

The Housing Problem in Italy (*)

by

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I

1. — *Demand and supply of dwellings in Italy in 1931.* On April 21, 1931 a census was taken in Italy of all dwellings, which threw light on the housing conditions of 40.6 million persons; the returns showed the *existence* of 9.7 million dwellings containing in all 31.7 millions rooms (1). Of the dwellings, 9.1 million were occupied, and the *occupied rooms* numbered 29.8 million (Table I).

TABLE I
Dwellings and Rooms occupied, and, resident Population
on April, 21, 1931 (millions)

Geographical Distribution	Dwellings	Rooms	Population	c/b	d/c	d/b
a	b	c	d	e	f	g
Northern Italy	4.3	15.7	19.1	3.6	1.2	4.5
Central Italy	1.4	5.7	7	3.9	1.3	4.9
Southern Italy	2.2	5.4	9.7	2.5	1.8	4.4
Islands	1.2	3	4.8	2.6	1.6	4.1
Total	9.1	29.8	40.6	3.3	1.4	4.5

There were 0.6 million unoccupied dwellings and 1.9 million unoccupied rooms, being 6.1% and 6.0% of the respective totals. If we take into account the fact that some of the unoccupied dwellings (used as summer resorts, etc.) could not be classified as to let, the above per-

centage has to be reduced to about 4%. As the presence of from 3 to 4 per cent of dwellings to be let is held to be necessary to assure sufficient elasticity on the housing market, the supply of houses in 1931 may be said to have been, generally speaking, in line with demand.

The returns showed that the average "dwelling" consists of 3.3 rooms, and the average number of persons per dwelling was 4.5. The average number of persons per room was 1.4.

This data of 1931—calculated on *dwellings and rooms occupied*—must be qualified taking into account the hygienic conditions of the houses and the maldistribution over the various regions and the population groups.

2. — *Hygienic conditions of the dwellings.* Hygienic conditions is an expression covering the state of the services with which the dwelling is supplied and the actual sanitary condition of the dwelling itself.

The dwellings in Communes which in 1931 had a population of more than 20,000 inhabitants, with drinking water laid on, accounted for 56.6% of the total number (Table II); those provided with privies accounted for 70.5%.

TABLE II
Dwellings occupied and supplied with Services
(Communes with a population exceeding 20,000 inhabitants)

Geographical Distribution	Supplied per 100 inhabitants with					
	Drinking water	Privies	Electric light	Gas	Central heating	Bath-room.
Northern Italy	66.4	76.8	79.7	48.3	8.7	12.1
Central Italy	55.7	78.9	74.3	23.5	4.9	13.5
Southern Italy	45.3	54.9	53.8	7	0.6	3.7
Islands	42.9	62.6	43.3	4.8	0.2	4.3
Total	56.6	70.5	68	28.9	5.1	9.4

(*) The sources and the modalities of the various statistical compilations on housing conditions in Italy given in this article were described in the original article published in Italian on the Review "Moneta e Credito" of the Banca Nazionale del Lavoro, III quarter, 1948, p. 363. They are omitted here for the sake of brevity, except for some indications required for making the text comprehensible.

(1) The expression "dwelling" is used to indicate a set of rooms used by or intended to house one or more families, supplied at least with a separate entrance. Shops, warehouses, lums, etc. are considered "dwellings" provided they are used to lodge people. Any covered space including kitchens, of large enough to contain a bed, is described as a "room".

with electric light 68.0%, with gas 28.9%, with central heating 5.1%, and with bath rooms 9.4% (2). The percentage figures are notably higher in Northern and Central Italy than in the South and Islands.

The number of dwellings in the smaller Communes provided with these services was certainly smaller; therefore, if we consider the country as a whole, the situation as regards services was worse than would appear from the figures in the Table.

Some data and some information on the sanitary conditions of the dwellings are available for all houses in the case of the chief towns of the provinces, and, in the case of the smaller Communes, for the rural houses only. In the chief towns of provinces there were 361,510 insanitary dwellings (3), accounting for 15.2% of the total number, with 829,000 rooms (Table III). The high peaks were found in Southern Italy and the Islands.

TABLE III
Insanitary Dwellings in 1931 in the Chief Towns of Provinces (thousands)

Geographical Distribution	No of Dwellings	Insanitary Dwellings	100 - $\frac{c}{b}$	Insanitary rooms (a)
a	b	c	d	e
Northern Italy	1,283.3	126.	11.4	331.7
Central Italy	447.4	53.6	12.	164.8
Southern Italy	377.	88.4	23.4	166.4
Islands	277.5	71.5	26.4	166.6
Total	2,385.2	361.5	15.2	829.5

(a) Figures obtained on the supposition that all insanitary dwellings were the size of workmen's dwellings.

As for the rural houses, a special enquiry was made in 1933 (4). The returns showed that there were in all in Italy 3,645,000 rural houses, of which 46.4% should be demolished or were in need of large repairs or of small

(2) The several services were returned as provided in those dwellings in which they were installed for the exclusive use of each dwelling. Thus, for instance, if two or three dwellings were provided with one privy only they were returned as not having one.

(3) They include all dwellings in caves, huts, warehouses, basements, attics, and half of the dwellings on ground floors, raised above the ground (half of the latter are classed as sanitary and half as insanitary).

(4) Central Institute of Statistics: *Indagine sulle case rurali in Italia*, Bollettino mensile di Statistica agraria e forestale, March-July, 1933.

ones in order to make them fit for habitation. To sum up the situation, we have supposed that all the rural houses condemned had to be rebuilt, that two houses in need of large repairs were equivalent to the building of one new house, and that in the case of small repairs, 10 houses needing them were equivalent to one new one. Calculated on this basis the total number of rural houses to be rebuilt stood at 523,339, equal to 14.4% of the total. For their geographical distribution the percentage figures were as follows: Northern Italy 10.9%, Central Italy 14.2%, Southern Italy 30.9%, the Islands 33.9%. These figures are arranged in the same order as those given in Table III in case of the chief towns of provinces, although compiled on quite different methods.

