The Minimum Common Denominator (*)

by

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One of the problems that came up before the meeting of the Association on Income and Wealth, recently (26 August—1st September 1951) held at Royaumont, was that of finding a unit of measure for the purchasing power of money which will remain stable, and will therefore give a precise meaning to its variations in successive periods, whether close to one another or far apart. This is indeed a necessary condition in order to proceed to correct comparisons between the monetary estimates of the national income and wealth of a country for different terms; and especially so if, in the interval, new goods have appeared on the market and others by the same name have varied in quality. This problem arose once more in space when it became necessary to extend the estimates to backward areas or even to primitive peoples so as to compare the results with those of civilized countries. It is indeed no new matter, and long ago it had already been carefully examined (1) with results which we shall here discuss and develop.

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The purchasing power of money is evidently equal at different times and in different places when a monetary unit can purchase the same goods in all of them, but the goods may be *nominally*, or *physically*, or *economically* the same.

A house in a village and a house in a town; a railway compartment of a hundred years ago and one of today; an acre of swampy land at a certain date and the same acre when reclaimed some years later; a kilogram of touch tasteless beef eaten in Sardinia and a kilogram of the tender juicy beef of the foothills of Lombardy, are identical quantities of goods that are nominally the same but physically different. A ton of coal before and after the invention of the steam-engine; a cwt. of pitchblend before and after the discovery of radium; a gallon of the same wine in a year of shortage and in a year of plenty; a picture by a famous painter today and two hundred years ago; a tax-free house and a house physically identical but burdened by a tax amounting to 1/5th of its rentable value, are identical quantities of goods nominally and physically equal, but economically different.

By *nominally* equal we mean those goods that are described by the same names; by *physically* equal those that possess the same physical and chemical qualities; by *economically* equal those that have the same economic utility, that is to say those in which the utility of the last unit (marginal utility) multiplied by the number of units is equal.

When the goods purchased with a given monetary unit are nominally, physically, economically equivalent, we shall speach respectively of the equal *nominal, physical, economic purchasing power of money*. And the variations in time and space in the nominal, physical or economic purchasing power of money will be shown by the variations in the quantity of the nominally, physically, or economically equal goods that can be purchased in diverse times and places with a given unit of money.

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(1) See: *L'ammontare e la composizione della ricchezza delle nazioni*, Turin, Bocca, 1914, pp. 529-533; *Quelques considérations au sujet de la construction des nombres indices des prix et des questions analogues*, in « Metron », vol. VI, No. 1, 15.VII. 1924, pp. 14-22, 139-149; *Methods of Eliminating the Influence of Several Groups of Factors*, in « Econometrica », vol. 5, No. 1, January 1937, pp. 67-70.

Between the nominal and physical power of money, on the one hand, and its economic power, on the other, there are two essential differences.

The one is that the nominal purchasing power of money, like its physical purchasing power — and likewise their several variations in time and space — may and generally does vary for the several commodities, while the economic purchasing power — as is unanimously admitted — is equal for all commodities. Consequently, its variations in time and space are also equal for the several commodities. In other words, the relation of marginal utility to price, or, as it is briefly described, the weighted marginal utility, is found to be equal for all commodities. Therefore, while to obtain the measures of the nominal and physical purchasing power of money or of its variations account must be taken of all commodities, and the mean of their respective purchasing powers must be calculated, in the case of economic purchasing power it would suffice to ascertain it for one kind of commodity only.

Another difference is that the nominal or physical purchasing power is an objective datum, corresponding to the quantity of goods that can be purchased with a given monetary unit, whereas the determination of the economic purchasing power is based on economic utility which depends on the marginal utility of the goods in question, and this is an extremely subjective quantity, that not only varies from one person to another, but also, according the circumstances, for the same individual, and that cannot be objectively measured. It is owing to this subjective character that economic utility, and therefore the economic purchasing power of money, can only be conceived in relation to a given person. Therefore, several writers, indipendently one of other, have thought it might be equated to *a typical* or *average economic man*. This is a convention whose bearing we shall have occasion to examine further on.

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It will be clearly understood from the above that the difficulties met with in determining the purchasing power of money vary greatly according to whether the purchasing power considered is nominal, physical, or economic.

No theoretical difficulty stands in the way of determining nominal purchasing power. We need only know the per unit price of the several goods and the quantities ascribed them in the total (whether income, capital assets, exchanges) with reference to which we wish to determine the purchasing power.

On the other hand, we meet with serious, not to say in many cases insuperable difficulties, in determining the index number of the physical purchasing power of money, in those cases in which it differs from the index number of its nominal purchasing power.

The difficulties can be overcome when the qualitative differences between the goods designated at different times by the same term can be reclassified by quantitative differences. If, for example, in the course of time the cattle of a given country have gained weight in a marked degree as a result of improved breeding, or crossing, or importing, or selecting, then the item « a head of cattle » will acquire a different physical meaning at different times; it will, nevertheless, be possible to make a cattle statistics again comparable by assuming as a measure of the national livestock wealth, not the number of heads, but their weight.

If however not only their weight but their quality also has improved, the aforesaid device will be insufficient. Indeed, in the course of time, the physical qualities of many goods vary. The quality of lands varies, either because of slow emersion or submersion or because the fertility of the humus is exhausted, because meteorological conditions have changed. The quality of houses varies with changes in the materials available and in the tastes of the people. The quality of silk, wool, cotton varies with variations in the animals bred or plants cultivated. The quality of wines varies with the varieties of the vines that are best suited to the changing requirements of long distance carriage, of new markets, of the protection against parasites previously unknown. Similar and yet more marked differences are met with in the same moment from one country to another. These difficulties in making comparisons may be neglected when it is a

question of brief differences in time, or of countries of a similar description; but they acquire an importance that it is impossible to measure but which is certainly very marked, when the periods are far apart, or the countries very different. This would lead us to the conclusion that it is possible to calculate reliable index-numbers for the variations in physical purchasing power of money only when the periods considered are fairly near to each other or between countries of a similar nature.

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But much the most interesting problem is however that of determining the economic purchasing power of money and its variations in time and space. As a matter of fact, careful examination shows that the nominal and the physical purchasing power of money are chiefly of interest as approximate expressions of its economic purchasing power. Now, to determine the variations in economic purchasing power, one of two ways can be followed.

The way we shall first follow takes as its basis the index number of the nominal or physical purchasing power, starting from the hypothesis that the economic purchasing power of money in time and space has varied in the same degree. It is shown, as a matter of fact, that the variation in the economic purchasing power of money is equal to the variation in its nominal or physical purchasing power, divided by the variation of the economic utility of the goods nominally or physically equal (2).

It is indeed impossible to admit, even as an approximation, that the economic utility of individual commodities, that are nominally or physically equal, can have remained constant in space and time. But the hypothesis that economic utility has remained equal on an average is a very different one, the plus variations that have occurred on the one side being offset by the minus ones that have occurred for other goods. With few exceptions, this hypothesis can be accepted as an approximation for two moments that are sufficiently near one to the other, or for two localities or for populations that are much alike. This leads to the conclusion that the variations in the physical purchasing power of money can be taken, for periods near to one another or for similar countries or populations, as index numbers of economic purchasing power.

This cannot however be accepted for periods distant one from the other, or for populations or localities that differ in a marked degree, and this is due not only to occasional factors such as those noted above (the invention of the steam-engine, the discovery of radium, famines, taxation), but also as a result of persistent factors relating to evolution in time and structure in space.

The utilisation of the physical properties of matter is indeed making steady progress. As a result of such progress it can be said that the variations of the physical purchasing power of money in time are less favourable than those of its economic purchasing power. Similar differences in the utilisation of the physical properties of matter are met with from one country to another, depending on the degree of technical progress each has achieved, so that we may expect that the comparisons that may be made in space, on the basis of the differences of the physical purchasing power of the currency, afford an image of the differences of the economic purchasing power which is unfavourable for the more technically advanced countries.

Another circumstance that acts in the same sense is the refinement of tastes that varies in time and space with the advance of civilisation. This is not, properly speaking, an effect of technical progress, but rather of cultural education, which may vary from one time to another and from one place to another, sometimes in an inverse sense to technical progress, as can be seen by comparing, for instance, Latin and Anglo-Saxon countries, and the countries of Europe as a whole with those of the American continents.

Again, it may be considered that the cyclical variations in the purchasing power of money brought about by the « conjuncture » do not fully match the variations in its economic purchasing power, because in periods of prosperity — physical qualities being equal — goods are more fully used, while they are less so in periods of depression. It may therefore be concluded that the cyclical variations in the economic purchasing power of money are less marked than are those in its physical or nominal purchasing power.

On the other hand, in the course of time, the tasks assigned to the Government and to other Public Bodies have been increasing and with them the quota of private income from capital assets absorbed by rates, taxes, and duties. Therefore the value of capital assets has declined and the physical purchasing power of money has increased in a degree which is not matched by the variation of its economic purchasing power.

Therefore, in drawing comparisons between periods distant from one another and between populations that differ in a marked degree, we shall no longer be able to trace, from the nominal or physical purchasing power of money, its economic purchasing power; and even in the case of comparisons between periods not very distant from one another, it will be necessary to select, if possible, similar phases of the « conjunture » or, at least, to take into account the fact that the economic purchasing power of money is more stable than its nominal or physical one, and we must also take care to see whether, in the interval, fiscal charges have varied.

