

Italian Foreign Trade in the Framework of World Trade

by
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The study of Italy's import and export movement is valuable not only as showing the dynamics and characteristics of that trade in itself, but also as affording a synthetic picture of the fundamental aspects of the changes in her economic life. The rapid industrialisation of Italy, the improved standard of living of her people, the effects of the past autarkic policy, are clearly shown by the figures of her international trade. They also point to the periods of her economic prosperity or depression; we find in them documentary evidence of the economic-political movements of Italy now towards the west now towards the east, and lastly they show us, as do the scars on a human body, the economic consequences both of military and commercial wars.

1. - The evolution of Italian foreign trade from 1881 to 1947.

The figures given in the following pages refer to the value of imports and exports as shown by official statistics.

Much could be said about the reliability of these figures, especially of the more recent ones, but this would lead us into a critical and technical examination of statistics which are more or less open to criticism in all countries. This is due to the complexity of such detailed and varied book-keeping, dealing with so a wide variety of values expressed in all sorts of currencies, and by different methods, to say nothing of the influence exercised by the conflicting interests of customs' authorities and private importers and exporters. For the purposes of our study, however, these statistics, with all their defects, can suffice, as we shall examine the main lines as shown by averages, for a series of years and we shall use them only for the

purpose of calling attention to trends and fundamental characteristics of major interest.

From 1881 to 1885 the value of Italian imports (Table I) amounted to 1,307 million lire per year; they rose to 3,673 millions on the eve of the first world war; they increased rapidly during that war and after its conclusion until 1930; in the quinquennium 1926-30 their value rose to 16 times that of 1881-85. In the meantime prices had increased 6 or 7 fold. Therefore, the increase shown by the figures above mentioned was to a great extent a real increase. That is to say the volume of imports had more than doubled if not trebled during the half century when the great economic depression of 1929-30 set in. On the eve of World War II their value had fallen to half that registered in the years from 1926 to 1930. In the meantime prices also had fallen, but to a lesser extent. The annual average value of Italian imports in the period 1936-40 stood around 11 milliard lire; taking into account price fluctuations we may conclude that the volume was nearly twice that of 1881-1885. In the meantime the population increased 40%.

We come at last to 1947. The value of the imports (1) may be reckoned for that year at some 400 milliard lire, or 35 times that of 1938; but as wholesale prices had risen in the meantime in a markedly higher degree we are led to the conclusion that the volume imported in 1947 was inferior to that imported in 1938. For the latter period we have the official figures not only for the value but also for the volume of foreign trade. They confirm the reduction above mentioned. In 1938 Italy imported 20.6 million tons of goods; in 1947 the figure had fallen to 17.3 million. In the

(1) Figures calculated by completing the official values published for the first eight months of the year.

ITALIAN IMPORTS CLASSIFIED BY THE NATURE OF THE PRODUCTS
(Annual averages in millions of current lire, gold and money excluded)

TABLE I

PERIOD	Foodstuffs		Raw materials and semi-manufactures		Finished products		Total
	Amount	% on the total	Amount	% on the total	Amount	% on the total	
1881 - 1885	301	23.03	614	46.98	392	29.99	1,307
1886 - 1890	366	26.33	669	48.13	355	25.54	1,390
1891 - 1895	262	22.68	639	55.33	254	21.99	1,155
1896 - 1900	283	20.24	824	58.94	291	20.82	1,398
1901 - 1905	367	20.05	1,082	59.13	381	20.82	1,830
1906 - 1910	520	17.73	1,654	56.39	759	25.88	2,933
1911 - 1915	776	21.13	2,148	58.48	749	20.39	3,673
1916 - 1920	4,745	28.98	8,600	52.53	3,028	18.49	16,373
1921 - 1925	5,619	29.43	10,599	55.42	2,874	15.05	19,092
1926 - 1930	5,266	24.65	12,245	57.32	3,853	18.03	21,364
1931 - 1935	1,666	19.46	5,205	60.79	1,691	19.75	8,562
1936 - 1940	1,764	16.10	7,298	66.61	1,895	17.29	10,957
1946	29,561	32.31	57,691	63.06	4,231	4.63	91,484
1947 (2)	105,490	25.39	278,855	69.27	22,185	5.34	415,530

(2) The figures are calculated by adding to the data published for the 8 month period, January-August 1947, one half of the amounts given for that period.

The data given for several groups of imports in 1947 are not strictly comparable to those for the previous years, as the rules followed by the Central Institute of Statistics in making the classification were altered in 1947.

Source: Central Institute of Statistics (Istituto Centrale di Statistica). Tabulations and calculations by the Author.

preceding year, 1946, imports only reached 10 million tons, that is to say, less than half the 1938 volume. The marked increase registered in 1947 is obvious and was due more especially to large imports of coal and wheat. Italian exports (Table II) doubled in value

ITALIAN EXPORTS CLASSIFIED BY THE NATURE OF THE PRODUCTS
(Annual averages in millions of current lire, gold and money excluded)

