

# Three Forms of Capital Levy in Italy

by

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## *Precedents and Preliminary Discussion.*

1. — The article on "Italian Tax Policy" contributed by Professor Cosciani to a previous issue of this Review (1), showed the importance of the extraordinary taxes on property which were to be put into force by the decree of 29 March, 1947. Now that the law of 1st September, 1947 has confirmed the earlier decree, with modifications and additions made by the Constituent Assembly, it is a suitable moment to study its provisions more closely.

Such a law has long been wanted in Italy. This is easy to understand, given the precedent of a capital levy in 1922. At the end of the war of 1914-1918, in political, economic and social conditions analogous to those which obtain to-day, there was considerable discussion of the possibility of applying such a levy (2). And it was, in fact, decided by the law of 24 November, 1919, modified by the decree of 5 February, 1922, to impose it at a rate rising from 4.5% up to 50% on property of more than 50,000 lire existing in Italy on 1st January, 1920, in the name of individual

persons or—in exceptional cases—in the name of institutions (such as Savings Banks); but it was not applicable to business and commercial organisations, public corporations and institutions set up for educational, charitable and religious purposes. The revenue yielded by this tax amounted to 10.6 milliard lire at that time.

2. — The use of a special tax on property and capital was also suggested during the recent war, to check an undue recourse to public loans and the excessive issue of paper money, as well as for the purpose of increasing the general weight of taxation, which had fallen from 25.6% in 1938 to 6.9% in 1945, according to the figures given by Prof. Cosciani. Such a tax would also have aimed at reducing the pressure of consumers' demand, which was one cause of the rise in prices: in this way the tax would have been a deterrent against inflation. It was also pointed out that a capital levy would effect a redistribution of wealth and would rectify some of the evil results of inflation, which reduces the value of fixed incomes and of consumers' purchasing power while it increases other incomes and the corresponding forms of capital. But if the tax on property does not discriminate between wealth obtained in past times or in recent years, in order to tax the latter more heavily than the former, and if it does not succeed in discovering the amounts of money hoarded away or the figures for bank deposits for individual persons, it cannot achieve its purpose of modifying the mal-distribution of wealth caused by the war.

During the war no Government wanted to impose a capital levy, for fear that it would increase the public dislike of all fiscal measures,

(1) CESARE COSCIANI, *Italian Tax Policy*, in *Banca Nazionale del Lavoro Quarterly Review*, July 1947, p. 88.

(2) The ethical basis for the capital levy was mentioned both in the discussions and in the plans put forward. It had been shown in 1920 that slightly less than 98% of the property owners possessed less than 50,000 Lire per head, and their total share of the property in the country was about 45%, which meant that slightly more than 2% of the property owners possessed the remainder, that is to say, 55% of total private wealth in Italy. Three-quarters of the property belonged to persons older than 45, so that it was difficult to tell whether it was due to inheritance or to personal savings. People from 20-45 years of age had been in the war; they had been defending the wealth of those over 45. The levy was, therefore, intended to spread the sacrifices of war among a limited number of property owners possessing great wealth, and who, owing to age and sex, had suffered neither economic loss nor the dangers of military service.

so the question was postponed till the end of the conflict. The first Government after the Liberation considered imposing a capital levy combined with a cut of 10% in the currency in circulation, to the great benefit of the national finances and in order to eliminate from circulation money which had fled the country and not returned and money being hidden away. The resistance from interests wishing to postpone any change in currency was, however, so strong that—together with technical reasons due to the difficulty of the operation—the scheme was not put into practice. In 1946 the third De Gasperi Government again inserted in its financial programme the proposal of an exchange of currency combined with a tax on property, in order to make the latter doubly effective. But already too much time had passed and the exchange of currency could no longer be so successful as it would have been earlier; in fact, the inconveniences of the whole operation might in the end outweigh the advantages.

In the first plan of a tax on property and capital, it was suggested that there should be a proportional tax of 10%, with exemption for capital up to 1 or 2 million lire, combined with a progressive tax on individuals which would rise to a rate of 90% for the largest holdings. It was intended to give the impression of a confiscatory tax on the large fortunes, the existence of which was actually doubtful. It was also suggested that to the property tax might be added an extraordinary tax on increases in capital relative to pre-war wealth. But all these plans fell through, owing to the sharp differences of opinion they provoked.

