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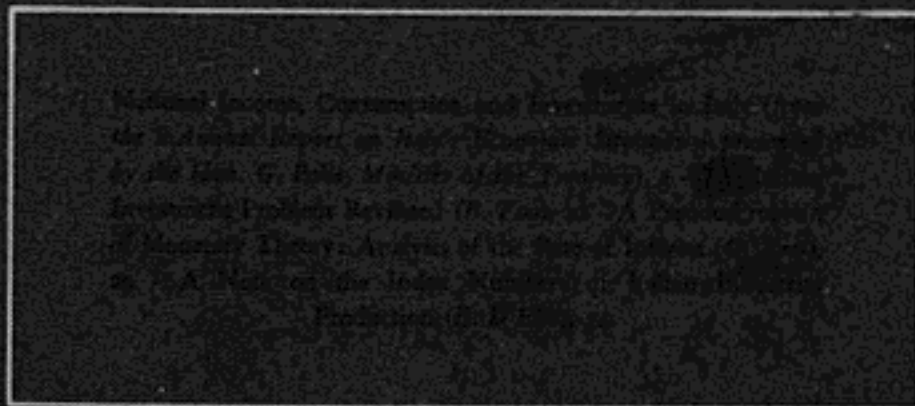
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QUARTERLY REVIEW

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BANCA NAZIONALE DEL LAVORO

HEAD OFFICE: ROME

VIA VITTORIO VENETO, 119

Condensed Statement of Condition, March 31, 1951

ASSETS		LIABILITIES	
(Lire)			
Cash, Balances with Banks & Money at call	75,591,657,008	Capital	1,150,000,000
Investments {	Govt. & semi-Govt. Securities & Treasury Bills	Ordinary Reserve Fund	2,030,000,000
	36,609,036,717		3,180,000,000
	Other Securities	Deposits & Current Accounts (Including Balance of Profit & Loss)	265,438,293,846
2,236,646,021	Cheques in Circulation (<i>assegni circolari</i>)	11,068,186,776	
Contango, Advances on Securities & Loans	142,137,710,979	Bills for Collection	10,451,986,773
Bills receivable & Re-discounts	65,258,537,216	Guarantees & Acceptances for A/C of Customers	43,952,564,126
Sundry Accounts	2,114,958,784	Sundry Accounts	26,539,106,366
Premises, Furnitures & Fixtures	1	Staff individual Retirement Accounts	5,452,035,327
Customers' Liability for Guarantees & Acceptances	43,952,564,126	Unearned Discount & other unearned Income	1,818,937,638
	367,901,110,852		367,901,110,852
Securities deposited by Third Parties	61,359,645,406	Depositors of Securities	61,359,645,406
Special guaranteed Accounts	11,652,562	Accounts guaranteeing special Accounts	11,652,562
Staff Assistance & Retirement Fund-Securities deposited by the Bank as Guarantee	5,406,053,446	Bank's Securities guaranteeing staff Assistance & Retirement Fund	5,406,053,446
	434,678,462,266		434,678,462,266

AUTONOMOUS SECTIONS FOR SPECIAL CREDITS

SECTION FOR CREDIT TO MEDIUM AND MINOR INDUSTRIES

Capital, Reserves and Government Guarantee Fund L. 2,310,000,000

SECTION FOR HOTEL AND TOURIST CREDIT

Aggregate Capital and Reserves L. 430,779,192

SECTION FOR CO-OPERATIVE CREDIT

Capital and Reserves L. 513,169,522 - Government Guarantee L. 2,000,000,000

SECTION FOR MORTGAGE CREDIT

Aggregate Capital and Reserves L. 555,454,784

SECTION FOR CINEMA CREDIT

Aggregate Capital and Reserves L. 504,891,830

BANCA NAZIONALE DEL LAVORO QUARTERLY REVIEW

Vo. IV, No. 16, January-March 1951

SUMMARY

The Minister of the Treasury, Hon. G. Pella, submitted to Parliament on March 30, 1951, the Annual Report on Italy's economic situation, as required under the Act of August 21, 1949, No. 639.

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 1938); and (2) the uses of income (consumption and investment).

The second part examines briefly: market and price trends; productive activity and trade; foreign trade and 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 Revisited* ». The author, a former professor of economics in Italian universities, now in the United States, had already pleaded in his volume « *Monetary Reconstruction in Italy* », published in the fall of 1948, « for a bolder 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 consideration 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 maldistribution in investment and in the employment of productive resources. Consequently, even disregarding the implications of a bolder policy concerning the balance of payments situation, there is room in Italy for a considerable, if not immediate, increase in production, through the elimi-

nation of certain bottlenecks related chiefly to the income and tax structure, as well as to imperfect information, and through the increases in productivity resulting from a better adjustment of the current investment structure ».

•••

The article by Prof. Otto Veit, President of the « Landeszentralbank », of Hessen, « *A Pseudo-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 phenomenon of *barter economy*... In this conflict as such » — argues Prof. Veit — « any compromise seems impossible. According to the definition of interest as set forth [by my analysis], however, this is by no means the case. If the rate of interest is considered to be a compensation for renouncing liquidity, the monetary and the barter pattern merge into each other — although only in the case of the phenomenon of liquidity being interpreted as a factor of barter economy. Since Keynes attributes liquidity to money only, he stressed the alleged contrast all the more... At the end of the chapter on « 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 not-spending, whereas, in fact, it is a reward of not-hoarding. Thereby is set up an alternative which does not exist. The rate of interest is the reward for both: for non-consumption and for investment of the inutilized funds in a relatively illiquid form (non-hoarding). 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 to 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 1950, published in this issue (p. 3).