TABLE II

PERIOD	Foodstuffs		Raw materials and semi-manufactures		Finished products		Total
	Amount	% on the total	Amount	% on the total	Amount	% on the total	
1881 - 1885	385	34.84	544	49.23	176	15.93	1,105
1886 - 1890	306	32.08	525	55.03	123	12.89	954
1891 - 1895	300	30.83	529	54.37	144	14.80	973
1896 - 1900	342	27.96	623	50.94	258	21.10	1,223
1901 - 1905	382	25.16	781	51.45	355	23.39	1,518
1906 - 1910	516	27.07	903	47.38	487	25.55	1,906
1911 - 1915	686	28.94	893	37.66	792	30.40	2,371
1916 - 1920	867	15.72	2,418	43.84	2,231	40.44	5,516
1921 - 1925	3,023	24.65	4,663	38.02	4,578	37.33	12,264
1926 - 1930	3,803	25.06	5,105	33.64	6,267	41.30	15,175
1931 - 1935	2,198	31.49	1,975	29.50	2,612	39.01	6,695
1936 - 1940	3,169	32.45	2,695	27.60	3,901	39.95	9,765
1946	13,806	21.38	21,546	33.36	29,225	45.26	64,577
1947 (2)	36,129	20.11	45,901	25.55	97,617	54.34	179,647

(2) The figures are calculated by adding to the data published for the 8 month period, January-August 1947, one half of the amounts given for that period.

The data given for several groups of exports in 1947 are not strictly comparable to those for the previous years, as the rules followed by the Central Institute of Statistics in making the classification were altered in 1947.

Source: Central Institute of Statistics (Istituto Centrale di Statistica). Tabulations and calculations by the Author.

in 1911-15 as compared to 1881-85; in the meantime prices had risen 20%; therefore their actual volume had increased in the thirty years preceding the first world war by approximately two thirds. It should be noted that this increase is slightly superior to that registered for the imports during the same period.

Exports also increased until the great depression broke out in 1929, then they fell off in the period 1931-1936, gradually reviving in the ensuing quinquennium.

Lastly, in 1946 they increased when expressed in current lire value, but show a marked decline in volume. Thus, in 1938 Italian exports stood at 16 million tons, but in 1946 they had fallen to the modest figure of 1 million with a moderate rise in 1947 when they stood at 2.8 million tons (2).

The disparity between the value of imports and exports is a serious one, and the disparity in volume is still greater. Thus, while the value of exports in 1947 represents 43 per cent. of that of the imports (93% in 1938), their volume only represents 10 per cent. (21 per cent. in 1938) of the tonnage imported.

2. - Foreign trade and industrialisation.

Let us now examine the nature of the products imported and exported.

There has been an increase in imports of foodstuffs as well as of raw materials and finished products, but the increase has been heaviest for raw materials, whose ratio to the total passes from 47 per cent. in 1881-1885 to 67 per cent. in 1936-40.

The value of our imports of finished products deserve special consideration. In the course of the fifty-five years from 1881-1885 to 1936-1940 their value increased fivefold, a ratio inferior to that of the rise in prices. In the earlier period they represented 30 per cent. of total imports, while in the second period they only accounted for 17% of that total.

These percentages show that Italy has developed her industrialisation to a marked degree. While imports of finished goods fell off,

(2) Figure calculated by completing the data published for the period January-August 1947.

those of raw materials and semi-manufactures increased.

In the more recent years, 1946 and 1947, imports of foodstuffs and raw materials have greatly increased, while those of finished products have fallen to an extremely low figure. The serious economic situation of the country in these first two post-war years has compelled Italy to go abroad, less for commercial exchanges than for relief, to meet her most essential needs: wheat and other foodstuffs, and also coal and other raw materials.

The rapid industrial growth which took place in Italy over the long period under consideration in this article, is confirmed also by the statistics for her exports. Here the most marked increase occurred precisely in the group of finished products. From 1881-1885 to 1936-1940 the value of exported manufactured goods increased twenty-two times compared to a price rise of six to seven fold. The prices of exported raw materials have increased in the meantime less than fivefold; they have therefore increased less than the general rise in prices.

These figures can be very easily interpreted. Exports of raw materials have been limited because they have been more extensively used at home in the manufacture of finished products by Italian factories which have been able to increase their production partly as a result of the larger imports of raw materials.

The exports of finished industrial products accounted for 16 per cent. of all Italian exports in the period 1881-1885 and for 13 per cent. in the period 1886-1890. These percentages began to show a marked increase towards the end of last century and rose rapidly, until they reached 40 per cent. of all exports in the quinquennium 1936-1940.

3. - The need of foodstuffs.

The figures of the chapter dealing with foodstuffs deserve a brief comment. The behaviour of the annual values of this chapter is affected by the fluctuations of the crops and by the progress of agriculture. On the whole, however, food imports show a decided tendency to shrink, especially from 1926 to 1940, as a result of the campaign for food self-sufficiency

(the wheat campaign). In 1881-1885 food imports accounted for 23% of total imports, the percentage rose to 29% during the first world war, but fell to 16% in the years 1936-1940.

Very different has been the situation in the last few years. In 1946 the value of food imports accounted for one third of that of total imports; in 1947 the ratio fell to 25%. It seems likely that the percentage will be further reduced in 1948, and will approach the ratio noted in the years immediately preceding the second world war.

4. - Exports versus imports.

The values we have so far considered acquire a clearer meaning when we consider exports in relation to imports classified by the several groups of products and for the several periods. The ratios thus calculated (Table III) are in a certain sense unaffected by price variations.