3. — *Overcrowding of the dwellings.* The averages given in Table I, showing the number of persons per room, give an inadequate idea of the overcrowding of the Italian population, and of the differences existing in this respect from one region to another. To remedy this defect, Table IV has been compiled for the Communes with more than 20,000 inhabitants. In 1931 the dwellings with less than 1 person per room housed 28% of the population, those with 1-2 persons per room housed 37.6%, with 2-3 persons per room 17.1%, with more than 3 but not exceeding 7 persons 17.3% while those with more than 8 housed 1%.

In Northern and Central Italy the number of persons living more than 3 per room was small; but in the case of Southern Italy and the Islands the number was noticeable.

TABLE IV
Percentage Distribution of the Population in 1931 classified by Number of Persons per Room (Communes of over 20,000 inhabitants)

Persons per room	Northern Italy	Central Italy	Southern Italy	Islands	Total
Less than 1	35.9	34.	14.2	17.9	28.
1 to 2	43.6	42.8	26.9	29.7	37.6
2 to 3	14.7	15.9	20.7	20.2	17.1
3 to 8	5.7	7.	35.5	30.4	16.3
more than 8	0.1	0.3	2.7	1.8	1.
Total	100.	100.	100.	100.	100.

Now, hygienic and sanitary considerations make it advisable that the number of persons per room should not exceed 1.5.

If over-crowding — persons per room exceeding 1.5 — was to be abolished it was calculated that in 1931 it would have been necessary to provide a total of 7.5 million rooms, equivalent to 23.8% of the existing rooms. (Table V).

The ratio between the need of new rooms and the number of existing rooms was particularly high in Southern Italy (47.4%) and in the Islands (38.8%).

TABLE V
Rooms required in 1931 to reduce Housing

Geographical Distribution	Number of rooms required	
	Thousands	Percentage of existing rooms
Northern Italy	2,617	15.8
Central Italy	903	14.9
Southern Italy	2,764	47.4
Islands	1,274	38.8
Total	7,558	23.8

4. — *Migratory movements and the need of rooms.* When considering the need of rooms, the needs arising from migratory movements cannot be neglected, as they may lead to a partial disuse of the existing dwellings in some zones, and a consequent intensified use of those in other zones. For some time past there has been a tendency for the Italian population to move from the small to the larger Communes, and from mountain Communes to those in the plains. Thus the population of the Communes with over 100,000 inhabitants increased from 1901 to 1948 as compared to that of the other Communes, although it is well known that in the case of the former the birthrate is lower. In 1901 their population accounted for 12.7% of the total, in 1931 for 16.5%, and in 1948 for 19%.

The reactions of these population displacements on the need for rooms are illustrated by the data for the census of 1931, which show that the request for dwellings was trifling in the small Communes, owing no doubt to heavy emigration, and highest in the larger Communes, certainly because of the opposite phenomenon.

These migrations have continued in the ensuing years. From 1936 to 1942 (5) hardly any new houses were built in the small Communes but many were built in the large ones, more especially in those with over 100,000 inhabitants (Table VI).

Rooms built in Italy TABLE VI

Population of the Communes	Rooms built in 1936-42		% of rooms built in 1936-42
	Thousands	% of rooms existing in 1936	
Not exceeding 5,000	68.4	0.6	6.3
From 5,000 to 10,000	70.6	1.2	6.3
" 10,000 " 20,000	69.2	1.7	6.4
" 20,000 " 50,000	119.4	3.4	11.
" 50,000 " 100,000	120.6	5.8	11.2
" 100,000 upwards	634.2	11.8	58.6
Total	1,082.	3.4	100.

The housing crisis of these post war years has undoubtedly hindered the development of this phenomenon; but not to such an extent as to bring about substantial changes. Indeed, would seem justifiable to suppose that as a result of the migratory movement the present need of rooms as compared to conditions in 1931 has increased approximately by about one million.

5. — *Rooms built in Italy since 1931.* By dividing the growth of population which has occurred from 1931 to 1947 (Table VII) by 1.4, i.e., by the average number of persons per room as returned by the 1931 census, the number of rooms required to maintain unvaried the average density of persons per room (Col. d), has been calculated. These figures are placed side by side with those showing the number of rooms actually built, net of the number demolished (col. e) (6).

The figures for the rooms built, with the sole exception of those for 1931, are always lower than the figures for those required, thus showing that the new buildings have been

(5) Data for the period 193-1935 are not available.

(6) The number of these rooms has been calculated for the years 1931-34 by completing the returns made on this matter by the National Federation of House Owners for the chief towns of Provinces, and in subsequent years by using the data given by the Central Institute of Statistics.

TABLE VII

Population, Rooms required and Rooms built from 1931 to December 1947 (thousands)

Year	Population on 31. XII	Growth of population in year	Rooms required to meet growth of population	Rooms built, net of those demolished	100 $\frac{d}{e}$
a	b	c	d	e	f
1931	41,412 (a)	132	165.7	169.1	102.0
1932	41,735 (a)	343	245.0	175.7	71.7
1933	42,101 (a)	366	347.1	144.4	58.4
1934	42,453 (a)	352	257.4	162.1	64.4
1935	42,809 (a)	356	254.3	231.9	90.1
1936	43,222	413	295.0	288.8	97.9
1937	43,572	350	250.0	192.1	76.8
1938	43,969	397	283.5	146.3	51.6
1939	44,436	487	347.9	132.9	38.2
1940	44,878	422	301.4	114.3	37.9
1941	45,232	354	252.8	76.4 (c)	30.2
1942	44,498 (b)	292	208.6	70.4 (d)	33.7
1943	44,711 (b)	212	131.4	—	—
1944	44,863 (b)	153	109.3	—	—
1945	45,197 (c)	204	145.7	—	—
1946	45,776 (c)	579	413.6	99.5	24.1
1947	46,120 (c)	354	238.6	78.9	33.1

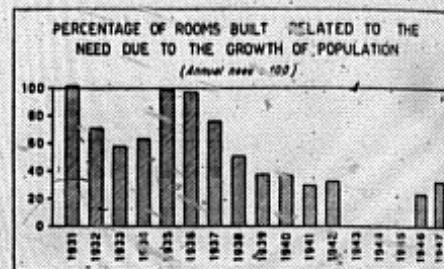
(a) Population present; for other years the resident population is given; (b) Exclusive of the population of Julian Venetia and Zara; (c) No deduction made for houses pulled down; (d) within the new frontiers.

inferior to the needs arising from the growth of population.