The fourth Ministry of De Gasperi finally presented in March 1947 a new project consisting of (a) an "extraordinary proportional tax" of 4% on all property over L. 100,000, to be coordinated with the abolition of the ordinary 0.40% property tax from 1st January, 1948; and (b) an "extraordinary progressive tax" on individual persons possessing property worth more than three million lire, with the exemption of the first two millions, and at a rate rising from 6% to 41.41%.

The first tax, which, in another shape, reproduced a similar tax in the previous plan—but with the rate of taxation reduced from 10 per cent to 4%—was justified only by its anticipated yield of 80 milliard lire. These sums would then be added to the 300-400 milliards expected from the second tax (personal and progressive), which was to be applied without a change in the currency and while respecting the secrecy of the banking system.

It was seen that the effect on all forms of building property used for dwellings would immediately be most serious, since, under rent restriction laws, rents had only been allowed to increase to less than double the pre-war figures, while in the same period the ordinary taxes on house property had been increased fivefold.

The smaller holdings of other real property, so widely diffused throughout Italy, would under the extraordinary proportional tax meet a weight of taxation ten times greater (3) than that of the three-year period 1937-39. In this way the lower income-groups would certainly not be spared by the new taxes (4). It is sufficient to compare the extraordinary tax of 1920-22, which exempted property under L. 50,000 at that time, and the present levy which starts at 4% on property over L. 100,000 at present-day values and 6% (or at 10% taking account of the 4% of the proportional tax) on property above three million lire, rising at a progressive rate—then it is easy to understand the unfavourable opinions expressed on the decree of 29 March, 1947.

3. — The severity of the project, which was bound to hit taxpayers having no such extra-

(3) See C. COPIANI, *Italian Tax Policy*, p. 91.

(4) These "negative" elements in the problem are offset to some extent by consideration of the increased prices obtained from the sale of house property, and the possibility of giving up "possession" of an apartment, a process which, while wholly illegal, is used today by tenants or by landlords and tenants in association. It may be estimated that by May 1947 the sale price of medium-sized houses of old construction had risen to about 35 times their value in 1938. The index of wholesale prices had risen in the same period to about 52 times the pre-war figure (Index of the Central Institute of Statistics). The Legislature, acting in circumstances of exceptional urgency, took into account rather the potential capital value than the current income, when considering the taxable capacity of this type of property.

ordinary capacity to pay, together with the immediate aim of meeting, at all costs, the deficit in the budget, threw into relief the absence of taxes on corporate bodies.

There are companies and corporations which are not joint-stock companies (excluded therefore, from the possibility of double taxation) and there is no sufficient reason for the exemption of such an important sector of the national wealth which has a definite capacity to bear taxation—unless the impression is given that the legislation is not impartial. Certainly one must apply different criteria in the taxation of corporate bodies than those used for individual persons, and there must be suitable exemptions.

A further reason for imposing a capital levy on corporate bodies would be the necessity to equalise the geographical distribution of the burden between Southern Italy, where real estate property is widespread, and will be hit by extraordinary taxation, and Northern Italy where the wealth of corporate bodies is an extremely important factor (5).

Luigi Einaudi, Minister of the Budget ("Ministro del Bilancio") maintained that corporate bodies must be considered as intermediaries which facilitated the fixing and levying of the taxes owed by the various taxpayers (shareholders, salaried employees, manual workers) and therefore only these persons should gain the advantages of public expenditure and make sacrifices by paying the taxes.

In opposition to this point of view, however, we must remember that there exist economic, fiscal and social conditions which incline towards consideration of the corporate bodies as separate taxpayers. Corporate bodies, in fact, represent economic forces which are more powerful than the sum of the economic forces of which they are constituted, and that is the reason why persons and capital join in forming joint-stock companies and public corporations. The corporate bodies, in addi-

(5) The geographical distribution of wealth from North to South shows remarkable differences in income: it has been calculated that the average income per capita in 1938 of L. 2,650 was the result of combining the figures of about L. 3,300 income per capita in the northern provinces and about L. 1,800 income per capita in the southern provinces.

tion to being economic forces, have an existence separate from that of their members, have their own aims, which are different from the aims of the individuals who compose them, and have aims that can only be accomplished in the far future. Thus economic responsibility is clearly determined and related to the strength of the corporation, and it differs in kind and degree from the responsibility which attaches to individuals.