TABLE III
PERCENTAGE OF EXPORTS TO IMPORTS

PERIOD	Foodstuffs	Raw materials and semi-manufactures	Finished Products	Totals
1881-1885	127.91	88.60	44.90	84.54
1886-1890	83.61	78.47	34.65	68.63
1891-1895	244.50	82.78	56.69	84.24
1896-1900	120.83	75.61	88.66	87.48
1901-1905	104.09	72.18	91.17	82.95
1906-1910	99.23	54.59	84.16	64.98
1911-1915	88.40	41.57	105.97	64.55
1916-1920	18.27	28.12	73.68	33.69
1921-1925	53.80	43.99	159.29	64.24
1926-1930	72.22	41.69	162.65	71.03
1931-1935	126.53	37.94	154.46	78.19
1936-1940	179.65	36.93	205.86	89.12
1946	46.70	37.35	690.73	70.59
1947	34.25	15.95	440.01	43.23

Source: Calculations by the Author based on the data in Tables I and II.

In the case of foodstuffs, the figures for the more recent years until the outbreak of the second world war, show a marked tendency to raise exports to a point when their value would have exceeded that of imports. On the contrary, in the case of raw materials, the trend

was for the value of exports to shrink as compared to that of imports. Lastly, in the case of finished products there was a definite tendency for the ratio of exports to imports to rise. In 1881-1885 the exports of manufactured goods represented only 45% of the corresponding imports; the ratio fell to 35% in 1886-1890. Fifty years later the important development of Italian industries caused this ratio to rise rapidly, and in 1936-1940 the value of such exports was more than double that of the imports.

5. - Italy's share in world trade.

In the period 1936-1940 Italy accounted for 2.37 per cent. of all world imports and for 2.20 per cent. of all world exports, a percentage only slightly in excess of her percentage of the world's population which is approximately 2 per cent. She occupied the tenth place in order of importance in foreign trade, ranking after the United States, the United Kingdom, Germany, France, Japan, Canada, Belgium, India, and Holland.

TABLE IV
WORLD TOTALS AND ITALY'S SHARE
IN WORLD IMPORT TRADE (a)
(Annual averages in millions of gold dollars) (b)
(Precious metals excluded)

PERIOD	World totals	Italy	Italy's percentage of total
1881-1885	7,700	255	3.31
1886-1890	7,890	271	3.43
1891-1895	8,390	225	2.68
1896-1900	9,870	272	2.77
1901-1905	11,940	356	2.98
1906-1910	15,650	571	3.65
1911-1915	19,920	606	3.04
1916-1920	21,050	710	3.37
1921-1925	27,780	...	...
1926-1929	34,230	1,048	3.07
1930	29,080	913	3.14
1931-1935	14,290	438	3.06
1936-1938	14,570	345	2.37

(a) Total Tables VII and IX.

(b) 1 Dollar = 1.50453 grammes of fine gold.

Source: League of Nations. Tabulations and percentage calculations by the Author.

TABLE V

WORLD TOTALS AND ITALY'S SHARE
IN WORLD EXPORT TRADE (a)
(Annual averages in millions of gold dollars) (b)
(Precious metals excluded)

PERIOD	World totals	Italy	Italy's percentage of total
1881 - 1885	6,760	215	3.18
1886 - 1890	6,960	186	2.67
1891 - 1895	7,370	189	2.56
1896 - 1900	8,690	218	2.74
1901 - 1905	10,910	295	2.70
1906 - 1910	14,320	371	2.59
1911 - 1913	18,320	461	2.52
1913	19,450	489	2.51
1921 - 1925	25,660	...	...
1926 - 1929	31,610	744	2.35
1930	22,000	638	2.36
1931 - 1935	13,060	343	2.63
1936 - 1938	13,350	294	2.20

(a) Total of Tables VIII and X.

(b) 1 Dollar = 1.50463 grammes of fine gold.

Source: League of Nations. Tabulations and percentage calculations by the Author.

It should however be noted that the expansion of Italian foreign trade has been below

TABLE VI

TOTAL IMPORT AND EXPORT TRADE
WORLD FIGURES AND ITALY'S SHARE (a)
(Annual averages in millions of gold dollars) (b)
(Precious metals excluded)

PERIOD	World totals	Italy	Italy's percentage of total
1881 - 1885	14,460	470	3.25
1886 - 1890	14,850	457	3.08
1891 - 1895	15,760	414	2.63
1896 - 1900	18,600	510	2.74
1901 - 1905	22,520	651	2.85
1906 - 1910	29,970	942	3.14
1911 - 1913	38,240	1,157	3.02
1913	40,500	1,199	2.96
1921 - 1925	53,440	...	...
1926 - 1929	65,840	1,792	2.72
1930	56,080	1,551	2.76
1931 - 1935	27,350	781	2.87
1936 - 1938	27,920	639	2.29

(a) Total of Tables IV and V.

(b) 1 Dollar = 1.50463 grammes of fine gold.

that of total world trade. Thus from 1881 to 1885 Italy accounted for more than 3% of both total imports and exports. It was during the last years preceding the second world war that her export and import trade fell in relation to total world trade: this was evidently due to the autarkie policies adopted about that period (Tables IV, V and VI).

Let us now examine the behaviour of Italian foreign trade in the case of two large groups of products: 1) that including *basic goods*, i.e. foods, live animals, raw and semi-manufactured materials; 2) that comprising *finished products*, i.e. industrial manufactures.