This fact is adequately explained by the political and economic vicissitudes through which

influence on building activities, as it corresponded to a general trend of the price level; but the block of rents introduced in 1936 (8) and which has been maintained since then, has undoubtedly had a depressing effect, as it has discouraged private enterprise from investing in building houses.

It will be seen from Table VIII that from 1931 to 1947, 2,021,000 rooms have been built in Italy and that, but for those destroyed by



the war, the number of rooms at the end of 1947 would have been 33 million, being an increase of 6.5% over the number returned in 1931. But during the same period the population increased by 14.8%. Hence a deficit of 2,282,547 rooms needed to maintain the 1931 ratio between persons and rooms.

Estimate of Rooms required from 1931 to 1947 to meet the Growth of Population, and of Rooms built during that Period

Geographical distribution	Rooms			% increase from 21.IV.'31 to 21.XII.'47		Estimate of rooms required	g-d
	Existing on 21.IV.'31	Built from 21.IV.'31 to 21.XII.'47	b+c	of rooms			
				e	f		
a	b	c	d	e	f	g	g
Northern Italy (a)	15,809,416	1,199,776	17,009,192	7.59	9.69	17,320,787	311,595
Central Italy	6,064,351	524,431	6,588,782	8.65	19.50	7,159,852	571,070
Southern Italy	5,826,892	155,645	5,980,337	2.63	20.38	6,974,341	994,004
Islands	3,285,076	143,452	3,428,528	4.37	16.61	3,834,406	405,878
Total	30,985,735	2,021,104	33,006,839	6.52	14.84	35,289,386	2,282,547

(a) Exclusive of Julian Venetia and Zara.

Italy has passed in the period under examination. As a result of the world economic depression, rents were reduced in 1934 (7). It is probable however that this reduction had had no

6. — *The loss of dwellings caused by the war.* Taking the whole of the national territory, with exception of the province of Gorizia and Julian Venetia, the total number of rooms

which should be reckoned as destroyed by the last war (9) stands at 1,984,000, or 6.30% of the rooms existing in 1947 (Table IX). In estimating the volume of destructions it should be remembered that in 17 Years (1931-1947) the number of rooms built (Table VIII) was about the same as the number that may be considered destroyed; and that some years before the war the total value in pre-war lire of the rooms destroyed would have amounted to about 30 milliard lire, equal to 25% of the national income in 1938.

TABLE IX
Rooms destroyed by War Operations (a)

Geographical distribution	Rooms destroyed	
	thousands	% of rooms existing in 1948
Southern Italy	904	5.54
Central Italy	636	10.46
Southern Italy	232	4.11
Islands	212	6.59
Total	1,984	6.30

(a) The heading "rooms destroyed" is inclusive not only of those actually destroyed but also of those seriously damaged and those slightly damaged. See note (9).

7. — *Repair and rebuilding of the rooms damaged or destroyed by the war.* So far, the main action of the Government has been directed towards securing the repair of the slightly damaged dwellings, so as to make available at a given cost and as soon as may be, the largest possible number of dwellings. Reconstructions in the real meaning of the word have only been allowed in the more seriously damaged Communes, recognised as such by a special Ministerial Decree.

At the end of March 1948 the total number of rooms which could be considered reconstructed (10) stood at 303,812, equivalent to 15%

(9) The summarised data for "rooms destroyed" is inclusive not only of those actually destroyed (1,202,000) but also of the rooms seriously damaged (666,000) and slightly damaged (1,237,000) converted into rooms destroyed by the following coefficients of reduction: 2) seriously damaged rooms=1 destroyed; 5 slightly damaged=1 destroyed.

(10) The data for "reconstructed rooms" cover, besides the rooms destroyed and reconstructed (11,012), those "slightly damaged and repaired" (1,464,000) converted into "reconstructed rooms" at the coefficient of reduction of 5 to 1 (i.e. 292,800).

of the rooms destroyed by war operations, at a total cost of 62.5 milliard lire.

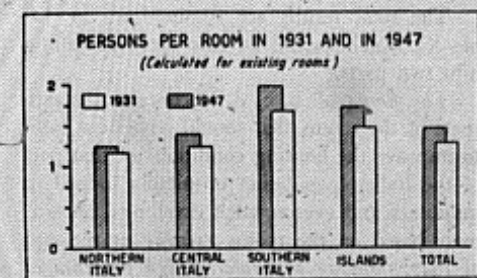
During the same period repairs and reconstructions were being carried out with the financial help of the Government for a value of some 30.1 milliard lire; when completed, these works will provide 104,091 rooms reckoned as reconstructed (11).

8. — *Persons per room in 1931 and in 1947.* We thus have the data for establishing the number of rooms existing at the close of 1947 (Table X).

TABLE X
Rooms existing on 21.IV.1931 and on 31.XII.1947, and Persons per Room

Geographical distribution	Rooms (thousands)				Persons per room	
	21.IV.1931 (a)	Built up to end of 1947	Destroyed by war and not rebuilt	31.XII.1947 (b)	1931	1947
					1931	1947
Northern Italy	15,809	1,200	688	16,321	1.19	1.26
Central Italy	6,064	524	511	6,077	1.19	1.41
Southern Italy	5,827	154	167	5,814	1.68	2.03
Islands	3,285	144	168	3,261	1.49	1.75
Total	30,985	2,022	1,534	31,473	1.31	1.48

(a) Exclusive of Julian Venetia and Zara; (b) These averages differ from those at paragraph 5 which refer to rooms occupied. Because to make the figures comparable with those in the next column they have been calculated on the basis of existing rooms, inclusive therefore of unoccupied rooms.