The Banca Nazionale del Lavoro assumes no responsibility for opinions or facts stated by authors whose contributions are published in the present Review.

All communications regarding the Review should be addressed to Banca Nazionale del Lavoro, Ufficio Studi, Roma, Via Vittorio Veneto 119.

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National Income, Consumption and Investments in Italy (*)

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 or 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-employments 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 Administration* » 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: 1) difficulties of assessment; 2) 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 those 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 to the « *national income at factor cost* » the excise and local 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 basis 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* ».

I. - Calculation of the Private Net Product.

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.

(*) The Treasury Minister, Signor G. Pella, has kindly granted us permission to publish the Appendix on national income contained in the « *General Report on Italy's Economic Situation* » presented to the Italian Parliament on March 30, 1951.

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 as 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).

TABLE 1
PRINCIPAL CROPS: HARVESTED AREA
(Present boundaries - Thousands of hectares)

Type of crops	1936	1939 (yearly average)	1938	1947	1948	1949	1950
	1							2	3	4	5	6	7
1. Cereals	7,448	7,371	6,681	6,876	6,927	6,920	
2. Pulse	1,353	1,362	1,199	1,240	1,242	1,244	
3. Potatoes and vegetables	655	657	732	723	714	726	
4. Industrial crops	295	313	265	270	283	318	

(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 con-

sidered as not inferior to the pre-war level, in view of the drop in the area under cereals in 1950 as compared with 1938.

TABLE 2
CONSUMPTION OF PLANT FOOD
(Present boundaries - Thousands of quintals)

	1936	1939 (yearly average)	1938	1947	1948	1949	1950
	1							2	3	4	5	6	7
1. Phosphoric oxide	2,650	2,542	1,475	1,588	2,208	2,494	
2. Nitrogen	1,119	1,165	630	880	1,099	1,199	
3. Potassic oxide	159	180	90	122	167	160	

(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 years 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 7,660,000 tons with an increase of 4.2 per cent over 1949. The production of rice last year was still much below the 1938 level, 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 unfavourable harvest in 1950 with a drop of 13.1 per cent as compared with 1949. For oats and other cereals 1950 shows the highest production of all the years considered.

The production of pulse is still very much lower than before the war, however last year there was a considerable increase particularly for broad beans (85.5 per cent more than in 1949), for chick-peas (9.7 per cent) and for sundry 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

1950 was lower on the whole 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-

TABLE 3
PRODUCTION OF THE PRINCIPAL CROPS AND PLANTS
(Thousands of quintals)

	1936-39 (yearly average)	1938	1947	1948	1949	1950	
	1	2	3	4	5	6	7
1. Cereals							
1. Wheat	75,508	81,506	46,779	65,000	73,500	76,600	
2. Rice	7,761	8,168	6,166	6,188	5,909	6,900	
3. Oats	5,660	6,261	4,464	4,857	4,149	5,534	
4. Maize	29,602	29,108	19,236	22,498	22,130	19,230	
5. Others	3,600	3,761	2,755	3,424	3,514	4,215	
2. Pulse							
1. Broad beans	6,349	6,370	2,881	3,325	2,623	4,865	
2. Beans	1,622	1,361	1,310	1,598	1,359	1,177	
3. Chick-peas	393	397	497	520	496	544	
4. Others	921	879	565	625	557	678	
3. Vegetables							
1. Potatoes	27,165	27,683	28,046	30,107	26,035	23,828	
2. Tomatoes	9,523	9,353	9,856	9,658	10,768	12,330	
4. Textile Plants							
1. Flax	38	33	49	57	50	62 (a)	
2. Hemp	1,097	1,170	612	768	722	604 (a)	
3. Cotton	53	75	33	26	18	33 (a)	
5. Other Industrial Plants							
1. Sugar beets	32,716	32,800	22,112	34,086	34,512	44,000 (a)	
2. Tobacco	425	420	607	744	718	600 (a)	
6. Arboreal Plantations							
1. Grapes	61,586	65,182	51,416	57,908	59,059	59,903	
2. Olives	14,263	10,342	15,500	6,362	10,897	8,710 (a)	
3. Oranges	3,255	3,481	3,297	3,534	2,628	4,845 (a)	
4. Tangerines	534	625	555	566	499	742 (a)	
5. Lemons	3,269	3,905	2,805	2,546	2,333	2,230 (a)	
6. Apples	2,883	2,055	4,837	3,784	6,738	5,113	
7. Pears	1,971	1,488	2,528	2,113	3,378	2,918	
8. Peaches	2,313	2,194	2,341	1,910	2,316	2,827	
9. Almonds	1,804	2,868	1,633	703	703	2,193	
10. Figs	3,062	3,539	3,621	3,684	4,013	3,680	

(a) Provisional data.

high, also compared with that of the preceding year.

In the sector of arboreal 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

tion had already been brought up to the pre-war level in 1948. In 1950 there was a slight increase in cattle and sheep as compared with 1949, offset by a considerable drop in pigs (See Table 5).