TABLE VII

IMPORT TRADE IN STAPLE PRODUCTS (a)
WORLD TOTALS AND ITALY'S SHARE
(Annual averages in millions of gold dollars) (b)
(Precious metals excluded)

PERIOD	World totals	Italy	Italy's percentage of total
1881 - 1885	4,890	151	3.14
1886 - 1890	4,990	176	3.53
1891 - 1895	5,500	156	2.84
1896 - 1900	6,440	195	3.03
1901 - 1905	7,780	254	3.26
1906 - 1910	10,030	368	3.67
1911 - 1913	12,670	473	3.73
1913	13,330	484	3.63
1921 - 1925	16,900	...	...
1926 - 1929	21,310	789	3.70
1930	17,770	658	3.70
1931 - 1935	8,910	322	3.61
1936 - 1938	9,070	262	2.89

(a) The heading "staple products" according to the international classification of 1913 includes the following groups: 1) live animals; 2) Foods and beverages; 3) Raw or semi-processed materials.

(b) 1 Dollar = 1.50463 grammes of fine gold.
Source: League of Nations. Tabulations and percentage calculations by the Author.

The imports of basic goods (Table VII) remained at an almost constant level of about 3.60-3.70 per cent. of the world's total from 1906-1910 to 1931-1935 and fell suddenly to 2.89 per cent. in the period 1936-1939.

On the other hand, the exports of staple products (Table VIII) present irregular ups

and downs, with a tendency to shrink when compared to world exports of the same products. The minimum value is registered, as for imports, in the period 1936-38, with a quota of less than 1.65 per cent. of the world total.

TABLE VIII

EXPORT TRADE IN STAPLE PRODUCTS (a)
WORLD TOTALS AND ITALY'S SHARE
(Annual averages in millions of gold dollars) (b)
(Precious metals excluded)

PERIOD	World totals	Italy	Italy's percentage of total
1881 - 1885	4,160	172	4.13
1886 - 1890	4,260	156	3.66
1891 - 1895	4,650	154	3.31
1896 - 1900	5,460	175	3.20
1901 - 1905	6,920	208	3.01
1906 - 1910	8,920	251	2.81
1911 - 1913	11,400	277	2.43
1913	12,000	295	2.46
1921 - 1925	15,250	...	...
1926 - 1929	19,210	343	1.78
1930	16,230	311	1.92
1931 - 1935	7,930	169	2.13
1936 - 1938	8,060	133	1.65

(a) According to the international classification of 1913.

(b) 1 Dollar = 1.50463 grammes of fine gold.

Source: League of Nations. Tabulations and percentage calculations by the Author.

In the case of imported finished products, we can note a marked downward tendency, while export values tend to rise. Thus in 1881-1885 imports of finished products accounted for 3.70 per cent. of total world imports of the same products, but in 1936-38 they had fallen to barely 1.51 per cent. of that total (Table IX). On the other hand, Italian exports of finished products which accounted for barely 1.65 per cent. of the world total in the period 1881-1885, had risen to 3.04 per cent. of that total in 1936-1938 (Table X).

The figures we have just given confirm the rapid industrialisation of Italy during the period under consideration, even when compared to world industrial development.

A few figures for the major industrial countries of the world throw light on the marked

TABLE IX

IMPORT TRADE OF INDUSTRIAL MANUFACTURES (a)
WORLD TOTALS AND ITALY'S SHARE
(Annual averages in millions of gold dollars) (b)
(Precious metals excluded)

PERIOD	World totals	Italy	Italy's percentage of total
1881 - 1885	2,810	104	3.70
1886 - 1890	2,900	95	3.27
1891 - 1895	2,890	69	2.39
1896 - 1900	3,370	27	0.78
1901 - 1905	4,160	102	2.45
1906 - 1910	5,620	203	3.61
1911 - 1913	7,450	223	3.00
1913	7,720	226	2.93
1921 - 1925	10,880	182	1.67
1926 - 1929	12,920	259	2.00
1930	11,310	255	2.25
1931 - 1935	5,380	116	2.16
1936 - 1938	5,500	83	1.51

(a) According to the international classification of 1913.

(b) 1 Dollar = 1.50463 grammes of fine gold.

Source: League of Nations. Tabulations and percentage calculations by the Author.

chronological differences in this development in the several countries.

TABLE X

EXPORT TRADE OF INDUSTRIAL MANUFACTURES (a)
WORLD TOTALS AND ITALY'S SHARE
(Annual averages in millions of gold dollars) (b)
(Precious metals excluded)

PERIOD	World total	Italy	Italy's percentage of total
1881 - 1885	2,600	43	1.65
1886 - 1890	2,700	30	1.11
1891 - 1895	2,720	35	1.29
1896 - 1900	3,330	63	1.95
1901 - 1905	3,990	87	2.18
1906 - 1910	5,400	120	2.22
1911 - 1913	6,920	184	2.66
1913	7,450	194	2.60
1921 - 1925	10,410	248	2.38
1926 - 1929	12,400	401	3.23
1930	10,770	327	3.04
1931 - 1935	5,130	174	3.39
1936 - 1938	5,290	161	3.04

(a) According to the international classification of 1913.

(b) 1 Dollar = 1.50463 grammes of fine gold.

Source: League of Nations. Tabulations and percentage calculations by the Author.

In 1881-1885 Italy imported 51.8 per cent. of the volume of manufactured goods she imported in 1913 (Table XI) (3).