Certain considerations must be borne in mind when discussing the statement that the taxation of joint-stock companies would duplicate the personal progressive tax on the shareholders. There are joint-stock companies in which the shares are not held by individual persons but are reserved for public bodies such as Savings Banks, Banks, Insurance Companies, etc.; these are corporations under public law and represent a large section of the national wealth, which should not be left immune from the exceptional taxation that is necessary to meet the exceptional financial needs of to-day.

On the other hand, not all the shareholders are reached by the personal progressive tax, either because they claim the exemption of property valued at less than three million lire, or as a result of the unfortunate fact that the central register of titular shareholders kept at the Ministry of Finance was inevitably cut in half by the war after 8 September, 1943 and must now be reconstituted. This will shortly be accomplished, but it is too much to hope that the register will then be entirely up-to-date and complete, so there remains the possibility of tax evasion on the part of holders of securities. Finally we must note that the economic strength of the companies is only represented in part by the strength of their share prices: these do not take into account all the hidden reserves, which do not figure in the Stock Exchange quotation and thus escape taxation unless the companies, as distinct from their shareholders, are specifically taxed. The reserves should be exempted because they are useful; but it is possible to recognise that reserves are useful and at the same time to see the necessity and justice of taxing them, for

the reasons laid down by Keynes and mentioned by Einaudi at the Assembly. According to these views, corporate bodies should be taxed partly in order to prevent them from accumulating reserves exempt from taxation. This argument is valid in Italy only for hidden reserves.

Furthermore the effective revaluation of the assets must be so calculated as to show the ultimate taxable capacity of the companies; by "effective" is meant a revaluation when calculated at prices more than proportional to the depreciation of the currency, and allowing for the depreciation of the value of loans already contracted (6).

The Stock Exchange keeps account of the sums shared out as dividends, bonus shares etc., as a basis for the regular quotation of share prices. Nevertheless, that which is inherent in the organisation and the activity of the companies, is not expected by the shareholders and by the Stock Exchange on the day of liquidation, is not an object of anticipated sharing-out, this constitutes in reality an ultimate capital entity: it has escaped the taxation laid on the shareholders, and can then be considered suitable for taxation to be charged on the companies and superimposed on the tax on shareholders according to the value of their shares.

Indeed, last July, during the discussion in the Constituent Assembly on the confirmation of the law of 29 March, an amendment was presented to impose an extraordinary proportional tax on corporate bodies. The Government declared that on this question they would accept the views of the Constituent Assembly. The Assembly showed itself favourable to the amendment, and by the law of 131 September, 1947 the extraordinary proportional tax on the property of corporate bodies was integrated with the extraordinary progressive tax on the property of individuals.

(6) The revaluation of shares was begun in August 1946 with those of the Montecatini Group. The process was suspended in October 1946, as a result of the imposition of a tax of 25% on the revaluation, but it was resumed in the months following. From August 1946 up to June 1947 the revaluation of Italian Companies is estimated at an aggregate amount of 30,779 million lire.

The yield from the levy on corporations is calculated at 56 milliard lire which certainly means a heavy sacrifice for many companies, the economic condition of which is no longer so flourishing as in recent years. But the corporate bodies are not alone in bearing these sacrifices, as the extraordinary taxes on property hit severely the small owners of house property and the small self-employed producers and craftsmen, among whom, without any doubt, real taxable capacity is sadly lacking.

The main features of the three taxes can be summarised as follows.

### The System of the Three Taxes.

#### 4. — The Extraordinary Proportional Tax on Property.

The discussions in the Constituent Assembly did not result in any substantial modification of this tax: it is, in our view, based on an over-estimate of taxable capacity, where in fact little exists. The payment of the tax will be made easier for the first 750,000 lire chargeable to tax, as it can be paid from June 1947 in 22 two-monthly instalments, ending in April 1951, rather than in the 10 instalments previously announced. Religious foundations, charitable institutions, educational bodies, scientific, literary and historical societies, universities, and certain types of agrarian co-operative associations, will be able to spread the tax payment over 10 years. For the first L. 750,000 chargeable to tax, redemption of the tax before 15 September 1947 will bring a discount of 20 per cent, rather than 10% as formerly laid down. Payment is to be made before 30 September each year.