It stood at 31,473,000, being an increase of 488,000 over those existing in 1931.

As a consequence of the inadequate increase

(11) The data are inclusive of "rooms destroyed and reconstructed" (13,091) and of "rooms slightly damaged and repaired" (455,000), converted into rebuilt rooms at the ratio of 5 to 1 (i.e. 91,000).

(7) R. Decree Law, 14.IV.1934, No 563.

(8) R. Decree Law, 5.X.1936, No 1746.

of houses, considered in relation to the increase of population, the ratio between the number of persons and the number of existing rooms has changed from 1.31 (12) in 1931 to 1.48 at the end of 1947. The result of this has been more seriously felt in Southern Italy (2.03) and the Islands (1.75) than in Northern Italy (1.26).

9. — *The lack of rooms to meet needs.* Housing conditions in Italy have so far been considered separately from the point of view of the need of rooms to replace insanitary ones, for reducing over-crowding, for meeting the

Present Need of Rooms in Italy
(thousands)

Geographical distribution	Need of rooms				Additional need			
	to replace insanitary rooms	to reduce housing over-crowding	b + c	% of each 100 rooms existing in 31.I. 47	to meet growth of population from 21.IV. '31 to 31.XII. '47	to make up war destructions	f + g	% of 100 rooms existing in 31.XII. '47
a	b	c	d	e	f	g	h	i
Northern Italy (b)	1,216	2,497	3,713	22.75	312	687	999	6.07
Central Italy	340	903	1,443	23.75	571	511	1,082	17.86
Southern Italy	621	2,764	3,385	58.22	994	167	1,161	19.95
Islands	744	1,274	2,018	61.88	406	168	574	17.38
Total	3,121	7,438	10,559	33.55	2,282	1,533	3,816	10.12

needs arising from the growth of population, in their relation to rooms built and room destroyed by war operations.

The total results are summed up in Table XI which should be considered as falling into two parts.

The first (col. b, c, d, e) contains the estimate of the rooms that should have been built to improve the housing conditions of that part of the Italian population unsuitably lodged in insanitary and overcrowded dwellings; an estimate based on the rooms existing at the end of 1947, showing particularly high percentages for Southern Italy (58.2%) and the Islands (61.8%).

The second part of Table XI (col. f, g, h, i) shows: (a) the differences between the rooms required to meet the needs of the larger popu-

(12) This figure (1.31) is calculated on existing rooms and differs from that calculated for occupied rooms (1.4). (Par. 1 and Table I).

lation (on the supposition that the ratio of persons per room calculated for 1931 remains unchanged), and the number of rooms built from 21.IV.1931 till the end of 1947; (b) the estimate of the rooms destroyed by war operations, net of the rooms that have been rebuilt. The figures thus obtained show the extent to which conditions have deteriorated at the end of 1947 as compared to the situation in 1931. There is a deficit of 3,816 thousands rooms for the whole of Italy, equal to 10.12% of those existing on 31.XII.1947, with particularly high peaks for Central and Southern Italy and the Islands.

TABLE XI

II

10. — *Rent restrictions and the relations between owner and tenant.* The block placed on rents (13), which is still in force except in the case of newly built houses, by preventing rents from adjusting themselves to the new price levels, has led in practice a shift of wealth from the owners to the tenants.

To ascertain approximately what this shift amount to, we must take into consideration the average rents ruling immediately before the war (1938), their successive variations, and the number of rooms let.

This last figure was not known in 1938, but it has been obtained by using and completing the data for 1931. The results are shown in Table XII.

Calculation made by the Research Office of the Ministry of Finance, would show that the

(13) Set up by R. Decree Law of 5.X.1936, No. 1746, art. 3

average rent per room and per annum in 1938 stood around 415 lire (14). This figure is used in calculating the total rents paid in 1938 by tenants to owners (exclusive of sub-letting). Multiplying this figure by the total numbers of rooms occupied (3rd Column - Table XII), i.e. 13.9 million by 415, we get a total of 5.8 milliard lire.

Rooms existing at the End of 1938
(thousands)

TABLE XII

Communes with a population of	Rooms occupied by the owners	Rented rooms occupied	Unoccupied rooms	Total
Up to 20,000	13,702	5,875	1,386	20,963
From 20,000 to 50,000	1,454	1,589	192	3,635
50,000 - 100,000	824	1,421	94	2,339
100,000	1,390	4,659	239	6,294
Total	17,370	13,944	1,911	33,225

In the case of rooms occupied by the owners (2nd Column - Table XII), we must take into account the very large number of these rooms in the Communes of not more than 20,000 inhabitants in which the annual rents charged for rooms are considerably below the average. We must multiply the number of rooms occupied by the owners by the following average rents: lire 246.6 in Communes with not more than 20,000 inhabitants, lire 470.2 in those with 20 to 50 thousand, lire 471.9 in Communes with 50 to 100 thousand inhabitants, lire 583.4 in those with over 100,000. We thus get a total of 5.2 milliard lire.

By adding the two figures above given, we get a sum of 11 milliard lire representing the national income from houses in 1938.

The index number for housing calculated by the Central Institute of Statistics showing—owing to the legal control still in force—that rents have risen from 1938 to 1948 from 100 to 363 only. The rents paid by tenants at the present time thus amount approximately to 21.1 milliard lire (5.8 milliards multiplied by 363), apart from the variations in the number of rooms caused by war destructions, and the fuller use now made of available rooms. Had

(14) F. Vives, *Il reddito del nostro paese nel 1938*. "Rivista italiana di scienze economiche", No 1 and 2, January-February 1949.

rents been fixed by free bargaining they would no doubt have adjusted themselves to the cost of living, and their level would have risen in a marked degree. Supposing they had increased thirty-fold over the 1938 figure (i.e. in a measure notably below that of the cost of living which has increased fifty-fold) tenants would have paid in rent 174 milliard lire, i.e. 150 more than they are now paying. The cost of the block on rent is therefore paid by the house owners.