TABLE XI

INDEX NUMBERS OF VOLUME OF IMPORTS OF FINISHED PRODUCTS (1913=100)

Period	United States	Germany	Great Britain	France	Russia	Italy
1881-1885	59.2	45.0	44.3	51.7	25.4	51.8
1886-1890	63.2	51.8	49.9	47.7	19.4	51.3
1891-1895	61.1	51.2	57.5	48.3	28.0	38.1
1896-1900	52.6	51.1	64.0	48.8	44.8	37.6
1901-1905	69.1	63.6	88.7	62.2	44.0	53.1
1906-1910	87.6	84.6	80.9	82.0	62.9	96.5
1911-1913	94.7	97.0	95.9	106.1	93.1	100.9
1921-1925	94.3	67.5	71.5	54.4	39.3	43.8
1926-1929	140.0	94.7	112.1	61.1	59.6	77.7
1930	111.6	86.7	118.7	98.0	129.5	77.4
1931-1935	78.5	60.7	82.8	71.2	98.4	55.8
1936-1938	93.5	49.7	91.5	52.0	53.6	47.3

Source: League of Nations: "Industrialisation et commerce extérieur", Geneva, 1945.

In 1936-1938 this index number had fallen to 47.3. This means that in 1913 the peak figure for these imports was reached in Italy;

TABLE XII

INDEX NUMBERS OF VOLUME OF EXPORTS OF FINISHED PRODUCTS (1913=100)

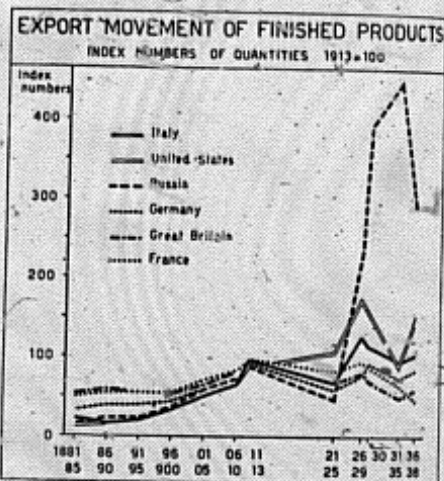
Period	United States	Germany	Great Britain	France	Russia	Italy
1881-1885	16.8	32.7	54.9	48.6	18.2	24.7
1886-1890	18.9	38.5	60.0	53.8	27.3	19.1
1891-1895	21.9	38.1	57.3	54.6	27.3	22.2
1896-1900	34.4	45.8	55.4	54.6	38.6	36.1
1901-1905	52.1	58.3	67.9	69.9	61.4	52.6
1906-1910	65.6	73.7	82.2	82.9	72.7	66.5
1911-1913	90.2	93.7	96.9	95.7	90.9	96.9
1921-1925	108.7	61.2	68.4	83.3	50.0	69.6
1926-1929	175.7	77.5	82.7	96.9	235.7	129.4
1930	160.2	91.3	68.2	67.4	393.0	115.5
1931-1935	95.0	71.8	50.8	65.6	450.0	97.4
1936-1938	154.8	84.0	62.9	46.7	592.9	107.2

Source: League of Nations: "Industrialisation et commerce extérieur", Geneva, 1945.

(3) The index numbers in the Table XI, are based on volumes of manufactured products imported in 1913, made equal to 100.

thirty years earlier the volume had been half that of 1913; in the three years preceding the last world war the volume had again fallen to the same or indeed to a rather lower level.

In the case of France and Germany, the trend was much the same as that shown by the Italian figures. In the case of the United States and Great Britain the volume of imported finished products, after rising in a marked degree from 1881-1885 to 1913, as occurred indeed in all countries including Italy, remained at a high level even in the ensuing period, until the outbreak of World War II. In this respect, the movement in the United States and Great Britain differed from that of the other industrial countries, Italy, France, Germany and Russia.



Yet more interesting are the index numbers for the volume of finished products exported (1913=100). Table XII shows that in Italy industrialisation, as revealed by the volume of exports of finished products, proceeded very rapidly until 1926-1929, and was still at a fairly high level when the second world war opened. The index numbers for the period 1881-1885 stood at 24.7, and rose to a peak of 129.4 in 1926-1930; in the three years preceding the war (1936-1938) it still stood at 107.02 (1913=100).

The index numbers for France show a very different movement. The volume of industrial products exported in 1936-1938 was some-

what below that of fifty-five years earlier (1881-1885). Even in the case of Great Britain the volume of industrial products exported reached their maximum (100) in 1913, falling in 1936-1939 to 62.9.

On the other hand, the growth of exports of manufactured products from the United States was unceasing: in 1881-1885 the index number stood at 16.8, it rose to 100 in 1913, and to 154.8 in 1936-1938. Yet more rapid was the rate of increase in Russia. The index number for the volume of finished products exported from that country stood at 18.2 in 1881-1885, and rose to 450 in 1931-1935, falling to 292.9 in 1936-1938.

We have limited our remarks to a few references to the varying degree of expansion of the imports and exports of finished products from the leading industrial countries; but a more detailed study for each period and for each country would not be without interest. We leave it to the reader to make it if he is interested in doing so (Tables XI and XII).

6. Sources of supply and market outlets.

One of the most notable aspects of Italian foreign trade is the great change that occurred in the countries from whence she imported her supplies and those to which she exported her own products.