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

TIMBER PRODUCTS FROM WOODS

TABLE 4

(Present boundaries - building timber in thousands of cubic metres; firewood and vegetable coal in thousands of quintals)

Products	1935/36 1938/39 (yearly average)	1937/38	1946/47	1947/48	1948/49	1949/50
1	2	3	4	5	6	7
1. Building timber	3,169	3,273	3,693	3,653	3,974	3,814
1. Resinous of which:	1,567	1,712	1,812	1,717	1,870	1,826
(a) firs	1,048	1,130	999	971	1,201	1,171
(b) larches	187	399	225	212	212	226
2. Broad-leaved plants of which:	1,602	1,561	1,861	1,936	2,094	1,988
(a) oaks	336	375	287	327	286	205
(b) beeches	310	298	489	491	497	535
(c) chestnut-trees	685	700	754	789	1,018	923
2. Fire-wood	33,917	35,590	51,404	47,145	43,548	42,411
3. Vegetable coal	5,568	5,652	5,371	5,380	5,295	5,216

LIVESTOCK ESTIMATE

TABLE 5

(Present boundaries - Thousands)

Animals	1938	1947	1948	1949	1950
1	2	3	4	5	6
1. Cattle	7,667	7,263	7,834	8,162	8,200
2. Pigs	2,940	3,891	3,949	4,376	3,800
3. Sheep	9,467	8,727	10,130	10,376	10,500
4. Goats	1,828	1,859	2,519	2,592	2,500

are available for a comparison with before the war, judging from the size of the livestock population, the production of meat may be assumed to be as high as in 1938 (See Table 6).

(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 1950 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 weighted on the basis of the value of the production, exclusive of re-employments, at the prices of the year taken as basis. The Cen-

SLAUGHTERED ANIMALS

TABLE 6

Years	Cattle		Sheep and goats		Pigs		Total Dead weight (thousands of qls.)
	Number (thousands)	Dead weight (thousands of qls.)	Number (thousands)	Dead weight (thousands of qls.)	Number (thousands)	Dead weight (thousands of qls.)	
In Municipalities with over 5,000 Inhabitants							
1947	1,002	1,455	2,835	266	1,130	1,179	2,900
1948	1,388	2,002	3,450	311	1,809	1,661	3,978
1949	1,571	2,252	3,768	328	2,146	2,158	4,738
1950 (a)	1,907	2,628	3,715	306	2,149	2,989	4,923
In all Municipalities							
1949	1,934	2,657	5,416	453	3,628	3,258	6,358
1950 (a)	2,272	3,113	5,042	422	3,278	2,943	6,478

(a) Provisional data.

tral Institute of Statistics calculates two index numbers, one taking the 1936-39 average production 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.

second half of 1950, is due to the difference in the qualitative composition of production in 1950 as compared with 1949.

2 - Net Product of Industry and Handicraft Trades.

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 1938.

The assumptions on which the computation for 1947 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 estimate 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 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 KUZNETS (*Discussion on the*

INDEXES OF AGRICULTURAL AND FORESTRY PRODUCTION
(1938 = 100)

Products	1936-39 (yearly average)	1947	1948	1949	1950
General index number	97.2	78.5	87.9	94.8	96.6
1. Agricultural products	97.5	77.4	87.0	94.3	96.2
1. Cereals	93.3	59.8	79.4	87.7	90.8
2. Pulse	107.6	77.6	90.4	74.3	86.7
3. Potatoes and vegetables	99.3	109.8	118.2	110.9	115.4
4. Industrial plants	95.4	83.8	99.9	95.1	91.8
5. Arboreal plantations giving yearly fruit	96.4	112.7	98.0	117.0	133.4
6. First processing products					
(a) vegetable	95.1	92.1	79.4	89.8	80.1
(b) animal	97.5	73.2	88.3	95.7	98.3
2. Forestry products	93.1	89.0	104.0	103.8	103.8
1. Timber	97.4	111.7	110.3	117.1	114.4
2. Other than timber	78.4	55.6	82.2	58.1	68.2

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 1949 and 1950.

The net product for agriculture, forestry and fishing is obtained by calculating the volume of the component parts of the gross product at production prices and deducting expenses for auxiliary raw materials, depreciations and maintenances in compliance with the principles adopted for the preceding years (see *Annali di Statistica*, Series VIII, Vol. III). This product totals 2,000 billion lire (1,985 billions for agriculture and forestry and 15 billions for fishing) with an increase of 2.6 per cent as compared with 1949.

The slight difference between the increase in the net product and the volume of agriculture and forestry production, taking into account the increase in the price level in 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 (2), especially for those sectors (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

OUTPUT OF ELECTRIC POWER IN ITALY
(millions of kwh)

Years	Hydro-electric power	Thermal generated and geo-thermal power	Total	Indexes (1938 = 100)
1938	14,580	964	15,544	100.0
1947	18,904	1,670	20,574	132.4
1948	20,853	1,841	22,694	146.0
1949	17,383	3,399	20,782	133.7
1950 (a)	22,900	3,325	25,425	163.6

(a) Provisional data.

There was a drop in the national output of solid fuel in 1950 as compared with 1949, offset by a 113.5 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.

New Department of Commerce Income Series, National Income: A New Version, in "Review of Economics and Statistics" XXX, August 1948, on the basis of experts' conjectures, is equivalent to about 20 per cent (which, in Kuznets' opinion, might be reduced to about 10 per cent).

(2) The reliability of the index numbers calculated by the Central Institute of Statistics for industrial production is discussed later in this Review (p. 34) also by prof. E. D'ELIA, A Note on the Index Numbers of Italian Industrial Production.

Since a far from negligible part of the imports of liquid and solid fuel in 1938 were set aside for stock-piling, consumption from 1947 on has obviously been higher than in 1938.

TABLE 9

PRODUCTION OF SOLID FUELS AND NATURAL GAS
(in m. tons)

Years	An-thra-cite	Pit-coal	Sulcis coal	Pit-chy lignite	Xiloid lignite	Natu-ral gas (thous. of cubic m.)
1938	132,197	—	465,772	168,167	704,183	17,111
1947	110,755	39,955	1,202,338	445,460	1,410,403	93,510
1948	86,523	24,202	861,711	225,575	681,226	117,112
1949	75,262	14,775	1,014,086	227,538	604,700	216,184
1950	68,071	11,600	950,609	218,099	562,154	504,238

It is possible to calculate yearly supplies of power by considering the national output of electricity and fuel in addition to net imports (converting the amount into pit-coal with suitable coefficients) (See Table 11).