Is it fair that one group in the community should be called on to shoulder so heavy a burden? The question is a very complex and difficult one, but undoubtedly the indiscriminating sacrifice house-owners are now required to make has paradoxical and dangerous consequences. The fact, for instance, that the national outlay on tobacco and cinemas amounted, in 1947, to 5.6 per cent of the national income, as compared to 2.3 per cent in 1938, and now exceeds six or seven times the outlay on rents, affords proof that the block on rents has consequences that are certainly not in keeping with some basic interests of the community.

11. — *Effects of the block on the number of rooms available.* Blocked rents induce tenants to remain in the apartments they occupy even if their work or other reasons would make a move desirable, and thus families often continue to occupy lodging which are larger than they require. This drawback is corrected by the spread of sub-letting, a system which often allows the tenant to receive for one room he sublets more than double the rent he pays for the whole apartment. Objectionable as it is sub-letting is preferable to the compulsory sharing of apartments. Under these conditions a special tax might be charged, to be ear-marked for building workmen's dwellings.

12. — *Effects of the block on the yield of the tax on houses.* A recent measure provided for the revision of the appraisements in the land-register (15), a low coefficient of in-

(15) See in this connection: C. CONGIANI, *Italian Tax Policy*, in this Review, No. 2, p. 90 and seq. and *A Critical Examination of the Italian Tax System*, in this Review, no. 5, p. 318 and seq.

crease (from 1 to 5) has been applied so as to avoid the absurdity of levying a tax amounting to more than the blocked rent. But if this reasoning holds good in the case of apartments that are leased, it has no value in the case of houses occupied by their owners, who may therefore be considered as beneficiaries of rent restrictions.

The failure to adjust rents to present price levels has serious financial consequences for the local government bodies, one of whose major sources of revenue was the surtax on houses; a remedy might perhaps be found by raising the coefficient of revaluation while allowing the owners to charge the heavier fiscal burden to their tenants.

13. — *Effects of the block on the up-keep of house property.* In normal times the income from house property was, generally speaking, disposed of as follows: 50% interest on the capital investment, 20% cost of taxation, 30% for repairs and management costs.

The land-register appraisements, as we have seen, have been multiplied by 5. This means, for instance, that an income of 100 lire in the pre-war period, of which 20 lire were taken by taxation, now owes 100 lire to the fisc.

In the case of repairs and management the cost has increased at least 50 times; so that the former 30 lire (of the 100 lire) would have to be raised to 1,500.

But the index of rents only risen from 100 to 363; therefore present day rents only cover the cost of taxes and a very small percentage of the cost of up-keep and management.

The block has thus led to the acceleration of the wear and tear and obsolescence of house property, and is causing a serious destruction of national wealth.

The problem is not easy to solve. To make the increase of present rents fully effective their level would have to be adjusted to that of the prices of other commodities; but for the present an effort might be made to facilitate the acquisition by the tenants of the apartments they occupy, so as to interest them directly in the upkeep of the immovable.

14. — *Premises for the repeal of rent restrictions.* The restrictions on house rents were

decreed to check the rise in the cost of living. This purpose has been to some extent achieved, as is shown by the fact that whereas house rent previously absorbed 14% to 20% of the income of a worker or employee, the percentage now fluctuates around 2% to 4%. These restrictions have benefitted not only the tenants but also: (a) employers of labor—including the Government—who have thus been able to keep the wages and salaries of their dependents at a lower level; and (b) consumers of goods and services, as rent restrictions have indirectly affected costs. Indeed, the percentages given above showing the incidence of rent on the family budget of the workers, show that if rents were to be adjusted to the changed conditions of the market they would have to be increased in a measure that would entail a 13-17% rise in wages and salaries.

These are the advantages to be set against the drawbacks described in previous paragraphs.

Today, however, the general interest of the country requires that the present system of rent restrictions make way for that of free bargaining. But this passage is subject to two conditions.

The first is that the central and local government bodies and business in general be able to pay higher wages and salaries.

The Government, which is already spending more than 300 milliard lire per annum on salaries and wages for its dependents, would have to shoulder a further burden of 140 milliards to meet the claims of the groups concerned, and this sum would be added to the 451 milliard lire budget deficit estimated for 1948-1949.

In the case of industry, even if for some groups of workers wages have already attained and even exceeded the rise in the cost of living, a similar problem will have to be solved, especially if the pre-war differential rates of pay are to be reintroduced. But industrial output is still far from having attained pre-war levels and costs must be reduced if it is to be increased. And until industrial recovery is really assured it will not be possible to pay wages and salaries adjusted to meet the high cost of living, nor to secure the higher yield of taxation

and lower cost of relief works necessary for balancing the budget.

The second necessary condition for abandoning rent restrictions is that of securing an adequate increase in the number of available dwellings, which would gradually iron out the difference between the level of blocked rents and free rents.

Unfortunately, the insufficiency of dwellings in Italy is so serious that even if the number of house built were to be three times the pre-war average, no less than ten years would be required to return to the situation existing in 1931, which, as we have seen, was anything but satisfactory.

Under these conditions, the sudden removal of all rent restrictions would increase the economic and political tension from which our country now suffers. Yet it would be still more disastrous for the country to stagnate in its present position.

Undoubtedly those who have a clear idea of the serious nature of the problem and of the exceptional amounts of capital required for securing its solution as compared to the scanty resources of the country, those who realise the bitterness of the contrasting interests, the weakness of public finance and the burdens it has to bear, the low level of the national income, and the delicate situation existing on the money market, may well be dismayed. But while we do not undervalue the complexity of the problem, nevertheless the government can follow policies which would give it the possibility of acting.