In 1881 Europe accounted for four fifths of Italian foreign trade, both imports and exports. Asia provided a small quota of Italian imports (4.25 per cent. of the total) but was practically valueless as a market for our exports (0.49 per cent. of the total). The Americas accounted for 7.5 per cent. both of imports and exports. Africa contributed to a trifling extent to Italian foreign trade, and Oceania was practically absent altogether.

In the course of time, Italian foreign trade spread gradually to the most distant countries. Relatively considered, Europe lost ground in favour of the other Continents, and more especially of the Americas, which in 1929 provided 30.73 per cent. of Italian imports and absorbed 24 per cent. of Italian exports. On the eve of the second world war, Europe had partially reacquired the position she had held in

her foreign trade with Italy. Last of all, 1947 has witnessed a profound alteration in the ratios of the several countries. During that year Europe, more or less ruined and in need of help, lost importance as a source of supplies.

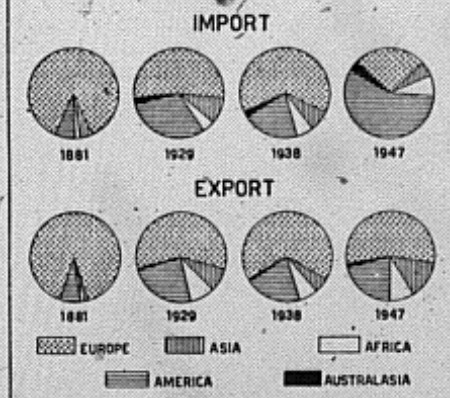
TABLE XIII
ITALIAN IMPORTS AND EXPORTS
(CLASSIFIED BY CONTINENTS)
Percentage figures

CONTINENTS	Imports				Exports			
	1881	1929	1938	1947	1881	1929	1938	1947
Europe	86.70	53.16	64.0	26.14	90.20	58.21	66.55	54.88
Asia	4.25	9.46	7.37	5.17	0.49	8.63	5.44	13.45
Africa (1)	1.54	4.20	6.11	7.58	1.83	8.44	6.38	9.27
America	7.51	30.73	20.55	57.72	7.48	23.99	20.69	21.22
Australasia	...	2.39	1.97	3.39	...	0.73	0.94	1.18
Totals	100	100	100	100	100	100	100	100

(1) Exclusive of the Italian Colonies.
Source: Elaborations by the Author.

She only accounted for 26.14 per cent. of all Italian imports, as against 57.72 per cent. which is the American share (North and South America); but these imports are more in the na-

SHARE OF THE SEVERAL TERRITORIES IN ITALIAN FOREIGN TRADE



ture of relief—as already stated—than of commercial transactions. On the other hand, Italy's exports still go for the most part to Europe (54.88 per cent. of all our exports); the Americas take 21.22 per cent., Asia 13.45 per cent. and Africa 9.27 per cent. (Table XIII).

Very important changes have also occurred as regards the distribution of our trade among the European countries. In 1881 France provided 31.59 per cent. of all Italian imports and took 51.30 per cent. of our exports, whereas in 1929 these figures had fallen respectively to 18.07 and 15.26 per cent., and in 1938 they had shrunk to 3.61 and 6.12 per cent. of the totals.

Great Britain's share has also gradually declined to a marked degree. On the other hand the share accounted for by Germany had been growing steadily, and in 1939 her percentages stood at 26.7 per cent. for Italian imports and at 18.8 per cent. for Italian exports.

In 1947 the European countries showing the largest values in Italy's foreign trade were Switzerland (12.21 per cent. of all imports and 19.20 per cent. of all exports), the United Kingdom (respectively 8.69 and 19.20 per cent.), and France (respectively 5.45 and 4.87 per cent.).

We will close this paragraph by a glance at the figures for the trade deficit per continents (Table XIV). Italy's balance of foreign trade has always closed with a deficit, covered to a large extent by emigrant remittances and by foreign tourist expenditures in Italy.

BALANCE OF ITALIAN FOREIGN TRADE CLASSIFIED BY CONTINENTS
Deficit in millions of lire (exclusive of gold and coins)

CONTINENTS	1881		1929		1938		1947 (January-August)	
	Actual Figures	% of total	Actual Figures	% of total	Actual Figures	% of total	Actual Figures	% of total
Europe	79	54.29	2837	41.77	1745	52.31	1159	0.77
Asia	51	36.64	683	10.06	379	12.45	+ 857	+ 0.57
Africa	+ 0.6	+ 0.41	142	+ 2.09	165	5.42	10293	6.80
North America	12	8.10	2477	36.47	557	18.29	127138	84.02
Central America								
South America	5	3.37	539	7.93	57	1.87	5709	3.77
Australasia	0.1	+ 0.08	398	5.86	142	4.66	7879	5.21
Total	146.3	100	6792	100	3045	100	151321	100

N. B. - The mark + indicates a surplus, all the other figures are deficits.
Source: Elaborations by the Author.

The trade deficit, which amounted barely to 146 million lire in 1881, rose to 6,792 millions in 1929, falling to 3,045 in 1938. It has risen, expressed in present depreciated lire, to 151 milliard lire for the first eight months of

1947. What we are interested in is to observe the situation of Italy's commercial indebtedness to the several continents. Until 1938 Europe had always been Italy's largest creditor for commodity supplies; but in 1947 the creditor who ranks first is North America (84 per cent. of Italy's foreign trade deficit). Evidently Europe is no longer able to fill that position, while a not inconsiderable part of the indebtedness is held by Africa, Central and South America, and Australasia. In 1947 they supplied Italy with more than she was able to offset by her exports to those continents.