TABLE 10

NET IMPORTS, SUPPLIES AND CONSUMPTION OF SOLID AND LIQUID FUELS
(m. tons)

Years	Net imports	Stocks at beginning of year	Actual supplies	Stocks at end of year	Actual amount of imports consumed
Coal					
1938	11,911,875	—	11,911,875	—	11,911,875
1947	8,829,197	228,734	9,057,931	1,093,130	7,964,801
1948	8,344,234	1,091,130	9,435,364	730,957	8,646,407
1949	8,712,790	790,957	9,503,747	952,101	8,551,646
1950	8,331,557	952,101	9,283,658	666,000	8,587,658
Liquid fuels					
1938	2,445,814	—	2,445,814	—	2,445,814
1947	3,389,918	330,317	3,719,352	462,082	3,257,270
1948	2,600,295	462,082	3,062,377	1,565,680	1,496,697
1949	3,991,659	1,565,680	4,467,339	752,127	3,715,212
1950	5,004,040	752,127	5,756,167	—	5,756,167

On the whole, as compared with 1949 there was an increase in the consumption of power in 1950 that may be estimated as having amounted to over 22 per cent.

On the basis of different computation methods and making allowance for losses of

electric power, the Ministry of Industry (Coal Department) has reached the results indicated

TABLE 11

SUPPLIES AND CONSUMPTION OF ELECTRIC POWER, SOLID AND LIQUID FUELS, NATURAL GAS
(millions of m. tons of pit-coal) (a)

Years	Power produced in Italy (b)	Net imports	Apparent supplies	Stocks at beginning of year	Actual supplies	Stocks at end of year	Consumption (including losses)
1938	15.43	16.05	31.48	—	—	—	—
1947	20.98	14.08	35.06	0.70	35.76	1.75	34.01
1948	22.57	12.25	34.82	1.75	36.57	3.03	33.54
1949	19.60	12.92	32.52	3.03	35.55	2.02	33.53
1950	24.21	17.26	41.47	2.02	43.49	2.42	41.07

(a) Calculated on the basis of 7,400 calories.

(b) Excluding charcoal and firewood.

in Table 12, regarding the consumption of power for industrial use in Italy. According to these data, the consumption of power for industrial use increased 10 per cent in 1950 as compared with 1949.

TABLE 12

POWER CONSUMED MAINLY FOR INDUSTRIAL USES
(thousands of m. tons of coal at 7,700 calories)

Years	Coal	Fuel oil	Natu-ral gas	Electric power	Total	
					Thous-ands of m. tons	I.N. (1938 = 100)
1938	12,501	1,610	7	9,375	21,493	100.0
1947	9,542	2,204	95	12,406	24,247	103.2
1948	9,616	1,870	125	13,700	25,311	107.7
1949	10,862	2,905	263	11,583	25,613	109.0
1950 (a)	10,092	2,805	621	14,600	28,118	119.7

(a) Provisional data.

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 1937-1939 Industrial and Commercial Census, in 1938 out of a global consumption of about 1,730 thousand tons of rolling mill products, 1,120

thousand tons (64.8%) were accounted for by the engineering industry and 320,000 tons (18.4%) by the building industry, while the remaining 290,000 (16.8%) tons 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 indication of the productive level of the industries for which said products represent one of the basic materials, a comparison between the figure 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 540,000 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 « *Fabbriguerra* » (3) 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 1937-39 Industrial and Commercial Census, I.R.I.'s Research Office, as a result of special calculations, has established that mechanical production for war purposes amounted to 4,029 million lire out of a total mechanical output of 14,145 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) ammunition

(3) Office for war production.

OUTPUT, NET IMPORTS, SUPPLIES AND CONSUMPTION OF IRON AND STEEL PRODUCTS
(thousands of m. tons)

TABLE 13

Years	Output	Net imports	Apparent supplies	Stocks at beginning of year	Actual supplies	Stocks at end of year	Consumption	Consumption 1938=100	Actual supplies 1938=100
<i>Cast Iron</i>									
1938	861	70	933	65	998	66	932	100	100
1947	318	153	471	46	517	41	476	51.1	51.8
1948	449	132	581	41	622	117	511	54.8	62.1
1949	393	210	603	111	714	111	603	64.7	71.5
1950	502	206	708	111	819	..	..	..	82.1
<i>Steel</i>									
1938	2,123	14	2,137	198	2,535	242	2,293	100	100
1947	1,691	3	1,694	219	1,913	211	1,702	74.2	75.5
1948	2,125	35	2,160	211	2,371	343	2,028	88.4	91.5
1949	2,055	28	2,083	343	2,426	335	2,041	89.0	95.7
1950	2,319	137	2,456	335	2,791	..	..	..	110.1
<i>Rolling Mill Products</i>									
1938	1,658	81	1,739	188	1,927	200	1,727	100	100
1947	1,247	55	1,302	179	1,481	211	1,270	73.5	76.9
1948	1,491	95	1,586	211	1,797	292	1,505	87.2	93.3
1949	1,595	117	1,712	292	2,004	260	1,744	101.0	104.0
1950	1,800	330	2,190	260	2,450	..	..	..	127.1

and arms, 1,989 million lire; 2) aircraft and their parts, 900 millions; 3) warships, 806 millions; 4) motor-vehicles for the Armed Forces, 170 millions; 5) other mechanical products, 164 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 indexes 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 ensues 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

proper. In 1938 the production of arms and ammunition accounted for 14.2 per cent of production and for 8 per cent of the total manpower employed by the engineering industry. If allowance is made for the technical progress in the use of raw materials (lesser weight per unit of the products) and the different types of production, it should not be far from the truth to say that, in 1949, with supplies of rolling mill products equivalent to 104 there was a mechanical production of 115 and in 1950, with supplies of rolling mill products equivalent to 127, a production of 123 as compared with 1938. Should the index number for mechanical production not include at all production of a military nature, and should the indirect index number be obtained eliminating from the con-