The social and moral reactions of the housing problem and its weight on the economic scales are such that its solution, even if gradual and beset with difficulties, has beneficent and enduring results for the national economy.

Government action is necessary in this field, and it must be rapid and decisive, taking advantage of any favourable circumstances that may offer with the gradual revival of productive activities. It should take into account the present disequilibria in expenditure referred to in par. 10, characterised by exceptionally high figures for optional consumptions and should consider the expediency of taking action, in the

general interests of the community which would tend to right the ratios between optional and essential consumptions.

III

15. — *Form of government intervention to encourage the building of houses.* Government intervention to encourage the improvement of the housing conditions of the underprivileged classes took many noteworthy forms in Italy in the years following World War I. There had not then been any large-scale destruction of houses and the Treasury had no difficulty in providing for the payment of all compensation due for damages. The building trades were able to revive rapidly and served the dual purpose of providing new buildings and relieving unemployment.

In this connection, the Act of 30-XII-1922, No. 2318, should be mentioned which coordinated and unified the then existing rules relating to the provision of inexpensive houses for working people. It also provided for government grants to Communes, Institutes, Corporations, and Cooperative Societies formed for the purpose of building such houses, amounting to 2-3% on the payment of interest rates on the loans obtained, extending over the whole period of their duration.

Great activity was shown by the Institutes for Houses for Workers ("Istituto Case Popolari") which now exist in practically in all provinces. At the end of 1943 they had built 217 thousand 923 rooms at a cost of 3.5 milliard lire.

The National Institute for Houses for Civil Servants ("Istituto Nazionale Case degli Impiegati dello Stato") had also provided at the end of 1943 a total of 45,317 rooms.

The co-operative societies were likewise active, but only in some of the major cities.

Important fiscal facilities were granted to the buildings above mentioned—which although numerous were far from satisfying the need of dwellings—and to the others built by private enterprise. Of these facilities the most important was the total exemption for a period of 25 years from the tax on building. The last dwellings

to which this exemption applied were those certified fit for habitation on December 31, 1945 (16).

During World War II, building activities gradually declined. In 1939 the use of reinforced concrete for dwelling houses was forbidden; in 1940 the public works then in hand were suspended; in 1941 a decree forbade starting on new buildings; in 1942 the sale of building materials was blocked. All these restrictions, together with the conditions prevailing on the market for building materials, led to the almost total suspension of activities.

The destructions caused by the war left hundreds of thousands of people homeless. The pressing need of providing them with shelter led to emergency measures (17) followed by others of wider bearing, such as the enactments of April 10, 1947, No. 261; May 8, 1947, No. 399; December 22, 1947, No. 1600.

The first of these contains new provisions, or amendments to those in force, with a view to encouraging the repair of war damages and the erection of dwellings for the homeless; new measures in favour of the institutes above mentioned; and facilities for the execution of the reconstruction plans. The second authorises the Treasury to extend financial help, to an extent not to exceed 50%, to the building works undertaken by the aforesaid Institutes for the construction of villages, and grants in aid of private enterprise. In the latter case, a grant amounting to 8% of the cost of building in 1947 and to less than 6% at present time, has proved inefficient as it was too small. Under the third enactment, assistance is extended to non-profit making building corporations, cooperative societies formed by government employees, pensioners, professional people and journalists for the purpose of building themselves houses.

In all these measures reference is made to the fiscal facilities provided in the codified text of 1938 regulating the building of inexpensive houses for working people.

(16) Exemption from this tax continued however to be granted in full for the first year; at the rate of 24/25 for the second year, and of 23/25 for the third year, and soon in the case of houses charging low rents.

(17) Decrees of Nov. 17, 1944, No. 365 of January 18, 1945, No. 44; and of June 9, 1947, No. 305.

But these financial measures have been entirely inadequate and we have seen in chapter I the definitely scanty results obtained.

The imperative necessity of encouraging greater building activity points to certain needs which may be summed up as follows:

(a) the possibility of rebuilding the wrecked houses with the help of government grants, now enjoyed only by the larger Communes, should be extended to all;

(b) grants should be equal to a given percentage of the value of the building wrecked, with the right to rebuild within the limits of the said grant;

(c) loans should be made at rates not exceeding 5% to owners for rebuilding their wrecked dwellings.

Budget difficulties have hitherto prevented the full acceptance of proposals whose purpose was to meet the above needs.

As regard point (b), the total inadequacy of the appropriations so far made by the Government in favour of the corporations building working-class dwellings is the subject of special complaint.

As regards point (c), several fiscal reductions or exemptions are requested in favour of private building enterprises, among which the 25 year exemption from the tax on buildings and from any future capital levy.

16. — *The "Fanfani Plan" for new buildings.* The Plan proposed in 1948 by Professor Amintore Fanfani, Minister of Labour, for the development of building activities, cannot be considered as offering the means for a complete or even large-scale solution of the housing problem as the aims it has in view is essentially a different one.

The Fanfani Plan provides for the construction over a seven-year period of some 300,000 houses with 1,200,000 rooms at a total outlay of nearly 500 milliard lire. It also provides for the amortisation of their cost.

The requisite funds are to be obtained more especially by the compulsory collection of part from 30% to 60% of the thirteenth monthly payment received by salaried workers and 50% of the sums received by wage-workers as a Christmas gratuity.

In exchange for the sums thus levied, Treasury bonds will be delivered for like amounts, bearing interest at the rate of 5% per annum.

Moreover, the Treasury will contribute 5% its own dependents, and 4% for the other groups for whom 1% will be paid by their employers. The Treasury will also contribute towards paying the amounts due by the worker in payment of that part of the price of the dwelling assigned him, being 4% in the case of the employees of public administrations and 3% in the case of all the other groups for a period of 25 years.