7. - Characteristic Italian exports.

Traditional Italian exports consist mainly of citrus fruit, fruit, wines, olive-oil, hemp, marble, sulphur. Table XIV shows a certain degree of steadiness in the volume of these goods exported from Italy over the long period we are considering. On the other hand for three of the principal items of our export trade, the fluctuations are very wide. They are those of the textile industries. The export

of silk shows a marked decline; on the other hand, there has been a remarkable expansion in the exports of cotton yarns, and still more so in those of cotton fabrics and synthetic fibres and materials.

A rapid glance at the figures for 1946 and 1947 show the serious disturbances caused by the war to Italian export trade.

The products which have met with the greatest difficulties in recovering their traditional pre-war positions have been olive-oil, silk and sulphur. The figures for the exports of these commodities in the last two years are really trifling when compared to those for 1939, and are far below those for any other year during the period we are considering. There has also been a decline, though a less serious one, in the exports of citrus fruit, wines, hemp, cotton yarns and fabrics, and marble.

as transitory. Little by little, as the war years recede into the background, the structure of international exchange will tend to return to the pattern that had been forming as the result of a slow and systematic evolution in the preceding period. The revival of the former conditions will not, however, be complete. For instance, we shall no longer have so large a current of imports from the United States as in 1946-1947, but we may expect instead a marked increase in the supplies from European countries, not however to the extent of two thirds of the total as in 1938, because the development of Italian trade with the American

CHARACTERISTIC EXPORTS OF ITALIAN PRODUCTS

TABLE XV

(in thousands of metric tons)

PERIOD	Citrus Fruit	Dried Fruit	Wines & Vermouth (a)	Olive Oil	Raw Hemp	Cotton Yarns	Cotton Fabrics	Raw Reeled Silk	Raw marble and alabaster and products	Sulphur
1881 - 1885	146.5	24.7	1917	63.9	31.6	0.1	0.4	4.2	11.0	28.4
1886 - 1890	181.0	27.3	2032	54.9	34.2	0.3	0.7	4.8	11.6	31.3
1891 - 1895	187.8	31.2	1929	52.4	38.4	0.8	3.0	5.3	13.0	29.8
1896 - 1900	219.7	36.2	2172	47.1	49.9	5.4	9.5	6.5	16.0	40.5
1901 - 1905	306.2	40.4	1417	43.1	46.0	9.4	18.3	8.2	20.6	42.7
1906 - 1910	369.6	51.0	1368	45.7	49.4	9.6	27.3	8.9	25.8	32.8
1911 - 1915	394.1	52.3	1430	34.1	46.4	17.2	42.9	7.0	27.3	33.6
1916 - 1920	220.9	40.7	1246	7.7	39.6	15.7	34.1	4.2	27.3	18.1
1921 - 1925	280.8	66.5	1330	32.5	45.5	15.0	44.6	5.3	25.1	17.1
1926 - 1930	361.7	62.9	1003	36.0	53.0	22.4	51.9	5.8	34.1	20.8
1931 - 1935	353.1	59.0	1082	36.5	36.9	25.9	30.9	3.3	18.2	24.0
1936 - 1940	352.5	59.6	1585	20.5	27.2	15.1	31.2	2.1	13.2	24.8
1946	84.9	33.3	323	1.9	12.8	7.2	9.0	1.7	6.7	1.4
1947 (January-August)	138.7	17.7	324	1.9	6.5	9.6	6.2	0.4	8.2	1.5

(a) in thousands of hl. Source: Official Italian Statistics of Foreign Trade.

From 1946 to 1947 there has been some improvement in the export of citrus-fruit and marbles. On the other hand, the situation has grown worse in the case of dried fruit, hemp, and above all silk.

8 - Trends and prospects.

The deep alterations brought about in the currents of Italian foreign trade by the war should be considered to a considerable extent

Continent had been long under way and cannot but continue as a result of several factors: (a) fewer possibilities for many years to come for the European countries to export food-stuffs and raw materials, i.e. the products of which Italy is in need; (b) the closer economic relations which have arisen between Italy and America in the wake of American relief supplied in the first post-war years; (c) United States loans, which will lead to larger imports of American goods.

The development of Italian trade with

the European countries will be facilitated by the many commercial agreements recently signed or now being negotiated with many other countries. Special importance may be given to the customs' union between Italy and France. So far it is only a first attempt at collaboration between the two countries, but it may gradually developed with the growth of the agreements for the immigration of Italian workers to France, with the improvement of transport facilities, the exchange of tourists, etc. It will thus be possible to secure a marked increase in the exchange of goods between Italy and France especially during the period which must elapse before Germany can resume the important place she occupied before the war.

To some extent, the trade between Italy and Great Britain may also increase as soon as the British mines raise their output of coal and are in a position to supply it to Italy, who is now obliged to make her coal purchase in the United States incurring heavy expense for freights. In exchange, Great Britain will be able to supply herself with Italian citrus fruit, fresh fruit and dried fruit.