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The expedient of chain index numbers might however be resorted to.

An interval of time, however long, can always be sudivided into a finite number of shorter intervals which we may call « intervalets » of a length that will allow of drawing, without committing noteworthy errors, comparisons between the nominal or physical purchasing power of the money in the first and in the last moment of each intervalet and to go back from the variation ascertained for this to the respective variation of its economic purchasing power.

Likewise, if we give up the attempt to draw a comparison between the purchasing power of the money of populations with radically different economic activities, we may consider the possibility of comparing each of these with populations of an intermediary character, so graduated that the differences between the two populations that follow one another in the scale, shall not be such as to prevent comparisons for the purpose of determining the economic purchasing power of their moneys.

Thus, for instance, while it is impossible to compare the present-day economic purchasing power of money with that prior to the invention of the steam-engine, we might, at least in theory, divide the long interval of time intervening between the two periods into a series of intervalets, placing the first intervalet astride the date of the invention of the steam-engine, and comparing the purchasing power of the currency in the first and in the last moment of the intervalet. In making such a comparison we should have to limit ourselves to considering commodities common to both the limit-moments of the intervalet, excluding those that require the existence of the steam-engine. We shall then go on to make comparisons between the limit-moments of each of the intervalets, using of course for each comparison different weights, corresponding to the importance that the several groups of commodities existing in both the limit-moments acquire. We thus obtain a series of chain index numbers of purchasing power, from which the influence of the invention of the steam-engine is eliminated, a series that allows us to go back to the comparison of the purchasing power of money between any two of the limit-moments considered, and more especially between the last and the first of them; *i.e.* at the present time and before the invention of the steam-engine.

Likewise, while it is impossible to draw a comparison between the purchasing power of money of an Eskimo tribe engaged in hunting and fishing, and the purchasing power of money of the inhabitants of New York City, engaged in trade and industry, it is not, theoretically at least, impossible to compare the purchasing power of the money of the Eskimo tribe with that of a tribe of Red Indians, also living on hunting and fishing, and then to draw a comparison between that tribe and another tribe, also of Indians, living on hunting, fishing and agriculture, followed by a comparison between the latter and other

(2) See: *Methods of Eliminating*, etc., p. 69.

tribes of Indians living mainly on agriculture, and then extend the comparison to a village of Americans engaged principally in agriculture; who could further be compared to another American village engaged not only in agriculture but also in industry and commerce, and finally to draw a comparison between these and the inhabitants of such a city as New York, engaged exclusively in trade and industry.

In both cases, however, the expedient can only be used to avoid the difficulties arising from discontinuous variations in the physical qualities or the economic utility of the commodities, such as those variations arising from the invention of the steam-engine, which are matched by the different importance of the various categories of goods and can therefore be eliminated, even if only approximately, in the comparisons by recourse to an appropriate system of weighting, but it cannot provide a remedy for the continuous variations arising from steady progress or from territorial gradations in the systems of organisation and in the utilisation of the properties of matters, continuous variations which also affect — even if only slightly — the comparisons between two immediately successive intervalets, or between two similar populations and which cannot therefore be eliminated by the chain system above referred to.

The remedy can therefore only be a partial one.

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When, for one reason or another, it seems impossible to travel back, either directly or by recourse to the chain method of index numbers, from the physical or nominal purchasing power of money to its economic purchasing power as related to the whole body of goods, all we can do is to try the second way. We thus endeavour to deduce the variations in the purchasing power of money from the variations in its nominal or physical purchasing power as related to one commodity or to some special commodities whose economic utility is approximately steady.

If indeed there were some article or group of articles whose economic utility for man remained constant through time, the index of variation of the nominal or physical purchasing power of money in the case of such a commodity or commodities, would coincide with the index of variations of its economic purchasing power, as the economic utility purchased with a unit of money would, as we have said, be equal for all the commodities.

Our problem, then, consists in finding a commodity or group of them which approaches as far as possible this ideal condition, and which can therefore be used as a *minimum common denominator* of the economic purchasing power of money.

For this purpose those goods must be excluded the income from which may be absorbed in varying measure by rates, taxes and duties. These do not indeed alter the physical qualities but they obviously reduce the economic utility of the goods on which they are levied. On the other hand, the economic utility of goods is greater the greater the security of possession, or the sounder the guarantees of the continuation of the income derived from them. Immovable properties are those on which fiscal levies are most important and most variable, and securities are those the future income from which is most precarious. Such goods should therefore be excluded when trying to determine the variations in the economic purchasing power of money. Preference should, instead, be given to commodities. But here again a distinction should be drawn between the several groups. The economic utility of labor considered as a commodity, which several writers have thought might be used for the purpose of measuring the economic purchasing power of money, is also subject to the variations occurring in taxation, and its utilisation is affected by our technical knowledge. These variations also affect very definitely the utility of instrumental goods and raw materials, which are also affected by the fiscal burdens weighing on the enterprise.

In selecting the commodities it is therefore advisable to consider only those for direct consumption, and among them a further distinction should be drawn between goods for immediate consumption, such as foodstuffs, and durable goods, such as artistic objects, jewelley, clothes, etc. Both kinds can be taxed, but only the durable goods are subject to taxes

levied on the consumer, because it is only they, that, as a rule, are held by the consumer for some time. The taxes on goods for immediate and direct consumption are, instead, levied on the producers or salesmen, as in the case of wine. This means that the price paid by the consumer is raised by these taxes, and therefore the physical purchasing power of money, as related to such goods, is reduced in the same measure as its economic purchasing power. In any case, the taxes do not affect the correspondence between the variations of the price paid by the consumer for a certain quantity of commodities for direct and immediate consumption and the variations in the economic utility he obtains from them. On the other hand, the problem of future conservation does not arise in the case of goods for immediate consumption or at least it is of much less importance than in the case of durable goods.

The conclusion to which we are led is that the measure of the physical purchasing power of money is more likely to be much the same as that of its economic purchasing power when it is based on the retail prices of goods for direct immediate consumption.

Among such goods, foodstuffs deserve special consideration as they correspond to needs universally felt, and among foodstuffs preference should be given to those that on the one hand are of widespread use, and that on the other have preserved through the course of time the same physical characteristics.

Wheat meets these requirements having been essential element in the nutrition of the peoples of the white race since remote prehistoric times.

We are therefore led to enquire whether the variation in the price of wheat could not supply a suitable inverse index number of the variations in the economic purchasing power of money.

It may be remarked that there have sometimes been and there still are sudden variations in the price of wheat that can hardly be attributed to variations in the economic purchasing power of money. Such is the case in famine years, and in those of super-abundant harvests; such is the case when new lands are opened to wheat cultivation or, vice-versa, when wars hinder trade or even prevent supplies coming from certain countries, to say nothing of controlled prices used sometimes to raise, sometimes to lower prices.

In such cases disqeulibriums, of more or less length, occur between the costs and prices of wheat, *i.e.* between the marginal utility of wheat and that of the goods needed to produce it. This undermines the hypothesis on which the said method is based, *i.e.* that the economic utility that can be purchased with a monetary unit is equal for all descriptions of goods. The application of this method is therefore only admissable when the balance between wheat costs and prices has been reestablished.

It is therefore advisable to compare those periods in which prices are uncontrolled and which are long enough for the good years to offset the bad ones, while exceptional periods should be excluded, such as war years or those in which new lands have been opened to cultivation.

But there are other circumstances that should be taken into consideration, which, even if affecting wheat less than other goods, cannot however be neglected.

The marginal utility of a commodity and therefore its price, does not depend only on consumer needs and on the possibility of satisfying them, and therefore on the utility curve of the successive quantities of said commodity, but also on the number of its available units and therefore on the cost of production. Every technical advance that allows of obtaining the goods at a lower cost, *i.e.* with less sacrifice, lowers the marginal utility and therefore the price of that commodity. Now, it cannot be denied that advances in systems of cultivating and fertilising have lowered the cost of wheat, while on the other hand cost may have been raised by the exhaustion of the natural fertility of the soil and the need of bringing into cultivation less fertile lands under the pressure of the growth of population; where import duties exist or existed they of course raise it.

Moreover, while it is true that wheat meets fundamental human needs that may be considered unchangeable, it should however be remembered that the inelasticity and the im-

portance of these needs may be considerably reduced by the appearance on the market of other foods that may replace wheat and that may always or occasionally be cheaper. We are thinking more especially of maize and potatoes.

To sum up, the suitability of wheat — which seems to be the product best suited to this purpose — to serve as a common denominator of goods in time, would seem to be questionable.

Further difficulties in the applications of the method of the minimum common denominator are met with when we try to apply it in space.

I do not insist on the practical difficulties, though they are not negligeable. In a great number of countries in the past, economic life was autonomous, and there was no need of importing staple foods — and first of all wheat — in large quantities. The large stocks needed in antiquity for the cities of Athens and Rome were the exception rather than the rule. These exceptions have become in our time the rule. In many countries the desire to become self-supporting leads to prices whose purpose is to favor the cultivation of wheat, and, in order to eliminate foreign competition, to the levy of import duties or to foreign purchases made by the government, and these are often the cause of disequilibriums and therefore restrict the field of application of the method under consideration.

Apart from these circumstances, the price of wheat, with modern transport facilities, is practically the same all over the world, any difference — contained within what might be called the « wheat points » — depending mainly on transport costs.