#### 5. — The Extraordinary Progressive Tax on Individual Property.

All persons who possessed property on the date of 28 March 1947 are due to pay this tax. Property belonging to the wife and children may be added to that of the husband and father for purposes of taxation, when circumstances make this convenient, and subject to exceptions contemplated by the law. When there is such a cumulative assessment for taxation, the taxpayer has the right to recover from the titular owners of the combined property the quota of the tax relating to their shares.

Both Italian citizens and foreign nationals are liable to this tax on property existing within the State. The Italian citizen living in Italy is liable to taxation also on property existing outside the State, and on stocks

and shares issued in other countries, subject to the application of International Conventions on Double Taxation. In every case, in fixing the rate of the personal tax, property existing outside the State will be taken into account. Property which is part of the territory of the State or of the national economy will be considered as property existing within the State — such as a share in the joint ownership of an Italian merchant vessel; loans which have been granted to debtors domiciled within the State; capital in all and every form of investment within the State or inscribed on the mortgage registers of the State.

The only persons exempted from these rules are diplomatic and consular agents of foreign nationality, provided the country they represent assures reciprocity in this matter. In the case of consuls and consular agents, the rule also requires that they should not carry on an industry in Italy, and should not be directors of commercial firms.

Exemptions: Capital used as a basis for Life Annuities and similar arrangements, or contributions (whether by law or by contract) to Provident Societies or Life Insurance Societies (with the exception of insurance policies with one sole premium taken out on any date after 10 July 1940); holdings of the 3½ per cent Reconstruction Loan; articles of historical and artistic value forming part of collections which have been publicly registered under the terms of Article 5 of the law for their protection of 1st June, 1939, or else are available for public use; and the incomes of ecclesiastical benefices.

Valuations: (a) Land and buildings are valued on a basis of the average values of the period 1st July, 1946-31 March, 1947, obtained by the application to the taxable income of property owners of coefficients established by the Central Tax Commission (*Commissione Censuaria Centrale*); (b) Industrial and Commercial businesses are valued as a whole, taking account of the various elements of which they are composed, on the basis of their average values during the period 1st October, 1946-31 March, 1947; (c) Ordinary shares, debentures, loan certificates and all other securities quoted on the Stock Exchange are valued on a basis of the average prices of compensation in the three months January-March 1947, a short period during which the prices were high. Foreign securities are valued on the basis of their average value in the place of issue during the period October 1946-March 31, 1947, the said value being referred to the corresponding amount in Italian lire on the basis of exchange rates current on 28 March, 1947.

Presumptions: A presumptive or provisional assessment will be made on the percentage of net property corresponding to furniture, household equipment and jewellery at the following rates: 3% up to a value of 5 millions; 5% up to 10 millions; 7% up to 50 millions; and 10% on values above 50 millions. In respect of cash, deposits and bearer bonds, at the rates of 2.5% up to 5 millions; 4% up to 10 millions; 6

per cent up to 50 millions, and 10% above 50 millions; unless higher values are ascertained through the work of the financial administration or are declared by the taxpayer. Holdings of Government stock which are declared by the taxpayers are assessed at a figure presumed to reach up to 50% of their value. For the Italian citizen or the foreign national living abroad, who has property inside the State, the presumptive figure for furniture and jewellery is reduced to half, and it is not counted at all unless these taxpayers possess furniture within the State.

A presumptive assessment of property may be made if the style of living of the taxpayer, in relation to his known income, or other indications lead to the belief that the capital declared is lower than the capital actually possessed.

Deductions: From the gross total of the whole property can be deducted: debit charges as of 28 March 1947; the capitalisation of all forms of rent of real estate; and all forms of taxes and dues authorised by law.

From the total of the taxable property belonging to the father of a family, after the deduction of two million lire, there is a final deduction equal to 1/20th with a maximum of L. 300,000 for each child.

Rates: Net taxable property is charged at these rates: 6% for 3 millions; 7.23% for 5 millions; 8.53 per cent for 10 millions; 13.57% for 50 millions; 17.5 per cent for 100 millions; 23.29% for 200 millions; 35.46% for 500 millions; 50% for 1 milliard; and 61.61% for 1½ milliards and upwards. For intermediate values the rate is determined by the formula  $y = 6 + 0.0002885(x - 3,000,000) 0.576$ , in which  $x$  represents the amount of taxable property and  $y$  the tax.

Revenue officials can, for purposes of tax assessment, inspect all the relevant papers and documents belonging to individual and corporate bodies, with the exception of banks and credit institutions, where they can only check up the existence of the deposits declared by the taxpayer to have been his property on the date of 28 March 1947. Joint-stock companies are obliged to declare the names of their shareholders as shown in their register of shares.