The goods Italy will continue needing will be: (a) raw materials, among which coal, petroleum, petrol, industrial oils, lumber, hides and skins, cotton, wool, metals; (b) foodstuffs, more especially wheat, fats, meat, and sugar.

Her exports will continue to consist mainly of citrus fruit, fresh fruit, early vegetables, almonds, essential oils, and manufactured goods of all kinds, from cotton, woollen and synthetic yarns and fabrics, to hats, footwear, marbles, machinery, vehicles, ships, scientific instruments, chemical products, electrical apparatus.

It will not be possible to reduce Italian imports below their pre-war level, and they will tend to increase with the growth of population and the need of reconstructing our technical-industrial equipment and our means of transport. It has been estimated that in the next few years imports will not be able to fall below a value of 1300 million dollars per year when we take into account the fact that imports of some manufactured goods which had been excluded by the previous autarkic policy will increase.

Should imports increase rather than shrink,

as seems likely, it stands to reason that exports also must expand, especially as Italy for some years to come will not be able to count as much as in the past on other credit items such as emigrant remittances, the tourist trade, and the receipts from her merchant marine.

The products of the soil will continue to supply a large quota of Italian exports, but they will not suffice to cover cost of imported products.

It has also been estimated that agricultural products will be able to cover not more than one quarter of the cost of our imports, i.e. some 300 million dollars. At the outside we shall be able to secure 200-250 million dollars from the tourist trade and emigrant remittances. This would leave 700 million dollars, or more than half of the value of our imports, to be covered by the export of industrial products. This figure represents a value almost double of that attained in the years preceding the war. But it is not unreasonable to hope to attain it, as the tendency to a steady growth of exports of industrial products was, as we have seen, the characteristic feature of Italian foreign trade.

The factors favourable to the export of such Italian products may be summed up as follows: (a) the Italian industrial potential has come out of the war without excessive losses; it should be borne in mind that the plants, machinery, etc., are for some industrial branches of fairly recent date as compared to those of other European countries, and therefore are not antiquated and worn out; (b) two great markets, those of Japan and Germany, which in 1939 accounted for 13 per cent. of world exports, will for some years to come be unable to compete; (c) many countries are still suffering from a shortage of consumption goods and capital goods, worn out, or destroyed, or not renewed during the war years; (d) several non-European countries, more especially those of South America, India, and Africa, have accumulated considerable reserves of sound foreign exchange, providing them with a conspicuous purchasing power; (e) abundant manpower available at moderate wage-rates.

On the other hand, account must be taken of some negative factors: (a) the disappearance for the present, and probably for many years to

come, of so important a market as Germany which before the war absorbed 20% of Italian exports (largely consisting however of fresh fruits and vegetables); (b) the loss of her colonies which also absorbed a great mass of Italian industrial products; (c) the fact that many countries have emerged from the war so impoverished that they cannot make large purchases; (d) the low per unit yield of the Italian worker as compared to those of other countries, partly due to defects in the organisation of the work and the equipment of the factories, and partly to poor food and social disorders; (e) the great productive potential of other countries, more especially of the United States, Canada, and Great Britain, who all display a great need of expanding their export trade, either (as in the case of the United States and Canada) to preserve their high income and the standard of living reached in the last few years, or (as in the case of Great Britain) in order to import the great quantities of raw materials and foodstuffs essential for them.

9. Industrialisation of "new" countries.

A problem deserving special consideration is that of the reactions the recent and rapid urge towards industrialisation now felt in many countries of East Europe and more especially in Central and South America, India, Australia and Africa, may have on countries whose industrial development is of old date.

In our opinion, this industrial development in new areas will not be able to stop the development and still less to throw back the export of finished products from other countries, among which Italy. Recent experience has shown that there is solidarity and a complementary character in the expansion of international trade in finished products. The great industrialisation of Canada and of Central and South American countries has certainly not been prejudicial to the export of the manufactured goods of the United States; and the same

thing can be said of British exports to India, South Africa, Australia, and Canada. Italy also has been able to continue and develop her imports of manufactured goods while increasing enormously her own output in all branches of industry, and she has the same time greatly increased, as shown in the previous paragraphs, her exports of all kinds of finished goods.

What we must expect is not a reduction of exports of finished products, but an alteration in trade currents. It will be determined by needs of two kinds. In the first place, the process of industrialising new areas leads to a demand for machinery, electrical requisites, vehicles, chemical plants, installations of various descriptions, etc., thus favouring the export of instrumental goods, the products of the heavy industries, scientific appliances and instruments for research work, etc., from the countries with a more advanced industrial development.

In the second place, the industrialisation of new districts will bring with it, as has happened in the case of the other countries, an improvement in the standard of living, higher incomes and larger purchasing power, which finds expression in a heavier demand for consumption goods of ever finer quality. Radio sets, electric fans, automobiles, fashionable fabrics and clothing, books, films, artistic goods will be in increasing demand.

Italian industry should take these factors into account so as to adjust itself to new needs. It should therefore encourage the development of the industries producing machinery and instrumental goods. In the case of consumption goods, preference should be given to those of fine quality, to choice varieties, articles of elegance and fashion and of artistic merit. It is, moreover, in these lines of production that Italian labour is best able to display its gifts of originality and taste. They also offer the advantage of requiring a larger number of hours of work and therefore afford more employment to the abundant labour forces available in Italy.