We mean that the price of wheat is practically the same in the several countries when the currency of one country is converted into that of the other at the current rate of exchange. And as it is recognised that in each country there is equality between the economic utilities of the quantities of the several goods that have the same price, it should be said that the comparison between the economic utilities as represented by the wealth and income of two countries would be correct if the wealth or the income of one of then were compared to that of the other on the basis of the exchange rates prevailing.

This would lead us, for instance, to admit that after the First World War the economic utility of the average income of an Italian was 1/6th and that of the average income of a Hindu about 1/30th of the economic utility of the average American income (3); today the results of such a comparison would probably not be very different. Now, such conclusions run counter, as I have said on another occasion, to the general feeling. It is indeed difficult to conceive that a man can live in Italy on 1/6th and in India on 1/30th of the average income of an American, while we know that Italians and Indians live and multiply more or less well on their respective incomes in their respective countries.

In this connection it will be well to examine closely the significance that a comparison thus made would have for some goods. The dollar price of a daily paper in America, translated into lire, would be three times the price of a newspaper in Italy, though the two, from the technical point of view, may be considered equal, the dollar price of a tram fare in America, converted into lire is double that of a similar tram fare in Italy. The dollar price of a watch in America converted into lire, is equal to one and a half times the price of a physically similar watch in Italy (the prices mentioned are given only as examples, but they are directed to remind that notable differences often occur between the home price of the various goods in different countries when converted on the basis of the exchange rates). If we admit the parity of the economic utility of the quantities of the several goods in a country that are purchased with a given monetary unit, this would mean that the economic utility of the same newspaper in America is three times its economic value in Italy; the economic utility of a tram ride double that of an Italian one; the economic utility of a watch 50% higher than in Italy.

(3) See: *Quelques chiffres sur la richesse et les revenus nationaux de 15 Etats*, in « Metron », vol. III, No. 1, July 1, 1923; *A Comparison of the Wealth and National Income of Several Important Nations (Italy, France, Belgium, United Kingdom and United States) before and after the War*, Rome, Provveditorato dello Stato, 1925.

Now, that the economic utility of these goods may be higher in America than in Italy, in so far as the services obtained therefrom in America are more profitable, may be accepted; but we feel reluctant to admit that the degree of this difference can be so high, and we find it still more difficult to agree that the difference can be so great in the case of such things as a newspaper, a tram ride, or a watch.

Can we admit that the hypothesis from which we have started, which is that there is equality between the economic utility of the quantities of the several goods purchased with a monetary unit, is not in keeping with facts?

That disparity may occur as a temporary phenomenon, as a consequence of such exceptional events as, in the case of wheat, the opening up of new lands to cultivation, or a war, or a famine, has already been admitted by us, and we may also admit as much in the case of other commodities whenever disequilibrium arises between prices and costs. But such a disequilibrium cannot be permanent and therefore the explanation above suggested must be excluded if referred to a phenomenon of such a permanent character as is that of the divergency between the prices of the goods of different countries when converted into the same currency at the current rates of exchange, or, as it is often phrased, between the exchange rate and the ratio between the physical purchasing power of the currency in different countries.

If we reflect on the question we find that the difference depends on the fact that the price of commodities that cannot be transported from one country to another, differs in the several countries as a result of differences in costs of production, conservation, and utilisation; and we are faced by the paradox that the price is generally higher in the richer countries in which they are produced under more favourable conditions, and where it might therefore be presumed that the cost of products and therefore their prices would be lower.

We shall see further on the explanation of this paradox.

But as far as the point that interests us is concerned, it cannot be ignored that the cost, as noted above, is a factor that leads to variations in the marginal utility of goods, and we must therefore come to the conclusion that the differences between the economic utilities of the goods of the several countries as above set forth, are, under the presumed conditions, real ones.

How then can we explained the surprise, the impression of unreality that we experience when placed before them? I think it can be explained bearing in mind the hypothesis of a typical or average economic man from which we started.

If we only consider the commodities of a country that forms a market, that hypothesis may seem a natural one; it seems to be nothing more than a convenient conventional image that entails no consequences. But when we go on to compare different countries in the case of goods that it is difficult or impossible to transport, and which therefore give rise to different markets, we find that the conventional image used is inapplicable. In reality, the newspaper, the tram ride, the watch in America do not seem expensive to the American, just as they do not seem cheap in Italy to the Italian. It is the Italian who thinks the newspaper, the tram ride, the watch dear when he goes to America, and the American who thinks them cheap when he comes to Italy. If we replace the average American economic man and the average Italian economic man by one who represents an average between the two, it is evident that he will find those commodities dear in America and cheap in Italy.

In view of this difficulty we often prefer to draw the comparison between wealth and income of two countries not on the basis of economic purchasing power as deduced from the rate of exchange or from the ratio of the prices of such commodities as wheat, which can be freely and easily transported, but on the basis of the ratio between the general level of prices of the commodities in the two countries, that is to say on the basis of the physical purchasing power of the currency. This means that we admit that goods physically equal in the two countries are also, for the purposes of comparison, economically equivalent, instead of taking into account the fact that they

differ from one another from the economic point of view as a result of differences of costs and therefore of their different marginal utility.

This may be justified, according to what we have said, by the consideration that the different cost and the different marginal utility, in the two countries, of commodities that are physically equal, may depend mainly on the fact that the typical economic man of the two countries, living as each does in different environments, really differs fundamentally — *i.e.* has a different scale of values for the several commodities; while the fact that — physical qualities being equal — the aforesaid commodities may satisfy human needs in a different measure, has only a secondary importance.

Before examining the reasons of such a difference of costs, we must consider another difficulty.

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The wheat that we have taken into consideration as being the most promising candidate to fill the place of minimum common denominator of the economic purchasing power of money, might indeed aspire to discharge this function for the major part of the population of the white races, for whom the expression the « wheat civilisation » is used. But there are other countries that either do not know wheat, or who did not know it in former times. In pre-Columbian America the place held by wheat in Europe was held by maize; in the countries of South Eastern Asia it is held by rice; in Oceania by taro; in Africa and tropical America by manioc, while Eskimos feed on fish or meat only and the Masai warriors mainly on meat, milk, and blood. Each of these commodities might provide at best the minimum common denominator for comparisons in space and times of the economic purchasing power of money within the circle of countries for which they provide the staple foods. But in making the comparison between countries belonging to different civilisations it becomes necessary to find a common commodity that holds good for all the civilisations mentioned — those of wheat, maize, rice, taro, manioc — that can supply, so to say, a *minimum common subdenominator* of economic utility, that holds good for all those civilisations and therefore allows of comparisons between any two countries of the world.

Is there really a commodity that is common to all mankind? One that is essential under all skies and in all periods, for economic life? Yes, there certainly is; it is human labor.

We have indeed already taken it into consideration — and in the past it had been taken into consideration by other writers — but taken as a whole. When thus considered we had set it aside because it is affected by taxation in different ways at different times and in the several countries and because it has very different yields, depending on the professional or vocational training received by the worker and on the technical progress which reinforces his physical strength by providing him with more or less efficient implements.

There is however a form of labor, unskilled manual labor, the labor spent on moving the earth with spade or hoe, which is equal in all countries, and in all probability has remained equal ever since the neolithic age, and which in no country that I know of is subject to taxation.

Might it not supply the minimum common sub-denominator of the economic utility of the staple goods that, in the countries of various civilisations, may be taken as minimum common denominators? It should no certainly be forgotten that the yield of manual work over a like period of time may differ with different climatic condition. But a more accurate measurement of its yield is afforded by modern physiology which calculates the calories which are the equivalent of the work performed. On the basis of experiments properly organised, rectifying coefficients could be fixed that would be applied to the duration of work in the several countries so as to take into due account the difference in yields depending on climate.

But experience shows that manual labor is perhaps the commodity whose remuneration differs most widely from country to country of like civilisation. It is this diversity in remuneration that is the essential cause leading to the emigration of unskilled labor from one country to another. Yet, in spite of this diversity, emigration — hindered sometimes by artificial obstacles placed in its way, and always by the ties that bind men to their native lands — can only attenuate the territorial diversities which would otherwise make themselves more keenly felt.

On another occasion, the study of the disparities of exchange rates led me to the conclusion that the different rates of remuneration of labor are the essential cause of the disequilibriums between exchange rates and the purchasing power of money in the several countries (4). This indeed is the systematic factor that determines directly or indirectly the differences of cost and consequently the difference, in price in the several countries of those commodities that cannot be easily and freely transported from one country to another. And, as the remuneration of labor is essentially determined by the more or less favorable conditions of production, and as it is as a rule positively correlated with them, it will be readily understood that it is in the countries where those conditions are most favorable, and which are therefore rich or tend to become so, that the cost and price of non-transportable commodities, or of those that are not easily transported, are highest. The paradox of highest costs and prices in countries where conditions are most favourable, is thus explained.

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If I am not mistaken, we have now got to the bottom of the problem that we set out to examine, but the answer to which we are brought is not a comforting one.

(4) See: *Prime linee di Patologia economica*, IVth edition, Milan, Giuffrè, 1935, pp. 463-465, Vth edition (under press), Turin, U.T.E.T., 1952, pp. 451-452.