To cover these payments a Budget appropriation of 15 milliard lire will be made each year for a period of seven years, to be taken in the first 4 years from the fund deposited with the Bank of Italy under the agreement of 28-VI-1948 with the United States of America.

The main lines of the building plans are as follows:

(a) for each of the groups of workers (government employees, private employees, wage-workers), the number of dwellings to be built will be fixed in conformity with the value of the Treasury bonds issued or to be issued;

(b) within each group, the dwellings will be of 2 to 5 rooms according to the applications made by the bearers of the bonds;

(c) priority in building will be given to the Communes with the highest indexes of overcrowding;

(d) the assignment of houses within each group will be made by drawing lots, and the apartments will be given on lease with a clause foreseeing future purchase.

The criticisms made of the bill deal with some of its aspects:

(a) the groups who are called to finance the plan are, generally speaking, the under privileged. In reply to this objection it may be said that substantially the plan implies a forced loan, made tolerable by the fact that it bears interest and by the hope of being assigned an apartment;

(b) the execution of the plan will shift consumption expenditures towards the building trades, and this at the present time may prove prejudicial to other forms of production.

But if we consider the condition of extreme discomfort in which a large part of the population lives as a result of the housing crisis, one cannot but agree that a development of building activities in the next few years—even if it should lead to a shift of consumption expenditure—is highly desirable.

In our opinion the most serious criticism that can be made of the plan—though in the opinion of others it is one of its greatest merits—is that the apartments are leased with an agreement for future purchase, which amounts practically to their assignment as property. Now in applying for an apartment the size desired will differ if it is to be rented or if it is to be bought. In the first case, the size desired will be that required to meet present needs, but in the second case it will generally be that required to meet the future needs of the family. A rented apartment allows of greater mobility of the population, making it easier for families to locate themselves according to their requirements. This does not mean that ownership of houses should be condemned or discouraged, for it does indeed promote social stability.

17. — *The Matteotti-Turati proposal for solving the housing problem in 1923 and its present value.* But the main object of the "Fanfani Plan" is not that of supplying each worker with a dwelling, as when it has been put into effect only 2-3% of the workers will have been able to secure an assignment; nor is it that of trying to solve the housing crisis, as the means provided are insufficient for that purpose; its main purpose is to provide the conditions for assuring a gradual absorption of unemployed labour in the building and allied industries. And it is just because its purpose is a contingent one that it has been given a limited duration.

While waiting for the Fanfani Plan to produce its beneficial results, other forms of government intervention are not to be excluded; and among these a bill introduced in 1923, after the other war, by the deputies Matteotti, Turati, Lollini and Lucci, is deserving of special mention.

The proposal provided for the extension of the block on rents until 1930, at which date it was supposed that enough new buildings would have been provided to right the situation.

During the period of the block the lessor was to have been given the right to claim certain fixed increases of the dwelling. In Communes with a population of over 200,000 persons and in the smaller communes in which the need of building new houses was ascertained, a tax was to be levied equal to three quarters of the increased rent in the case of blocked rents, and equal to one fourth of the difference between the assessed rent and the rent on April 18, 1920 in the case of other houses. The tax was to be levied also on apartments occupied by their owners at the same rate as for others of the same description.

The yield of this tax in each Commune was to have been applied as for: (a) one third to the Institutes for Houses for Workers, so that they might build new houses; (b) another third to corporative bodies and co-operative building societies whose purpose was to build houses for the working people to be owned personally as inalienable property; (c) the remaining third 1) partly to organisations and private persons for building dwelling houses, including those to be owned jointly and as alienable property—to the exclusion, however, of "luxury" houses—and 2) partly to the Communes to reimburse them for the cost of installing the collective services needed for the new buildings.

There is no need here to go into the objections raised against this proposition on economic, financial, and technical grounds.

It is however desirable to see to what extent the proposals could be applied to present conditions.

The date at which the block placed on house rents can be removed will depend on the duration of the present deficit of housing accommodation and on the ratio which will exist between the new buildings and the needs arising from the growth of the population and from inland migrations.

We have already illustrated the serious nature of the housing crisis and we have seen that the Government has appropriated considerable sums to be spent on repairs and reconstruction, but that they are nevertheless quite insufficient, and we may expect this state of things to continue in view of budget difficulties.

A law similar to the Matteotti proposal might be enacted to assure an independent source of funds. In this way the sacrifices that house property is called on to make would not go exclusively to the benefit of the tenants, who would raise fewer objections seeing that their rents increased if a large part of the higher rent were used for building new houses.

Indeed, careful consideration shows that the return to a free market for rents as soon as the supply of houses would make this possible, would also be advantageous to the tenants themselves, who are now compelled to remain in the apartments they occupy, even when considerations of employment or family conditions would make it advisable for them to move, and it would also be to the advantage of the subtenants who have now to pay exorbitant rents and to live under very uncomfortable conditions.

STATISTICAL APPENDIX*

ITALIAN STATE BUDGET
(in milliards of lire)

Table A

Fiscal year beginning 1st July	Ascertained receipts					Engaged expenditure					Surplus or deficit		
	Actual receipts			Move- ment of capital	Total	Actual expenditure			Move- ment of capital	Total	Actual receipts and expendi- ture	Move- ment of capital	Total
	Ordinary receipts	Extraor- dinary receipts	Total			Ordinary expendi- ture	Extraor- dinary expendi- ture	Total					
1938-39	27	0.9	28	3	31	33	17	40	2.8	43	- 12	+ 0.2	- 11.8
1941-42	38	3	41	50	91	35	83	118	4	122	- 77	+ 46	- 31
1942-43 (a)	43	6	49	54	103	42	93	135	25	160	- 86	+ 29	- 57
1945-46	125	3	128	91	220	160	349	509	44	553	- 381	+ 48	- 333
1946-47	346	6	352	335	687	318	614	932	303	1,235	- 580	+ 31	- 549
1947-1948 (b)	674	154	828	200	1,028	615	932	1,547	265	1,813	- 719	- 65	- 785

(a) Data 1943-44 and 1944-45 not available.