OUTPUT, NET IMPORTS AND SUPPLIES OF NON-FERROUS METALS
(m. tons)

TABLE 14

Years	Aluminium			Zinc			Lead			Copper & its products net imports
	Output	Net imports	Apparent supplies	Output	Net imports	Apparent supplies	Output	Net imports	Apparent supplies	
1938	25,767	25	25,792	33,637	1,315	34,952	44,031	9,024	53,055	79,641
1947	24,850	4,564	29,413	23,114	2,512	25,626	17,702	7,552	25,254	51,861
1948	33,085	10,520	22,563	26,398	5,608	20,790	26,749	14,033	12,716	63,356
1949	25,647	1,774	27,421	26,451	2,269	28,720	28,460	7,114	35,574	52,550
1950	37,070	16,217	53,287	38,069	2,682	35,387	37,469	8,193	45,662	66,540

sumption of rolling mill products in 1938 those allocated to war production, the index number for the consumption of rolling mill products exclusively for peace industry would amount to 146.8 for 1949 and to about 176.8 for 1950, which appears absurd.

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 1938. 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).

TABLE 15
NET IMPORTS, SUPPLIES AND CONSUMPTION
OF RAW COTTON AND ARTIFICIAL TEXTILE FIBRES
(quintals)

Years	Cotton				Artificial textile fibres consumption
	Net imports	Stocks at beginning of year	Supplies	Stocks at end of year	
1938	1,584,635	276,100	1,860,735	445,200	1,415,535
1947	2,059,214	679,162	2,756,376	872,120	1,884,256
1948	1,388,893	872,120	2,261,013	487,748	1,773,265
1949	1,909,302	487,748	2,397,050	521,673	1,875,377
1950	2,152,990	521,673	2,674,662	..	..

Besides raw cotton, also other vegetable and artificial textile fibres were 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 indexes for cotton industry production.

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

TABLE 16
OUTPUT AND NET IMPORTS OF GREASY
AND SCOURED WOOL
(thousands of quintals)

Years	Domestic output	Net imports	Apparent supplies	Indexes of supplies
1938	123.0	342.9	465.9	100
1947	111.0	1,347.6	1,459.8	313
1948	150.0	571.0	721.0	157
1949	160.7	709.7	870.4	187
1950	160.0	691.2	851.2	183

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

4) *Supplies of Cement and Building Timber.* — 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.

TABLE 17
OUTPUT, IMPORTS, EXPORTS AND SUPPLIES
OF CEMENT AND BUILDING MATERIALS
(m. tons)

Years	Output	Imports	Exports	Apparent supplies	Index number of apparent supplies (1938=100)
1938	4,007,204	4,922	414,720	3,597,406	100.0
1947	2,752,075	68,805	919	2,819,961	78.4
1948	3,143,809	8,404	61,605	3,090,608	85.9
1949	4,036,501	3,877	123,536	3,916,842	108.9
1950	5,003,546	5,070	133,166	4,875,250	135.5

Since no data are available for stocks of cement, it has only been possible to calculate apparent supplies; however it should be remarked that the divergency between apparent sup-

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 production of building timber have already been given when speaking of agricultural and forestry 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; consequently the figures contained in Table 18 must be considered as approximate, though sufficiently reliable.

TABLE 18
SUPPLIES OF ROUGH BUILDING TIMBER *
(thousands of cubic metres)

Supplies and indexes	1938	1947	1948	1949	1950
Apparent supplies	6,040.6	6,144.7	5,475.6	7,811.7	8,393.4
Indexes (1938=100)	100.0	101.7	90.6	129.3	138.9

(b) *Indexes of Industrial Production.*

The survey carried out regarding some fundamental branches of production and consumption justifies the recourse to the industrial production indexes as to the fundamental instrument 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 the years 1947-1950, in order to obtain the net product for these years at 1938 prices. Although some objections may be raised both from a theoretical and from a practical point of view against a calculation of this kind, the lack of a recent Industrial Census leaves no other choice (See Table 19).

The index numbers for industrial production given in Table 19 show some divergencies if compared with those published by the Central Institute of Statistics, owing to the different classification of the industries used in calculating the net product (4).

(4) See EUGENIO D'ELLA, *A Note on the Index Numbers of Italian Industrial Production*, etc.

TABLE 19
INDUSTRIAL PRODUCTION INDEX NUMBERS,
CONSTRUCTED ON THE BASIS OF THE CLASSIFICATION
ADOPTED FOR INCOME CALCULATION
(1938=100)

Branches and Groups	1947	1948	1949	1950
<i>General Index Number</i>	91	99	106	120
<i>Mining Industries</i>	83	82	90	101
<i>Manufacturing Industries</i>	93	103	115	135
Food processing industries	88	109	135	155
Tobacco industries	77	112	120	128
Textile industries	96	93	98	102
Timber industries	67	54	58	59
Paper industries	75	73	91	106
Metallurgical industries	73	87	85	104
Engineering industries	96	104	115	123
Processing of non-metallic minerals	86	90	96	119
Chemical industries	93	100	114	124
Petroleum and coal by-product industries	84	121	170	207
Rubber industries	91	101	115	132
Electricity and gas	133	148	136	160
Output and distribution of electricity	136	149	134	162
Output and distribution of gas	119	145	145	151

(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.