It is not possible to find a satisfactory minimum common denominator of the purchasing power of the several goods in different countries; we cannot find it because of the disparities in the remuneration of labor in the several countries. These disparities arise from the fact that labor cannot move freely in space. These disparities react on the difference of cost from one country to another and therefore of the economic utility of a large part of the other commodities for which there is no international market, in so much as labor contributes in a major or minor degree to their production.

This drawback does not make itself felt in an obvious way through time, but it would appear that in some degree it may occur in that respect as a result of the excess or scarcity of labor, arising either from an excessively high or from an inadequate birth-rate of the population, differences which migrations do not adequately eliminate.

On the other hand, the usual index numbers of the nominal or physical purchasing power of money, can only be taken as indexes of its economic purchasing power over periods that are very near one to the other, or for countries that are very much alike, and for which it is reasonable to suppose that the index of economic utility of the goods has not varied.

Nor can the chain index numbers obviate adequately the variations in the economic utility of goods that occur at dates distant from one another or in countries that differ widely, as they can eliminate only the lack of comparability due to discontinuous variations.

We must conclude by recognising the limitations placed on our means of enquiry in this field and we must be cautious in making comparisons, and even give up the attempt to do so when they are seen to be risky.

Statistical Appendix

The Minister of the Treasury, Sig. Giuseppe Pella, submitted to Parliament on March 31 ult. his Annual Report on the Italian Economic Situation in 1951, as required under the Act of August 21, 1949, No. 639. We publish in the following pages some of the Tables taken from this Report on national income, consumption and investments, so as to give an idea of the developments and trends of Italian economy in 1951 and of the progress made as compared to 1950 (1).

(a) *Income Formation.* — In the course of 1951 the Italian « gross national income at market prices », expressed in current lire, rose by 15% as compared to 1950 (*Table A*) and by 6% in real terms (2).

Both the private section and that of the Public Administration, contributed to the rise of the national income in 1951, the former rising from 100 to 118.2; and the latter from 100 to 108.8. At the same time, the « net income from abroad » fell off from 100 to 52.8 as the result of a reduction in the help received from the U.S.A. (3).

A comparison with 1938 shows that the gross national income of Italy had increased in real terms by 17%. As during the same period the population had increased by some 10% the *per capita* income was also higher in 1951 than in the pre-war year.

By far the most important item of the gross national income is that of the « net product of the private sector of economy » which accounted for 70.9% in 1950 and 72.6% in 1951. In this field the largest percentage increase registered in 1951 is that for the item « income from buildings » (+70.5%) and is due to the rise in rents, which are, however, still blocked by law at a level greatly below their market prices (4).

Next come the « mining industries » (+66.7%), the increase being accounted for more especially by the increased production of natural gas (from 504 million cubic meters in 1950 to no less than 957 million cubic meters in 1951); and the manufacturing industries (+30.5%) (*Table D*).

To sum up, the larger income obtained in 1951 is due in the first place to industrial production, for which the index number rose by 14% over that for 1950 (*Table G*). In the case of agricultural production, the increase in output over the 1950 level stood at 4.4% (102, 1938=100).

(b) *Income Distribution.* — Unfortunately official data are not available in Italy on the distribution of income between the several productive categories. We would recall that, according to a calculation made by Prof. Livio Livi (5), the percentage ratio between the « earned income of dependent persons » (6) and the national income has arisen from 42.7% in 1938 to 54.2% in 1951 (the ratio stood at 56% in 1948, 58.3% in 1949, and 57.9% in 1950). In Prof. Livi's opinion, the most serious curtailments involved in these changes would have occurred in the case of incomes from capital and industrial profits.

(c) *Consumption.* — The portion of the national income expended on consumption rose 13% expressed in current lire and about 3% in real terms. The percentage increase was higher in the case of public consumptions (+16.8%) than in that of private consumptions (+12.7%). If we classify consumption expenditure by branches of economic activity (*Table F*) we find that the highest percentage increase is for expenditure on rents (+70.5% in present day lire), on durable goods (+31.8%) and on clothing and house furnishings (+20.5%). When price variations are taken into account, by far the largest *quantitative* increase is for durable goods, while there has been a slight reduction in the case of clothing and house furnishings.

The largest item of expenditure (61%) is that for food, followed by clothing and house furnishings, which account on an average for 17% of the total of Italian outlays. 4% is spent on tobacco; 3% on durable goods, 2.2% on lighting, gas, and heating; 2% on travelling, 1.5% on house rent (this is due to the block on rents), 1.3% on amusements.

(1) In No. 16 (January-March 1951) of this Review we published — under the title « *National Income, Consumption and Investments in Italy* » the « Appendix on national income » annexed to the Pella Report for 1950. We refer the reader to that article for a description of the statistical principles adopted in calculating the Italian national income.

(2) During 1951 the wholesale price index rose by 13.8% above that for 1950; while the cost of living index rose by only 9.7%.

(3) On 31.XII.1951 the total value of the ERP goods delivered to Italy amounted to 1,135 million dollars.

(4) From 1938 to 1951 the wholesale price index rose 55.81 fold and the index for house rents only 12.32 fold.

(5) See *Index, Bollettino mensile di informazioni*, edited by the « Centro per la Statistica Aziendale », Florence.

(6) The 1936 census classified the Italian productive population in two main groups: (a) *independent* (entrepreneurs and similar, craftsmen and assimilated occupations; persons exercising a free profession, and (b) *dependent* (managing staff, clerical and assimilated occupations, workers and assimilated occupations, persons engaged in services and labourers).

(d) *Investments.* — Gross investments — both public and private — which amounted in 1950 to 1,621 billion lire (19.5% of gross national income) rose in 1951 to 2,029 billion (21.1%).

The following Table shows the distribution of gross investments — public and private — classified by main branches of economic activity.

GROSS INVESTMENTS BY MAIN BRANCHES OF ECONOMIC ACTIVITY

(milliards of lire)

	1950		1951	
	Amount	%	Amount	%
Agriculture	180	10.9	265	12.9
Industry	570	34.5	700	34.1
Transports and Communications	270	16.4	270	13.2
Public Works and Houses	410	24.8	485	23.7
Sundry	90	5.5	115	5.6
Total for fixed Investments	1,520	92.1	1,835	89.5
Stocks	130	7.9	215	10.5
Grand Total	1,650(a)	100	2,050(a)	100

(a) The differences between these figures and those in Table E (p. 57) are due to statistical discrepancies, arising from the different system of calculation used.

The notable increase in the investments in agriculture, which rose from 180 to 265 billion lire, is due above all to the greater activity in land reclamation and land improvements, and also to larger investments in agricultural machinery and livestock.

The heavier industrial investments, that rose from 570 to 700 billion lire, were adequately spread over all the branches of industry, with special attention to some basic sectors: the electric, mining, steel, and chemical and allied industries. The larger investments in house building and public works, which rose from 410 to 485 billion lire, are directly related to the greater activity in those branches. An important contribution has been made to the favourable results obtained in providing new houses (about 600,000 rooms were completed in 1951) by government action, but the financial contribution made by private investors is also remarkable. It is estimated that in 1951 over 200 billion lire were invested by the private investors in new buildings, with an increase of 50 billion (33%) over the similar investments in 1950.

Public investments, which in 1950 stood at 494 billion lire (about 30.4% of the total gross investment), rose in 1951 to 550 billion (27.2% pf the total). In 1951 Government and other Public Corporations spent about 260 billion lire on housing and public works.

The Government's public investment policy has also induced private investments amounting to over 220 billion lire, used for plants and equipments connected with the machinery imported or purchased on the home market with the financial help of the Government, for house building assisted by government grants or loans, for ship-building, and for agricultural works brought about by grants and credit facilities for land improvements, loans for the purchase of machinery, etc.

(e) It should be noted that the second half of 1951 and the early months of 1952 have witnessed *the revival and development of an economic trend directed towards intensifying the output of instrumental goods rather than of consumption goods. This trend was already making itself felt in the period immediately preceding the outbreak of the war in Korea* but was temporarily retarded by the exceptional situation that arose in the period June 1950-June 1951. The following Table shows the situation.

OUTPUT AND PRICES OF INVESTMENT GOODS AND OF DIRECT CONSUMPTION GOODS

(1938=100)

	Investment Goods		Instrumental Goods		Direct Consumption Goods	
	Output	Prices	Output	Prices	Output	Prices
1950	116	5,470	147	4,050	110	5,160
1951	136	6,810	184	4,910	117	5,910
% increase	17.2%	24.2%	25.2%	21.2%	6.4%	14.5%

As can be seen, the branchs covering investment goods and instrumental goods required for production have grown — both in the case of output and prices — to an extent definitely above the growth noted in the case of goods for immediate consumption.

The shifts, moreover, are of such dimensions that, even if we take into account the degree of approximation of the values calculated, leave no doubt as to the significance of the changed direction of Italian production.

ITALY'S NATIONAL INCOME: 1950 AND 1951 **Table A**

	1950		1951		
	milliards of lire	%	milliards of lire	%	Index numbers 1950 = 100
1. Net national product at factor cost (a)	6,370	76.5	7,423	77.3	116.5
1 - Private sector (b)	5,903	70.9	6,977	72.6	118.2
2 - Public Administration (c)	695	8.3	756	7.9	108.8
3 - *Less*: Duplications for goods and services supplied to the private sector by Public Administration	— 228	— 2.7	— 310	— 3.2	136.0
2. *Plus* - Excise and local taxes not included in the evaluation of goods and services	1,057	12.7	1,223	12.7	115.7
3. *Equal* - Net national product at market prices (1+2)	7,427	89.2	8,646	90.0	116.4
4. *Plus* - Net income from abroad (d)	216	2.6	114	1.2	52.8
5. *Equal* - National income at market prices (3+4)	7,643	91.8	8,760	91.2	114.6
6. *Plus* - Capital depreciation	680	8.2	846	8.8	124.4
7. *Equal* - Gross national income at market prices	8,323	100.0	9,606	100.0	115.4

(a) The « *net national product at factor cost* » 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.