Payment: The tax becomes due for payment with the instalment of February 1948. For any taxpayer who settles the whole tax in one direct payment to the Treasury before 31 December 1947, there is a discount of 8%. A postponement of payment can be conceded at a rate of interest of 2% per annum on the sums postponed, for 1-4 years for taxpayers possessing property which is two-thirds personal property, and from 2-6 years for those with property predominantly in real estate.

Special arrangements will be made in favour of taxpayers when their property has suffered war damage, either by suitable deductions from the tax to be paid, or by increasing the number of instalments in which payment must be made.

A *super tax* equal to the amount of the tax, and a *fine* equal to half or the whole amount of the tax, will be charged to any taxpayer who omits to file a declaration of property owned before the date specified. Anyone who omits to declare a portion of his property, which is liable to taxation, will pay, in addition to the tax, a *supertax* or fine in proportion to the tax due from the portion omitted in the declaration.

Anyone who tampers with accountants' books or inventories, or commits other frauds, will be punished with imprisonment up to six months and a fine of L. 50,000-500,000.

#### 6. — *The Extraordinary Proportional Tax on the Property of Corporate Bodies.*

Subject to this tax are the following:

a) Joint-stock companies, limited liability companies and limited partnerships with share capital, at a rate of 4%.

b) Limited and general partnerships, at 2%.

c) Institutions and other corporate bodies when their activities produce income that is liable for income tax, on that part of their property which produces the income, at a rate of 3%.

The extraordinary tax is also applicable to companies and corporations formed in foreign countries only on that portion of the capital which is invested or exists within the State.

Exemptions are: (a) Companies which in the last 5 years have been acting exclusively in the provision of urban housing property, even if in their articles of constitution they prepared to engage in normal commercial operations; (b) co-operative societies, whether consumers', workers', agricultural, fishing, etc.; (c) State, Provincial and Municipal business concerns, autonomous public utility corporations, and various bodies engaged on land reclamation and improvement, together with charitable, cultural and educational bodies.

Valuation and assessment follow the same lines as for the extraordinary progressive tax. The tax has to be paid in 24 two-monthly instalments, starting in August 1948. If the whole tax is settled in one sole payment, a discount will be granted at the rate of 8% compound interest p. a.

#### General Observations and Conclusions.

7. — If we now take an over-all view of the system built up by the three taxes, our first impression will be that they are designed to meet an impelling fiscal emergency which did not permit of due consideration being given

to the canons of logical taxation. The main preoccupation was to increase the yield in revenue, in order to meet the growing deficit in the budget—as quickly as possible and with the least difficulty for the administration, already swamped by the necessity to enforce too many taxes which are scarcely profitable to the State (7).

The intensity of the financial emergency was confirmed in the speech delivered to the Constituent Assembly on October 2nd by the Minister of Finance. The extraordinary taxation will bring in, during the year 1947-48, some 150 milliard lire, to add to the 800 milliards which are expected from the other sources of general revenue. It should be noted that the extraordinary proportional tax on property will only start to bring in results after June 1947, while only in February 1948 will the yield from the tax on corporate bodies begin to come into the Treasury. Only in the light of this overriding necessity to collect revenue as quickly as possible can it be explained how the minimum exemption level for the proportional tax was fixed at such an absurdly low figure as 100,000 lire, and that owners of house property were assessed at a figure five times that of their liability to taxation in the years 1937-39, while their income of that period has barely doubled, owing to rent restriction controls. In these ways the need to balance the budget outweighed all consideration of the hardships likely to fall on the lower income-groups.

The hasty method of assessment is shown, moreover, in the tax on corporations, where the capital value of the joint-stock companies in the Stock Exchange list was based on the Stock Exchange quotation for their shares, and the resulting amount was considered liable for

(7) The Commission on Finance and Budget of the Assembly was quite conscious of the defects of the property tax, but had to give way to the necessity for rapid and decisive action. The president wrote thus at the conclusion of his survey: "Everyone realises that the extraordinary property tax will bring in more in a period of relative monetary stability, that its anti-inflationary effects are uncertain, that the area of its application is too restricted. The Commission only feels compelled to state that in the financial field today the need is for rapid, decisive and coherent action, and that these provisions on the whole do come within this definition..."