3 - *Net Product of Transports and Communications.*

Both for 1938 and for 1947 and the following 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 operated transport Services; estimates and evaluations for other road transports. For transport by sea, the net product for 1938 has been calculated on the basis of the 1937-1939 Industrial 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.

CALCULATION OF NET PRODUCT OF INDUSTRY FOR 1949 AND 1950

TABLE 20

Industrial Groups	1938 net product (millions of lire)	1949			1950		
		Industr. product. index (1938=1)	Price index (1938=1)	Net product (billions of lire)	Industr. product. index (1938=1)	Price index (1938=1)	Net product (billions of lire)
I. <i>Mines and Quarries</i>	792	0.90	52.10	37	1.01	48.70	39
II. <i>Manufacturing Industries</i>	33,683	—	—	1,346	—	—	2,015
1. Foodstuffs	6,945	1.09	52.39	397	1.35	46.76	438
2. Tobacco	554	1.20	54.47	39	1.28	54.47	39
3. Textiles	5,360	0.98	57.65	303	1.02	57.35	314
4. Footwear and clothing	1,419	0.98	57.65	80	1.02	57.35	81
5. Timber and cork	1,124	0.58	56.62	37	0.59	56.77	38
6. Paper	672	0.91	48.09	29	1.06	47.78	24
7. Printing	746	1.02	74.97	57	1.15	91.17	78
8. Leather	422	0.74	44.39	14	0.69	40.94	12
9. Rubber	522	1.15	53.72	30	1.32	55.64	38
10. Chemicals	2,776	1.00	56.04	156	1.14	53.09	168
11. Petroleum and coal by-products	505	1.70	44.20	38	2.07	42.62	45
12. Processing of non-metallic minerals	1,035	0.96	58.36	58	1.19	58.51	72
13. Metallurgical industries	2,287	0.85	58.48	114	1.04	55.66	132
14. Engineering industries	8,832	1.15	45.53	462	1.23	44.95	488
15. Sundry manufactures	484	1.02	66.67	33	1.15	64.87	36
III. <i>Building</i>	2,732	0.94	58.25	450	1.40	57.56	220
VI. <i>Electricity, gas and water</i>	3,433	—	—	142	—	—	165
1. Output and distribution of electricity	2,543	1.34	24	82	1.62	24	99
2. Output and distribution of gas	264	1.45	49.65	19	1.51	49.13	20
(a) output	309	1.45	41.82	18	1.51	46.79	22
(b) distribution	317	1.45	49.65	23	1.51	49.13	24
3. Distribution of water							

For air transport, computations for 1938 have been based on the Industrial Census, while those for the post-war years have been calculated indirectly on the basis of traffic data.

Since calculations for 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 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 mentioned « *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 690 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 employees, 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 sums paid (damages branch) amounts to 38 billion lire.

The total figure (199 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 296 billion lire.

7 - Net Product of Buildings.

The net product of buildings has been calculated on the basis of the 1939 building Census posted up to 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 at factor cost, not inclusive of local and excise taxes levied on the prices of goods and services.

II. - Calculation of the Net Product of Public Administration.

The net product of Public Administration falls into two parts: (a) the net product of State Administration which has been calculated

TABLE 21

PRIVATE NET PRODUCT BY BRANCHES OF ECONOMIC ACTIVITY

(billions of lire)

Branches of economic activity	1938	1947	1948	1949	1950
1. Agriculture and forestry	37.91	1,965	2,167	1,935	1,985
2. Fishing	0.10	14	13	15	15
3. Mining industries	0.79	16	12	37	39
4. Manufacturing industries	33.68	1,514	1,707	1,846	2,015
5. Building industry	2.73	131	153	150	220
6. Electricity, gas and water industries	3.44	87	147	142	165
7. Transportation and communications	7.13	220	300	359	375
8. Trade	14.04	607	630	650	690
9. Credit and insurances	3.73	102	147	193	238
10. Services	7.09	240	267	284	296
11. Buildings	8.30	15	23	36	44
12. Total	149.14	4,931	5,586	5,644	6,052
13. Differences due to duplications and omissions	3.29	85	119	160	199
14. Net Product	152.43	5,016	5,705	5,804	6,251

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: 1) military and police expenses; 2) productive expenses; 3) consumption expenses; 4) 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 Inspectorates, 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 local administrations and State concerns, the payment of the dole to the unemployed, 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.

TABLE 22

NET PRODUCT OF PUBLIC ADMINISTRATION

(billions of lire)

Component Parts	1938	1947	1948	1949	1950
1. Value of goods and services	35.32	853	1,106	1,154	1,170
1. Final goods and services	18.36	434	556	622	631
2. Instrumental goods and services	16.96	419	550	532	539
2. Expenses for the purchase of goods and services	19.48	515	609	519	475
3. Net product	15.84	338	497	635	695

The «net product of Public Administration» has been obtained by adding up production and consumption expenses and subtracting expenses for the purchase of goods and services from the private sector (See Table 22).

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

expenditure for goods and services supplied to the private sector (See Table 23).

TABLE 23

NET NATIONAL PRODUCT AT FACTOR COST

(billions of lire)

Component Parts	1938	1947	1948	1949	1950
1. Net product of the private sector	115.85	4,846	5,467	5,484	5,883
2. Net product of Public Administration	15.84	338	497	635	695
3. Total	131.69	5,184	5,964	6,119	6,578
4. Less: Duplications for goods and services supplied to the private sector by Public Administration	14.46	230	319	184	228
5. Net national product at factor cost	117.23	4,954	5,645	5,935	6,350

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

NET INCOME FROM ABROAD TABLE 24
(billions of lire)

Component parts	1938	1947	1948	1949	1950
1. Net income from capital	-0.41	-6	-21	-26	-27
2. Net remittances	0.72	38	78	68	78
3. Gifts	..	148	180	124	165
4. Net income from abroad	0.31	180	237	166	216

presents of money from abroad after the deduction of similar grants or gifts made by Italy to foreign countries (See Table 24).

