,067.6	1,388.0	- 320.4
Foreign Travels	42.5	8.1	+ 34.4	26.3	2.4	+ 23.9
Transports	71.1	177.2	- 106.1	44.9	156.6	- 111.7
Transport Insurance	8.3	4.6	+ 3.7	9.4	5.2	+ 4.2
Income on Investments abroad	0.5	16.2	- 15.7	0.5	12.8	- 12.3
Government Transactions	19.6	13.7	+ 5.9	20.9	24.2	- 3.3
Miscellaneous Items	88.8	36.1	+ 52.7	68.3	6.3	+ 62.0
Unilateral Transfers - Total	92.7	8.4	+ 84.3	84.9	27.6	+ 57.3
Emigrant Remittances	92.7	—	+ 92.7	84.9	—	+ 84.9
War Reparations	—	8.4	- 8.4	—	27.6	- 27.6

Source: Report of the Bank of Italy for 1949.