taxation. In reality, in order to avoid double taxation and follow normal fiscal rules, one should deduct from this amount the value of the shares already assessed for the progressive tax on individual persons. Taking into account the low rate of the proportional extraordinary tax on corporate bodies, the excess taxation may be overlooked when the securities taxed through individuals represent a relatively small portion of the total shares. But in other cases there may be serious hardships, which should be avoided; the tax on corporate property should be assessed at a figure from which has already been deducted the value of the securities liable to the extraordinary progressive tax on individual property, which, in itself, is a levy to be applied only as an alternative method. On the other hand, the tax on corporations does not touch the value of their hidden reserves, the revaluation of their plant, and all the other assets which, as already pointed out, escape from the estimates made by the Stock Exchange for its share quotations, and which alone would enable an exact assessment to be made. But it would be too much to expect the Italian financial administration today to undertake such a labour of careful and final assessment for these emergency taxes.

We must also notice the heavy burden of the tax on individuals who, after having paid the proportional tax of 4%, are liable to a progressive rate which rises from 6% to 61.61 per cent or to a total of about 66%. Leaving aside whatever good this tax may achieve in redistributing the national wealth, it may be thought that its main attribute is purely demagogic — to appear to strike, and strike hard, at the rich, in order to give satisfaction to the people and to certain political parties. The reality in Italy is quite different. The higher the taxes, the lower will be the yield from the richest taxpayers. The evasion of the progressive income tax in Italy is so wholesale that the incomes of the richest groups are subject to an effective rate of tax of less than 1%. Taxation of war profits and the profits of speculation and political activity only produces deflatory results, as has been admitted by the present Minister of Finance. The higher the rate

of tax, the easier it becomes to manipulate the assessment, till in the end it is reduced to nothing by the added impossibility of collection. The Italian revenue administration and the tradition of the taxpayers jointly results in the minimum application of the heaviest taxes. It is absolutely necessary to employ taxes fixed at medium rates in order to secure maximum results.

In addition, the failure to change the currency and the promise to respect banking secrets must result in the escape of a considerable part of the national wealth from taxation. An attempt to remedy this defect was made by the presumption of the possession of money, bank deposits or bearer bonds, but this results in arbitrary taxation, insufficient in some cases and excessive in others.

The delay in applying this form of capital levy will result in its being exacted at the moment when the inflationary process is reaching its turning point, when the national economy is facing the grave troubles of deflation, and the economic crisis is in sight — and not only in Italy, which makes it even more serious. The Government allowed the exuberant capacity to pay created by the war to be dissipated, during these last years, in private expenditure, in excessive expansion of industrial plant and buildings, in various well-meaning activities, in subsidies to the Press, to organisations for entertainment, only to intervene with its heavy financial demands just when the whole economy is exhausted. It is doubtful whether the taxpayers, individual or corporate, will all be in a position to meet the full impact of the tax burden. Then they may need to be helped with credit facilities, in the interest of the State itself — not by again turning the handle of the printing press, but by permitting citizens or institutions who anticipate the tax liabilities of other people, in one sole payment, to exercise the rights of the State over the property of the taxpayers whose claims they have settled. In this manner, and perhaps with the attraction of exemption from taxation of the money thus lent, the Treasury may collect funds previously hoarded for fear of the capital levy.

But if no brake can be put on the inflationary spiral, the taxes on property will be devoid of any financial importance. For this reason Professor Sergio Steve (8) suggest applying a sliding scale (based on the cost of living) also to payments of the property tax, since this method has now become general in regard to wages and salaries. It should be kept in mind, however, that the workers do not pay the property tax, and that inflation forces a redistribution of wealth: thus it would only be from the groups favoured by this redistribution that one could think of exacting the tax adjusted by the sliding scale, from the other groups it would not be possible.

(8) In the Review " *Critica Economica* ", N. 6, 1975.

We may expect that this taxation will miss at least 20% of the real taxable capacity in the country — partly owing to successful fraud and evasion by taxpayers, partly owing to the failure to change the currency and to force the banks to divulge their secrets, partly due to the imperfections in the register of stocks and shares, and other loopholes offered by the laws. Closing our eyes to these large imperfections in the three property taxes, we can say that they correspond to the main wish of the Italian people, which is to re-establish the balance of the national budget, as a starting point in the fight against inflation. But, as I have already made clear, this could have been achieved with a greater care for the interests of national finance.