(b) 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 reemployments 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 Administration and is assessed at production prices.

(c) 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.

(d) 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.

Source: *Report on Italy's economic situation in 1951*, submitted to the Parliament by the Minister of the Treasury, On. G. Pella, March 31, 1952.

Table B

NET PRODUCT OF THE PUBLIC ADMINISTRATION

	Milliards of lire		Percentages		Index Numbers, 1950 = = 100
	1950	1951	1950	1951	1951
1. - Value of goods and services	1,170	1,485	100.0	100.0	126.9
1. Final goods and services	631	737	53.9	49.6	116.8
2. Instrumental goods and services	539	748	46.1	50.4	138.8
2. - Expenses for the purchase of goods and services from the private sector	475	729	—	—	153.5
3. - Net product	695	756	—	—	108.8

Source: See Table A.

INCOME FROM ABROAD
(milliards of lire) **Table C**

Component parts	1950			1951		
	Credit	Debit	Balance	Credit	Debit	Balance
1. Income from capital	3	30	— 27	6	30	— 24
2. Remittances	57	9	+ 48	46	9	+ 37
3. Gifts governmental	202	40	+162	154	80	+ 74
3. Gifts private	33	—	+ 33	27	—	+ 27
Total	—	—	+216	—	—	+114

Source: See Table A.

ADDED VALUE AND NET PRODUCT OF THE PRIVATE ECONOMIC SECTOR (a) **Table D**

Branches of economic activities	Milliards of lire				Percentages				Net product Index numbers 1950=100
	Added value (b)		Net product (c)		Added value		Net product		
	1950	1951	1950	1951	1950	1951	1950	1951	1951
1. Agriculture and forestry	2,150	2,372	2,004	2,204	32.7	30.4	34.0	31.6	110.0
2. Fishing	17	19	16	18	0,2	0.2	0.3	0.3	112.5
3. Mining industries	58	97	39	65	0,9	1.3	0.7	0.9	166.7
4. Manufacturing industries	2,283	2,988	2,015	2,629	34.7	38.2	34.1	37.6	130.5
5. Building industry	254	299	220	260	3.9	3.8	3.7	3.7	118.2
6. Electricity, gas and water industries	208	242	165	190	3.2	3.1	2.8	2.7	115.2
7. Transportation and communications	465	515	375	415	7.1	6.6	6,4	6.0	110.7
8. Trade, Credit and insurances	978	1,057	928	1,005	14.9	13.5	15.7	14.4	108.3
9. Building	63	104	44	75	0.9	1.3	0.7	1.1	170.5
10. Services	300	329	296	321	4.5	4.2	5.0	4.6	108.4
11. *less*: differences due to duplications and omissions	— 199	— 205	— 199	— 205	— 3.0	— 2.6	— 3.4	— 2.9	103.0
Total	6,577	7,817	5,903	6,977	*100.0*	*100.0*	*100.0*	*100.0*	*118.2*

(a) See note (b), Table A.

(b) *The added value of production* within the country is obtained by deducting from the total value of all goods and services, estimated at production prices, repetitions of value arising from the expenses met by the producers for raw and auxiliary materials. As amortisation and upkeep expenses are included in the added value of production, it is identical with the gross product of the country. In the added value of the production of the several branches of activity, the interests paid to the banks and the premiums paid for insurance against losses are included; thereafter such duplications must be deducted from the *total* « added value » of production.

(c) For 1950 and 1951 the net product 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 1950 and 1951 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.

Source: See Table A.

Table E

CONSUMPTION AND INVESTMENT: 1950-1951

	Milliards of lire		Percentages		Index numbers 1950= =100
	1950	1951	1951	1951	1951
1. Gross National Income	8,323	9,606	100.0	100.0	115.4
2. Consumption	6.702	7,577	80.5	79.0	113.1
1. Private	6,071	6,840	72.9	71.4	112.7
2. Public	631	737	7.6	7.6	116.8
3. Gross Investment	1,621	2,029	19.5	21.0	125.2
1. Net Investment	941	1,183	11.3	12.2	125.7
2. Capital depreciation	680	846	8.2	8.8	124.4

Source: See Table A.

Table F

CONSUMPTION EVALUATION IN 1950 AND 1951

Items of expenditure	Percentages		Index numbers 1950= =100
	1950	1951	1951
1. Foodstuffs	62.3	61.3	112.0
2. Tobacco	4.3	4.0	105.9
3. Clothing, wearing apparel, materials for household use	15.9	16.8	120.5
4. Rents (gross)	1.0	1.5	170.5
5. Lighting, gas, water, heating	2.3	2.2	109.9
6. Domestic service, professional services and nursing, etc.	4,7	4.3	105.5
7. Entertainments	1.3	1.3	114.5
8. Journeys	1.8	1.8	113.0
9. Sundry expenses	3.6	3.5	109.7
10. Durable consumer goods	2.8	3.3	131.8
Total	*100.0*	*100.0*	*113.8*

Source: See Table A.

ITALIAN INDUSTRIAL PRODUCTION INDEXES (a)
(unadjusted - monthly averages, 1938=100)

Table G

Year or month	General Index	Mining	Manufactures										Electric Power
			Total	Food	Textiles	Lumber	Paper	Metallurgy	Engineering	Non metallic ores	Chemicals	Rubber	
1949 - Average	105	90	101	111	96	58	91	85	115	96	105	115	136
1950 - Average	119	101	115	134	103	59	106	105	123	119	125	132	159
1951 - *Average*	137	119	131	139	109	62	114	135	130	128	172	152	186
1950 - March	121	105	118	135	113	64	109	98	132	125	115	143	148
June	118	93	112	118	95	62	103	111	127	130	119	124	172
September	125	102	120	135	112	61	111	116	130	116	121	146	165
December	129	100	125	171	110	55	110	106	122	119	144	134	164
1951 - March	140	108	135	141	122	62	124	128	138	130	163	171	183
June	138	108	131	133	109	65	112	144	134	132	163	158	193
September	137	128	131	130	106	67	114	141	135	128	172	150	186
October	144	143	145	115	119	70	148	148	141	138	172	164	192
November	138	133	131	153	104	64	115	139	125	136	171	130	188
December	135	123	127	160	93	57	107	139	115	126	174	129	194
1952 - January	141	139	133	153	104	63	117	140	133	126	170	159	199
February	134	130	127	143	99	65	113	139	130	117	156	148	184
March	137	139	131	146	100	67	111	143	134	138	167	134	183

(a) On the problem of index numbers on Italian industrial production, see this Review, No. 16, January-March 1951: *A Note on the Index Numbers of Italian Industrial Production*, by E. D'Elia, pag. 34: and *National Income, Consumption and Investments in Italy*, ibid., pag. 3.

Source: *Bollettino Mensile di Statistica.*

UNEMPLOYMENT IN ITALY BY ECONOMIC SECTORS

Table H

Year or month	Agriculture	Industry	Commerce and services	Transport and communications	Credit and Insurance	Unskilled workers	Employees	Total	Index numbers 1947=100
1946 - month. av.	314,916	913,770	126,252	299,923				1,654,871	81.7
1947 - » »	378,295	1,060,093	138,947	447,805				2,025,140	100.0
1949 - June	239,808	1,034,410	46,352	22,477	678	378,288	93,755	1,815,768	89.7
December	371,214	1,116,297	50,781	21,257	712	402,391	92,454	2,055,606	101.5
1950 - June	251,524	911,241	43,158	17,978	608	370,790	77,550	1,672,849	82.6
December	435,552	1,024,305	47,395	19,499	573	470,618	71,867	2,069,809	102.2
1951 - March	292,023	864,354	51,389	23,362	(a)	483,108	76,176 (b)	1,790,412	88.4
June	321,985	919,880	55,126	24,667	(a)	499,053	83,250	1,903,961	94.0
July	337,592	902,118	49,978	23,659	(a)	491,173	83,818	1,888,338	93.2
August	359,924	882,532	49,010	22,709	(a)	484,396	81,573	1,880,144	92.8
September	368,806	872,261	51,135	22,427	(a)	481,227	82,612	1,878,468	92.7
October	366,570	891,459	55,398	23,053	(a)	490,011	80,634	1,907,125	94.2
November	382,236	919,250	58,687	23,747	(a)	504,025	83,145	1,971,090	97.4
December	400,995	997,191	61,592	25,591	(a)	523,797	84,992	2,094,158	103.4
1952 - January	444.024	1,079,130	66,082	28.326	(a)	542.224	88.207	2,247,983	110.0
February	455.274	1,093,338	67,057	28.753	(a)	551.673	89.441	2,285,536	112.7

(a) Included in « employees » beginning from March 1951.
(b) Since March 1951 « credit and insurance » unemployed are included.