V. - National Income at Factor Cost and Market Prices—Gross National Income at Market Prices.

The national income at factor cost is obtained by adding the net income from abroad to the net national product; if excise and local taxes not included in the evaluation of goods and services are added to the latter total, we obtain national income at market prices (See Table 25).

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 principles 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 1938 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 calories and nutritive substances (See Table 27).

The direct computation of total expenditure for food leads to figures which may be consider-

(5) Cf. « Annali di Statistica », Series VII, Vol. III (B. BARBERI, *Indagine statistica sulle disponibilità alimentari della popolazione italiana dal 1922 al 1937*); « Bollettino Mensile di Statistica Agraria e Forestale », No. 6, June 1948 (B. BARBERI, *Disponibilità alimentari dell'Italia dal 1910 al 1947*); « Annuario Statistico Italiano 1943-50 »; « Bollettino Mensile di Statistica », No. 6, June 1950.

ITALY'S NATIONAL INCOME TABLE 25
(billions of lire)

Component Parts	1938	1947	1948	1949	1950
1. Net national product at factor cost	117.23	4,954	5,645	5,935	6,350
2. Net income from abroad	0.31	189	237	166	216
3. National income at factor cost	117.54	5,134	5,882	6,101	6,566
4. Excise and local taxes not included in the evaluation of goods and services	18.40	466	677	792	902
5. National income at market prices	135.94	5,600	6,559	6,893	7,468
6. Capital depreciation	14.00	589	610	560	560
7. Gross national income at market prices	149.94	6,189	7,169	7,453	8,028

TABLE 26

AVERAGE PER CAPITA QUANTITY OF FOODSTUFFS AVAILABLE PER ANNUM (a)

Items	1938	1947	1948	1949	1950 (b)
1. Wheat	167.5	139.9	150.6	165.0	171.0
2. Rye	3.2	3.2	3.1	2.5	2.3
3. Barley	1.0	2.0	2.4	2.6	2.1
4. Maize	33.1	22.3	17.1	18.0	18.2
5. Rice	18.6	10.8	12.3	11.5	9.8
6. Potatoes	42.2	38.2	41.9	38.7	32.5
7. Sugar	8.0	6.2	9.6	10.4	12.7
8. Dried pulse	12.1	5.0	5.5	5.9	7.0
9. Fresh vegetables and pulse	76.6	81.2	84.5	82.7	88.7
10. Fresh fruit	21.8	28.5	26.8	29.8	37.2
11. Dried fruit	13.2	10.1	10.0	8.5	8.0
12. Citrus fruit	7.2	8.7	8.1	7.9	7.4
13. Beef and veal	8.5	3.8	5.3	6.1	7.1
14. Pork	5.1	3.6	4.1	4.3	3.7
15. Mutton and lamb	1.1	1.0	1.0	1.0	0.9
16. Horse meat	0.2	0.3	0.3	0.4	0.5
17. Entrails	1.9	1.4	1.5	1.4	1.4
18. Fowls	1.6	1.0	1.1	1.3	1.3
19. Rabbits	1.3	1.3	1.1	1.0	1.0
20. Eggs	7.2	4.8	5.4	5.8	6.4
21. Fish	6.6	6.2	5.7	5.7	5.8
22. Milk for direct consumption (litres)	37.3	34.7	45.2	49.8	50.4
23. Cheese	3.4	4.1	4.5	5.2	5.2
24. Cooking fats	11.2	7.3	11.1	9.4	11.8
25. Wine (litres)	72.9	72.3	64.9	72.4	70.2
26. Beer (litres)	1.4	2.5	1.9	2.5	3.2
27. Anhydrous alcohol (litres)	0.2	0.5	0.5	0.7	0.7

(a) Kilogrammes, except where otherwise stated.
(b) Provisional.

TABLE 27
DAILY PER CAPITA SUPPLIES OF NUTRITIVE SUBSTANCES AND CALORIES

Years	Nutritive Substances			Calories	
	Proteins grs.	Fats grs.	Carbon hydrates grs.	No.	Indexes (1938 = 100)
1938	95.1	62.8	429.7	2,723	100.0
1947	75.7	42.7	352.6	2,145	78.8
1948	81.1	55.0	375.9	2,374	87.2
1949 (a)	86.0	52.0	400.0	2,466	90.6
1950 (a)	90.0	58.0	414.0	2,594	95.3

(a) Provisional data.

ed quite plausible. Table 28 contains the figures for the total value of food consumption and some elements for controlling said values.

EXPENDITURE FOR FOOD CONSUMPTION TABLE 28

Years	Total food expenditure		Food expenditure per inhabitant		Index of calories 1938=1000	Ratio 5 6	Foodstuffs cost index 1938=1
	Millions of lire	Indexes 1938=1	Lire	Indexes 1938=1			
1	2	3	4	5	6	7	8
1938	63.08	1.0	1,501	1.0	1,000	1.00	1.00
1947	2,905.81	46.1	61,809	42.5	0.788	53.94	58.34
1948	3,588.67	56.8	78,236	52.1	0.872	59.74	60.83
1949	3,803.00	62.6	82,479	54.9	0.906	60.60	60.69
1950	3,903.16	64.3	84,082	56.0	0.953	58.77	58.77

The calculation of the indexes for food expenditure per inhabitant has been effected 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 5) by the indexes for daily per capita consumption in calories (column 6) 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 8), only negligible differences are found, except in the case of 1947. In the latter year exceptional conditions regarding the qualitative formation of

consumption prevail, with considerable differences as compared with a « standard budget ».

The amounts given for food expenditure do not include the consumption of tobacco which, according to the sales of the State Monopoly organisation, were:

Years	1938	1947	1948	1949	1950
Billions of lire	3.95	142	182	209	238

It is no easy matter to calculate expenditure for clothes, wearing apparel, materials for household use (house linen, upholstery, etc.), dress and household accessories, etc. The evaluation has been computed item by item, calculating the quantities produced and deducting manufacturers' stocks therefrom. The quantity of materials and other products has been con-

verted into finished dress or household units, calculating the cost of making them up.

Since the point of departure for these calculations is production and the prices applied to the cloths are average market prices, a figure corresponding to the lower prices resulting from the distribution (gratis or at reduced prices) of U.N.R.R.A. textiles has been deducted from the total for the years 1947-1950.

Said calculations having been completed, the total values obtained were then reduced in order to make allowance for the stocks held by shopkeepers; this adjustment has been based, on the one hand, on more or less plausible conjectures regarding the trend of sales and, on the other, on the formation of commercial stocks.

Pre-war calculations show that on an average about 10 per cent of the textiles purchased yearly by shopkeepers remained unsold. The-

refore, both in 1938 and 1950 a 10 per cent is held to have remained unsold. In 1947, when the quantities purchased by shopkeepers for stock-piling were still high as a result of the dwindling of stocks during the war years and of inflation, 20 per cent of shopkeepers' purchases is believed to have been used to build up stocks, and 15 per cent in 1948. In 1949, some symptoms relating to sales in the big stores and market trend lead us to believe that 18 per cent of the quantities purchased remained unsold (6).

As a result of the laborious and complicated calculations the following figures have been obtained:

Years	1938	1947	1948	1949	1950
Billions of lire	16.92	8.32	8.77	9.13	9.96

Rents have been calculated gross of the expenditure for upkeep, amortisation, etc.

The calculation of expenditure for lighting, gas, water and heating, although the results obtained are only approximate, was not very difficult. For services, the figure calculated when estimating income has been included.

TABLE 29

EXPENSES FOR CONSUMER GOODS AND SERVICES
(billions of lire)

Items of expenditure	1938	1947	1948	1949	1950
1. Foodstuffs	63.08	2,006	3,529	3,803	3,903
2. Tobacco	3.95	142	182	209	238
3. Clothing, wearing apparel, materials for household use	16.92	8.12	8.77	9.13	9.96
4. Rents (gross)	10.80	25	35	47	74
5. Lighting, gas, water, heating	3.20	75	101	130	141
6. Domestic service, professional services and nursing, etc.	7.09	240	267	284	296
7. Entertainments	0.83	39	57	71	83
8. Journeys	2.07	61	83	110	125
9. Sundry expenses	4.50	170	217	231	243
Total	112.44	4,490	5,408	5,798	6,099

Expenditure for entertainments is taken from the returns of the enquiry carried out by the Authors' and Editors' Association.

(6) It will only be possible to eliminate the arbitrariness of these calculations when sufficiently precise material will be available concerning commercial inventories.

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 medicines, culture and instruction (papers, books, etc.) communications, broadcasts, etc.

The results of the calculations are summed up in Table 29.

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

TABLE 30

CALCULATION OF THE VALUE OF DURABLE
CONSUMER AND CAPITAL GOODS
(billions of lire)

Component Parts	1938	1947	1948	1949	1950
1. Gross national income at market prices	149.94	6,189	7,169	7,453	8,028
2. Less: value of consumer goods	112.44	4,490	5,408	5,798	6,099
3. Gross value of durable consumer goods and capital goods	37.50	1,699	1,761	1,655	1,929
4. Less: depreciation and upkeep	14.00	589	610	560	560
5. Net value of durable consumer goods and capital goods	23.50	1,110	1,151	1,095	1,369

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 30).

The figures of No. 5 (Table 30) 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.

(To 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

TABLE 31

GROSS INVESTMENTS IN 1950, EXCLUSIVE OF STOCK INCREASES		Billions of lire
Agriculture		180
Industry		570
Transportation and Communications		290
Road, Hydraulic and Public Building Works		160
Housing		200
Sundry		90
Total	1,490	

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 mechanical output for immediate use, for transportation, for communications and for agriculture and also that investments in electricity, metallurgical and iron and steel industries alone, ascertained on the basis of information recorded by other means, account for about half of the total of 570 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 estimated 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) lastly, 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 of Act No. 481 of July 29, 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 1,370 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 higher level than at the end of 1949, the figure for gross investments may be estimated prudentially between 1,600 and 1,650 billion lire (as against the sum of 1,480 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 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 the 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 final 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 refer to 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 392 billion lire. This figure is lower than the one given in the 1949 Report owing to the fact that in the case of subsidized 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: transportation, mostly State Railways, 110 billion lire; hydraulic and road works, public buildings and subsidies to the building sector, 186 billion lire; agriculture and reforestation, 44 billion lire; industry (State Monopoly Administration, contributions and loans to industry charged to the budget), 47 billion lire; tourist industry, telecommunications and other less important sectors, 5.6 billion lire. It is estimated that in 1949 the allocation of contributions and loans charged to the Budget induced private invest-

ments for about 80 billion lire, of which 51 billion in the industrial sector, 12 billion in the agricultural sector and 16 billion in the building sector.

Computations for 1950 ascertained State investments for 494 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 « I.N.A.-CASE »); 75 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 both of 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.