Source: Ministry of Labour, *Statistiche del Lavoro.*

WHOLESALE PRICES BY GROUPS OF COMMODITIES
(Index Numbers, 1938=100)

Table I

Period	All Commodities	Foodstuffs		Textiles	Hides, Skins and Footwear	Raw materials, metal and engineering products	Fuels and lubricants	Chemical raw materials and products	Lumber	Paper goods	Bricks, Lime and Cement	Glass
		Vegetable	Animal									
1947 June	5,329	4,185	9,085	6,988	6,796	5,066	3,592	5,565	9,105	7,741	6,060	4,608
December	5,526	4,393	8,035	6,404	4,953	6,296	4,063	5,815	7,894	6,546	6,309	4,608
1948 June	5,142	4,177	7,085	6,172	4,557	5,851	4,342	5,810	5,560	5,893	6,174	4,889
December	5,696	5,278	7,678	5,996	5,316	5,712	4,432	5,814	5,164	5,571	5,988	4,889
1949 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
December	4,747	4,493	6,054	5,644	4,112	5,165	3,878	5,314	4.502	5,664	6,239	4,957
1950 June	4,671	4,754	5,780	5,539	3,580	4,695	3,631	5,183	4,320	5,648	6,048	4,928
December	5,424	4,892	7,254	7,343	5,503	6,285	4,106	5,497	6,497	5,807	6,071	4,928
1951 March	5,724	4,952	6,968	8,279	6,127	6,636	4,727	6,206	8,829	6,879	6,277	4,886
June	5,595	4,842	6,970	7,830	4,619	6,708	4,745	6,132	7,272	8,610	6,680	4,886
September	5,438	4,678	7,438	6,911	4,724	6,711	4,767	5,794	7,532	8,122	6,812	4,886
December	5,454	4,634	7,724	7,053	4,669	6,804	4,645	5,875	8,311	7,843	6,993	4,707
1952 January	5,415	4,699	7,184	6,995	4,753	6,957	4,610	6,006	8,356	7,651	7,039	4,707
February	5,380	4,720	7,124	6,778	4,616	7,022	4,644	5,986	8,543	7,486	7,141	4,707
March	5,320	4,711	6,943	6,604	4,282	7,063	4,597	5,901	8,599	7,340	7,147	4,707

Source: Bollettino Mensile di Statistica.

WAGES AND SALARIES IN ITALY
(gross retributions - inclusive of family allowances)
(Index Numbers, 1938=100)

Table L

Categories	1949 Dec.	1950 Dec.	1951 June	1951 Sept.	1951 Novemb.	1951 Dec.	1952 January	1952 February
Industry:								
Specialized workers	4,590	5,239	5,590	5,872	5,872	5,872	5,872	4,916
Skilled workers	5,252	5,786	6,126	6,460	6,460	6,460	6,460	6,507
Ordinary workers and semi-skilled labourers	5,662	6,113	6,482	6,848	6,848	6,848	6,848	6,895
Labourers	6,163	6,536	6,940	7,364	7,364	7,364	7,364	7,415
General index of Industry	*5,471*	*5,962*	*6,329*	*6,685*	*6,685*	*6,685*	*6,685*	*6,732*
Land Transport	*5,299*	*5,811*	*6,218*	*6,589*	*6,589*	*6,589*	*6,631*	*6,675*
Government Civil Employees:								
Group A (a)	2,851	3,373	3,373	3,373	3,373	3,373	3,373	3,373
Group B (b)		3,424	3,424	3,424	3,424	3,424	3,424	3,424
Group C (c)	3,947	4,223	4,223	4,223	4,223	4,223	4,223	4,223
Subordinate staff	4,679	4,928	4,928	4,928	4,928	4,928	4,928	4,928
General Index of Government Civil Employees	*3,533*	*3,936*	*3,936*	*3,936*	*3,936*	*3,936*	*3,936*	*3,936*

(a) Administrative grade; (b) Executive grade; (c) Clerical grade.
Source: *Bollettino Mensile di Statistica.*

NATIONAL INDEX OF LIVING COST
(1938=100)

Table M

Year or month	All Items	Foodstuffs	Clothing	Heating and lighting	Housing	Miscellaneous
1948 - December	4,917	6,149	5,810	3,069	399	4,387
1949 - December	4,753	5,719	5,845	3,464	574	4,502
1950 - March	4,682	5,658	5,650	3,429	595	4,586
June	4,823	5,888	5,544	3,418	595	4,585
September	5,007	6,090	5,693	3,495	869	4,641
December	5,009	6,014	6,252	3,602	897	4,739
1951 - March	5,199	6,105	7,065	3,665	1,258	5,070
June	5,394	6,412	7,108	3,687	1,260	5,108
September	5,371	6,330	6,923	3,766	1,265	5,435
December	5,416	6,353	6,854	3,956	1,279	5,522
1952 - January	5,399	6,350	6,731	3,982	1,279	5,516
February	5,459	6,393	6,679	3,988	1,525	5,515
March	5,475	6,419	6,596	3,997	1,539	5,532

Source: *Bollettino Mensile di Statistica.*

NOTE CIRCULATION, PRICES, WAGES AND SHARE QUOTATIONS IN ITALY

Table N

(Index Numbers, 1938=100)

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	. .	. .	2,764	. .	517	823	3,165
1947 December . .	795.0	3,533	5,526	6,196	4,929	5,105	1,206	827	3,180
1948 December . .	970.9	4,315	5,696	5,969	4,917	5,415	1,416.9	995	3,826
1949 December . .	1,058.2	4,703	4,747	4,954	4,753	5,791	1,511.3	957	3,680
1950 June	994.2	4,419	4,671	5,069	4,823	5,811	1,428.8	775	2,980
December . .	1,176.4	5,228	5,424	5,567	5,009	5,962	1,589.1	919	3,535
1951 March . . .	1,101.7	4,896	5,746	5,539	5,199	5,972	1,727.8	932	3,585
June	1,100.3	4,890	5,595	5,456	5,394	6,329	1,618.3	868	3,338
September . .	1,164.1	5,173	5,438	5,446	5,371	6,685	1,711.0	888	3,415
December . .	1,304.2	5,796	5,454	5,478	5,416	6,685	1,714.9	885	3,403
1952 January . . .	1,213.2	5,392	5,415	5,401	5,399	6,685	1,798.6	884	3,400
February . .	1,206.4	5,361	5,377	5,403	5,459	6,732	1,890.5	874	3,361
March . . .	1,216.9	5,408	5,320	5,350	5,475	6,732	1,930.4	859	3,304

(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 di Statistica* issued by the Central Institute of Statistics; (d) Business Statistics Centre of Florence.

PRICES AND YIELDS OF ITALIAN SECURITIES BY MAIN CATEGORIES

Table O

(annual or monthly averages)

Year or month	Government Securities								Share Securities	
	Bonds				Treasury Bills		Average			
	Consolidated		Redeemable							
	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	100.0	5.33	100	5.17
1947	94.4	5.72	98.1	5.59	73.7	6.88	86.5	6.16	2,235.8	0.64
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	5.59	96.0	5.68	1,567.7	3.97
1950	105.4	5.13	93.4	6.06	93.6	5.68	93.6	5.83	1,528.2	5.44
1951 March . .	102.5	5.27	87.6	6.46	85.9	6.16	88.0	6.19	1,727.8	6.16
June . .	101.5	5.32	87.3	6.48	87.1	6.07	88.6	6.15	1,618.3	7.12
September	101.7	5.31	89.4	6.33	89.8	5.89	91.1	5.98	1,711.0	6.83
December	100.9	5.35	87.3	6.48	85.2	6.21	87.5	6.23	1,714.9	6.59
1952 January .	100.4	5.38	88.0	6.43	85.2	6.21	87.6	6.22	1,798.6	6.27
February	100.0	5.40	88.3	6.41	84.8	6.24	87.5	6.23	1,890.5	6.09
March .	99.6	5.42	87.3	6.48	86.4	6.12	88.2	6.18	1,930.4	6.13

Source: *Bollettino* of the Bank of Italy.

NEW ISSUES OF INDUSTRIAL SECURITIES AND MORTGAGE BONDS

Table P

(millions of lire)

Period	Stock Companies				Debentures of Institutes for medium and long-term credit		Total	
	Share		Debentures					
	Current lire	1938 lire (a)	Current lire	1938 lire (a)	Current lire	1938 lire (a)	Current lire	1938 lire (a)
1938	1,697	1,697	32	32	348	348	2,077	2,077
1939	2,072	1,987	14	13	470	451	2,556	2,451
1945	498	24	341	17	2,484	121	3,323	162
1846	9,493	329	595	21	12,059	418	22,147	768
1947	62,146	1,205	2,176	42	14,728	286	79,050	1,533
1948	86,104	1,582	24,358	448	36,614	673	147,076	2,702
1949	89,580	1,733	107,587	2,081	46,926	908	244,093	4,722
1950	65,520	1,336	32,678	666	47,885	976	146,083	2,978
1951	79,700	1,428	7,400	133	50,000	896	137,100	2,457

(a) The conversion of current lire in 1938 lire has been made on the basis of wholesale price index as calculated by the Central Institute of Statistics.

Source: Report of the Governor of the Bank of Italy for 1950, and Report on Italy's Economic Situation in 1951 submitted to the Parliament by the Ministry of the Treasury, On. Giuseppe Pella, March 31, 1952.

Table Q

CAPITAL, SHARE PRICES, AND DIVIDENDS OF SOME ITALIAN COMPANIES QUOTED ON STOCK EXCHANGES

Companies	Face Capital (thousands of lire)	Nominal value of shares (lire)	Last Dividend		Price of shares at March 31, 1952 (b) (lire)	Percentage of last dividend on price at March 31, 1952
			Date of payment	Amount (lire)		
Financial ad Insurance						
Finmare - Soc. Finanz. Marittima	18,000,000	500	29.12.51	32.50	515	6.31
Strade Ferrate Meridionali (Bastogi)	17,500,000	1,000	2. 7.51	75 –	1,504	4.99
S.T.E.T. - Soc. Torinese Eserc. Telefonici	20,000,000	2,000	5. 7.51	150 –	2,710	5.54
La Centrale	9,800,000	4,000	15. 1.52	320 –	6,550	4.89
Pirelli & C.	288,000	100	31. 3.52	50 –	955	5.24
Assicurazioni Generali	6,000,000	3,000	2. 7.51	200 – (1)	8,240	2.43
Riunione Adriatica di Sicurtà	2,880,000	1,500	9. 7.51	75 – (2)	3,380	2.22
Textiles						
Snia Viscosa	21,000,000	1,200	10. 5.51	225 –	2,508	8.97
Chatillon - Soc. Ital. Fibre Tessili Art.	5,500,000	1,000	12. 4.51	130 –	2,725	4.77
De Angeli - Frua	6,000,000	3,000	5. 4 51	225 –	2,550	8.82
Linificio e Canapificio Nazionale	3,400,000	500	2. 1.52	75 –	1,098	6.83
Cotonificio Vittorio Olcese	2,000,000	1,000	7. 5.51	250 –	3,740	6.68
Cucirini Cantoni Coats	2,000,000	1,000	26. 4.51	300 –	8,160	3.68
Cotonificio Cantoni	1,200,000	1,000	17. 4.51	500 –	18,030	2.77
Manifatture Cotoniere Meridionali	2,880,000	800	16. 4.51	80 – (3)	988	8.10
Lanificio Rossi	1,500,000	2,000	9. 5.51	400 – (4)	12,000	3.33
Manifattura Lane in Borgosesia	1,500,000	4,000	16. 4.51	600 – (4)	12,200	4.92
Minerals, Metals and Engineering						
Monte Amiata	984,000	600	10. 5.51	75 –	2,530	2.96
Stabilimento Minerario del Siele	494,208	300	3. 5.51	60 –	2,012	2.98
Finsider A e B	14,400,000	500	1. 8.51	40 –	731	5.47
Ilva Alti Forni e Acciaierie d'Italia	7,500,000	200	8. 5.51	14 –	315.50	4.44
Dalmine	4,500,000	500	14. 5.51	90 –	3,440	2.62
Terni						
F.I.A.T.	36,000,000	400	16. 4.51	50 –	514	9.73
Electrical						
Società Edison	75,000,000	2,000	31. 3.52	130 –	1,982	6.56
C.I.E.L.I.	16,000,000	2,000	31. 3.52	135 –	2,120	6.37
Soc. Adriatica di Elettricità	28,000,000	1,000	20. 7.51	70 –	1,028	6.81
S.I.P. - Soc. Idroelettrica Piemonte	37,309,999	1,200	27. 4.51	84 –	1.210	6.94
Vizzola - Soc. Lombarda Distr. Energia Elettrica	15,960,000	2,000	23. 4.51	160 –	2,235	6.85
Soc. Meridionale di Elettricità	30,240,000	1,000	12. 7.51	70 –	1,006	6.96
Soc. Elettrica Selt - Valdarno	15,600,000	3,000	23. 4.51	240 –	3,485	6.89
Soc. Romana di Elettricità	15,600,000	3,000	24. 4.51	240 –	3,475	6.91
Soc. Telefonica Tirrena - Serie A	9,000,000	2,500	23. 4.51	175 –	2,675	6.54
Soc. Telefonica Tirrena - Serie B		2,500	23. 4.51	175 –	2,680	6.53
Italcable	4,200,000	3,000	7. 5.51	180 – (1)	3,305	5.45
Foodstuffs						
Eridania - Zuccherifici Nazionali	3,300,000	2,750	4. 5.51	550 –	14,400	3.82
Soc. Italiana Industria Zuccheri	2,700,000	1,500	2. 5.51	261.66	6,650	3.93
Chemicals						
Montecatini	56,000,000	700	31. 3.52	84 –	902	9.31
A.N.I.C. - Azienda Naz. Idr. Combustibili	7,200,000	100	2. 5.51	12 –	183.25	6.55
Società Italiana per il Gas	11,000,000	20	9. 7.51	1.50	24	6.25
Sundry						
Soc. Gen. Immobiliare	6,867,500	250	7. 5.51	23 –	357.50	6.43
Istituto Romano dei Beni Stabili	4,098,300	3,000	2. 5.51	150 – (5)	4,900	3.06
Pirelli Soc. per Azioni	14,400,000	600	31. 3.52	80 –	947	8.45
Italcementi	4,000,000	1,000	5.11.51	250 –	6,898	3.62
Cartiere Burgo	4,800,000	2,000	23. 4.51	240 – (4)	6,600	3.64

(1) On shares of a nominal value of L. 2,000.
(2) On shares of a nominal value of L. 1,250.
(3) On shares of a nominal value of L. 600.
(4) On shares of a nominal value of L. 1,000.
(5) On shares of a nominal value of L. 2,500.

Table R

DEPOSITS AND CURRENT ACCOUNTS IN ITALIAN ORDINARY BANKS AND POSTAL SAVINGS BANKS

End of period	Ordinary Banks (a)						Postal Savings Banks						Percent ratio to deposits and c/a of ordinary Banks
	Deposits		Current Accounts (b)		Total		Deposits		Current Accounts		Total		
	Milliards of lire	Index numbers	Milliards of lire	Index numbers	Milliards of lire	Index numbers	Milliards of lire	Index numbers	Milliard of lire	Index numbers	Milliards of lire	Index numbers	
1938	38	1	17	1	55	1	29	1	1.1	1	30	1	54.7
1945	240	6	166	9	406	7	92	3	13	12	105	3	25.8
1946	368	10	330	20	698	12	140	5	25	23	165	5	23.7
1947	528	14	485	28	1,014	18	199	6	33	30	232	8	22.9
1948	805	21	715	41	1,520	27	342	12	51	46	380	12	25.0
1949	1,016	27	933	55	1,949	35	522	18	135	122	657	22	33.7
1950	1,172	31	1,063	62	2,235	41	689	24	128	116	816	27	36.5
1951 - March	1,180	31	1,091	64	2,271	41	715	25	137	124	852	28	37.5
Junee	1,188	31	1,090	64	2,278	41	731	25	152	138	883	29	38.8
September	1,257	33	1,179	69	2,436	44	755	26	143	130	898	30	36.9
December	1,364	36	1,324	78	2,688	49	764	26	160	145	924	31	34.4
1952 - January	1,385	36	1,312	77	2,697	49	785	27	163	148	948	32	35.2
February	1,401	37	1,328	78	2,729	50	791	27	162	147	953	32	34.9
March	1,420	37	1,355	80	2,775	50	834	29	149	135	983	33	35.4

(a) Public Law Credit Institutes, Banks of National Interest, Ordinary Credit Banks, People's Co-operative Banks, Savings Banks and Pledge Banks of 1st Category.
(b) Inter-bank current accounts are excluded.
Source: *Bollettino* of the Bank of Italy.

DEPOSITS, CURRENT ACCOUNTS AND ASSETS OF ITALIAN BANKS (a)
(millions of lire)

Table S

Items	New Series (b)						
	31.12.48	31.12.49	31.12.50	31.3.51	30.6.51	31.12.51	31.3.52
Amounts outstanding							
Deposits and current accounts	1,520,278	1,948,720	2,234,906	2,271,054	2,278,302	2,686,037	2,776,883
Cash and sums available at sight	169,048	228,140	221,621	178,859	171,502	294,938	224,778
Fixed deposits with the Treasury and other Institutions	177,748	265,898	280,417	275,475	281,552	342,529	392,791
Government Securities (c)	414,200	427,761	545,755	576,213	570,945	645,494 (e)	703,467
Credits to clients (d)	1,129,196	1,473,679	1,772,344	1,824,318	1,889,950	2,107,101	2,159,509
Index Numbers: 31-12-1948 = 100							
Deposits and current accounts	100	128.2	147.0	149.4	149.9	176.8	182.6
Cash and sums available at sight	100	134.9	131.0	105.8	101.5	174.5	133.0
Fixed deposits with the Treasury and other Institutions	100	149.4	157.7	155.0	158.4	192.7	221.0
Government Securities (c)	100	103.2	131.7	139.1	137.8	155.8	174.0
Credits to clients (d)	100	130.5	156.9	161.6	167.4	186.6	191.2
% of deposits and current a/cs							
Deposits and current accounts	—	—	—	—	—	—	—
Cash and sums available at sight	11.1	11.7	9.9	7.9	7.5	10.9	8.0
Fixed deposits with the Treasury and other Institutions	11.7	13.6	12.5	12.1	12.4	12.7	14.1
Government Securities (c)	27.2	21.9	24.4	25.4	25.1	24.0	25.3
Credits to clients (d)	74.2	75.6	79.3	80.3	82.9	78.4	77.7

(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) The Bank of Italy has revised the quarterly series on banking assets, beginning from December 1948. For back figures (old series) see, *Recent Banking Developments in Italy*, this Review, No. 11, October-December 1949, pp. 230-231.
(c) Treasury bills and other Government securities. Nominal value.
(d) Includes: bills on hand, rediscount at the Bank of Italy, contangoes, advances, current accounts, credits abroad, loans recoverable on salaries, credits on note of hand, mortage, loans, current accounts with section for special credits, non-Government securities, participations.
(e) Provisional.
Source: *Bollettino* of the Bank of Italy.

ITALIAN BUDGET SUMMARY
(milliards of lire)

Table T

	Revenue			Expenditure			Deficit			
	Assessed		Collected (a)	Obbligated		Paid out (a)	Obbligated			Cash
	Current	Movemet of capital		Current	Movement of capital		Current	Movement of capital	Total	
1938–39	28	3	...	40	2.8	...	— 12	+ 0.2	— 11.8	...
1946–47	352	335	668	932	303	874	— 580	+ 31	— 549	— 206
1947–48	828	200	822	1,547	262	1,327	— 719	— 66	— 785	— 205
1948–49	1,015	45	1,020	1,519	98	1,440	— 504	— 53	— 557	— 402
1949–50	1,449	344	1,603	1,771	213	1,687	— 322	+ 131	— 191	— 84
1950–51	1,676	247	1,617	1,853	341	1,776	— 177	— 94	— 271	— 159
1951–52(b)	1,483	147	. .	1,864	188	. .	— 381	— 41	— 422	. .
1952–53(c)	1,704	40	. .	2,132	109	. .	— 428	— 69	— 497	. .

(a) Current revenue and movement of capital; on year account and arrears. (b) Estimates at March 31, 1952. (c) Estimates.
Source: *Conto riassuntivo del Tesoro*.

CURRENT REVENUE BY MAIN CATEGORIES (a)

Table U

Sources	1951–1952		1952–1953		
	Millions of lire	%	Millions of lire	%	Increase (in millions of lire)
1. - *Revenue from Taxation*					
1. *Recurrent revenue*					
— Direct Taxes	203,800	14.0	235,050	13.8	+ 31,250
— Indirect taxes on transactions (b)	444,904	30.6	518,594	30.3	+ 73,690
— Custom duties and consumption taxes	298,970	20.6	334,321	19.6	+ 35,351
— Consumption taxes on State monopolised products	224,380	15.4	254,740	15.0	+ 30,360
— Lotteries	21,600	1.4	25,700	1.6	+ 4,100
— Sundry revenue	22,500	1.6	37,500	2.2	+ 15,000
	1,216,154	83.6	1,405,905	82.5	+ 189,751
2. *Non recurrent revenue*	62,160	4.3	102,250	6.0	+ 40,090
	1,278,314	87.9	1,508,155	88.5	+ 229,841
2. - *Other Revenue* (c)	56,457	3.9	75,676.1	4.4	+ 19,218.9
3. - *Revenue from Interim-Aid, E.R.P., M.S.A. Funds*	1,334,771 120.000	91.8 8.2	1,583,831.1 120,000	92.9 7.1	+ 249,059.9 —
Total	1,454,771	100.0	1,703,831,1	100.0	+ 249,059.9

(a) Assessed revenue and pledged expenditure. Estimates at the beginning of the financial year.
(b) Turnover tax (which accounts for about 60% of the group), taxation of succession, stamp duty, etc.
(c) Net income from the national estate and from autonomous public corporation (railways, postal service, etc).
Source: See Table A, pag. 56.

ITALIAN DOMESTIC PUBLIC DEBT
(milliards of lire - Index Numbers, 1938=100)

Table V

End of period	Consolidated and others		Redeemable debt		Floating debt					Treasury notes	Total of domestic public debt	
					Treasury bills	Interest bearing current accounts	Advances by the Bank of Italy	Total				
	Amount	I.N.	Amount	I.N.				Amount	I.N.		Amount	I.N.
1938 - June	53	100	49	100	9	20	1	30	100	1.5	133.5	100
1947 - »	53	100	429	875	279	188	366	833	2,777	6.9	1,321.9	990
1948 - »	53	100	419	855	483	295	473	1,251	4,170	7.1	1,730.1	1,296
1949 - »	53	100	392	800	744	479	470	1,693	5,643	8.4	2,146.4	1,608
1950 - »	53	100	586	1,196	719	628	490	1,837	6,123	9.0	2,486.0	1,862
1951 - »	53	100	691	1,410	820	744	471	2,035	6,783	9.0	2,788.0	2,088
» - September	53	100	687	1,402	860	771	471	2,102	6,007	10.0	2,852.0	2,136
» - December	53	100	682	1,392	862	756	471	2,089	6,963	10.5	2,834.5	2,123
1952 - January	53	100	682	1,392	882	786	471	2,139	7.130	10.5	2,884.5	2,161
» - February	53	100	682	1,392	892	781	471	2,144	7,147	10.5	2,889.5	2,164
» - March	53	100	829	1,681	926	792	471	2,189	7,296	10.6	3,081.6	2,224

Source: *Conto riassuntivo del Tesoro*.

CURRENT BUDGET EXPENDITURE, BY MAIN CATEGORIES **Table W**

	1938 – 39		1949 – 50		1950 – 51		1951 – 52		1952 – 53	
	millions of lire	%	millions of lire	%	millions of lire	%	millions of lire	%	millions of lire	%
Service of public debt	6,775	17.–	99,585	5.8	102.289	5.3	108,892	6.–	130,921	6.1
State's general charges (a)	1,214	3.–	48,633	2.8	63,241	3.3	97,618	5.3	135,602	6.4
Services of the Finance, Treasury and Budget Ministries	1,612	4.–	86,687	5.1	94,793	4.9	94,988	5.2	98,602	4.6
Expenditure connected with receipts (b)	877	2.2	32,021	1.9	37,431	1.9	38,557	2.1	44,752	2.2
Justice	595	1.5	36,554	2.1	40,529	2.1	43,004	2.3	43,352	2.0
Defence	14,015	35.3	271,849	15.9	372,433	19.3	389,861	21.4	463,879	21.7
Public works (c)	2,489	6.2	267,730	15.6	373,850	19.3	287,611	15.6	317,379	14.9
Economic services (d)	2,383	6.–	156,249	9.1	93,539	4.8	63,046	3.4	103,203	4.8
Education	2,149	5.4	167,176	9.8	180,642	9.3	186,355	10.2	205,665	9.6
Ex-Italian colonies	3,847	9.7	16,991	1.–	15,422	0.8	11,712	0.6	11,109	0.5
Social Assistance	907	2.3	103,136	6.–	110,880	5.7	107,025	5.9	133,871	6.3
Services abroad (e)	296	0.7	12,147	0.7	13,374	0.7	13,877	0.8	14,544	0.7
Police	1,227	3.1	93,300	5.4	107,944	5.6	105,658	5.8	104,911	4.9
War pensions	829	2.1	57,230	3.3	87,435	4.5	90,532	5.1	94,532	4.4
Expenditure for Albany	484	1.2	—	—	—	—	—	—	—	—
Regional and local finance	45	0.1	86,438	5.–	122,803	6.4	66,619	3.8	107,239	5.–
Contributions to autonomous Administrations (f)	—	—	70,679	4.1	56,371	2.9	54,434	3.–	48,065	2.3
War charges	—	—	35,287	2.1	14,304	0.8	11,202	0.6	12,602	0.6
Peace treaty	—	—	68,024	4.–	38,802	2.–	48,835	2.7	48,716	2.3
Subsidies (g)	—	—	600	—	—	—	—	—	10,000	0.6
Sundry	74	0.2	3,886	0.3	8,930	0.4	3,949	0.2	3,072	0.1
	39,853	100.–	1,714,202	100.–	1,935,012	100.–	1,832,773	100.–	2,132,020	100.–

(a) Funds ear-marked for raising Staff salaries etc.; expenses for Presidential Bureau of the Republic, Presidential Bureau of the Council of Ministers, Legislative Assemblies; expenses for internal Administration; reserve funds for unforeseen expenses; expenses for religious services; fire-brigade services and protection of the civilian population; etc.

(b) Restitutions and reimbursements; Government and other lottery prizes; etc.

(c) War loss reparations; roads (grants to the National Autonomous Road Corporation (*Azienda Nazionale Autonoma Stradale*); upkeep of public works; land-reclamation works; allocations to the *Cassa del Mezzogiorno* (100 billion lire for the financial year 1951-52 and 80 billion for the financial year 1952-53); annuities due to the INA-CASE Administration (subsidised housing).

(d) Land-reclamation works, grants in aid of land improvement works; enlargement of the program of ship-building for the merchant marine; transports; agriculture and forests; public entertainments; information service; tourist activities; Government grant to to the « Fund for the training of skilled workers »; etc.

(e) Diplomatic and Consular representation; cultural relations with foreign countries, etc.

(f) Mainly to the railway system.

(g) Wheat.

Source: *Report on Italy's Economic Situation*, submitted to the Parliament by the Minister of the Treasury, On. Giuseppe Pella, March 31, 1952, and *Preliminary Note to the Estimates for the financial year 1.VII.1952-30.VI.1953, Atti parlamentari, Camera dei Deputati, Doc. XIII.*