(b) The Minister of Finance in his speech to the Chamber of September 15, 1948, has calculated that the deficit for the financial year 1948-1949 will amount to 451 milliards of lire.

Source: *Bollettino Mensile* of the Central Institute of Statistics (Istituto Centrale di Statistica), Rome, 1947-48.

ITALIAN INTERNAL NATIONAL DEBT - VOLUME AND KIND OF SECURITIES
(In milliards of lire - Index Numbers, 1938=100)

Table B

End of period	Consolidated and others		Reedemable debt		Floating debt				Notes of the State	Total of internal national debt		
	Amount	I.N.	Amount	I.N.	Treasury bills	Interest bearing current accounts	Advances by the Bank of Italy	Total		Amount	I.N.	
								Amount				I.N.
1938 June	53	100	49	100	9	20	1	30	100	1.5	133.5	100
1943 "	53	100	178	363	53	55	60	168	560	5.9	405	303
1944 "	53	100	176	359	62	59	80	201	670	6.5	436.5	327
1945 "	53	100	206	420	157	93	331	581	1,936	7.3	847.3	635
1946 "	53	100	278	567	239	146	343	728	2,426	7.3	1,066.3	799
1947 "	53	100	429	875	279	175	366	820	2,733	6.6	1,308.6	980
1948 March	53	100	429	875	396	239	473	1,109	3,667	6.8	1,597.8	1,197
" June	53	100	419	856	483	276	473	1,233	4,100	7.1	1,712.1	1,282
" July	53	100	419	856	514	272	473	1,259	4,197	7.2	1,738.2	1,302

Source: *Bollettino Mensile* of the Central Institute of Statistics, 1947-1948.

PRINCIPAL ASSETS AND LIABILITIES OF THE BANK OF ITALY
(in milliards of lire)

Table C

End of period	Assets							Liabilities			
	Gold in hand	Bill dis- counted	Advances made against securities and goods	Treasury bills	Securities	Extraordinary advances to the Treasury	Treasury current account	Debts at sight	Current account deposits	Interest-bearing time deposits by banks	Note circulation
1938	3.8	3.7	3.7	-	0.8	2	0.8	0.9	0.9	-	18.9
1943	2.2	5.5	7.2	8	0.9	79	47.3	7.9	17.4	18.5	156.6
1944	0.5	3.8	4.1	30	0.9	202.7	98.4	14.2	24.6	81.9	248.6
1945	0.5	9.8	5.4	68	0.9	342.7	20.5 (a)	13.4	46.9	120.2	296.0
1946	0.5	44	13.1	68	37.8	342.7	10.1 (a)	15.1	59.1	101.2	505.0 (b)
1947 June	0.5	67.3	24.0	78	37.6	342.7	11.7 (a)	16.5	41.1	79.9	577.6
" September	0.5	98.6	23.9	65	37.5	342.7	17.3	17.7	33.7	50.7	667.7
" December	0.5	137.2	34.3	83	37.5	342.7	0.4	16.2	52.5	86.5	788.1
1948 March	0.5	116.8	28.5	97	37.7	342.7	44.1	16.3	55.7	112.7	797.9
" June	0.5	78.3	39.3	110	37.6	342.7	76.2	16.6	36.1	149.7	816
" July	0.5	97.6	29.8	127	37.7	342.7	97.6	18.3	42.5	165.1	846.7
" August	0.5	114	35.7	120	37.7	342.7	59	17.2	52	159.9	850.9
" September	0.5	118.2	41.5	128	37.6	342.7	54.7	17.7	57.2	183	862.6

(a) Debt.

(b) From 1946 includes A-M lire.

Source: *Bollettino* of the Bank of Italy 1947-1948.

(*) See Explanatory Notes in the Statistical Appendix of this Review, No. 3, October 1947, p. 197.

WAGES AND SALARIES IN ITALY
 (Inclusive of family allowances)
 (Index Numbers, 1938=100)

Table H

Categories	1946				1947				1948				
	March	June	Sept.	Dec.	March	June	July	Aug.	Sept.				
Industry:													
Specialised workers	1,496	3,970	4,506	4,909	4,917	4,272	4,282	4,498	4,449				
Skilled workers	1,285	3,463	3,899	4,260	4,281	4,922	4,931	5,195	5,199				
Ordinary workers and skilled labourers	1,600	4,293	4,846	5,316	5,337	5,331	5,337	5,619	5,619				
Labourers	1,732	4,208	5,232	5,724	5,799	5,802	5,806	6,129	6,129				
General index of Industry	1,544	4,131	4,670	5,103	5,133	5,135	5,142	5,417	5,417				
Land Transport:	1,594	4,034	4,583	4,995	5,003	5,003	5,003	5,303					
Government Civil Employees:													
Groups A and B (a)	957	1,895	2,082	2,487	2,487	2,487	2,487	2,564	2,539				
Group C (b)	1,375	2,575	2,884	3,550	3,550	3,550	3,550	3,676	4,054				
Subordinated staff	1,531	2,853	3,226	4,028	4,028	4,028	4,028	4,181	4,906				
General Index of Government Civil Employees	1,199	2,292	2,552	3,114	3,114	3,114	3,114	3,220	3,601				

(a) Administrative and executive grade.

(b) Clerical grade.

Source: *Bollettino dei Prezzi* of the Central Institute of Statistics, 1947-1948.
NATIONAL INDEX NUMBERS OF LIVING COST
 (1938=100)

Table I

Month	All Items	Foodstuffs	Clothing	Heating and lighting	Housing	Sundry
1947 January	3,639	4,644	5,479	1,518	202	2,731
March	3,823	4,842	5,928	1,619	209	2,917
June	4,655	5,971	6,680	1,902	249	3,471
September	5,331	6,846	7,154	2,510	260	4,024
December	4,929	6,196	6,866	2,393	269	4,159
1948 March	4,919	6,206	6,216	2,404	343	4,387
June	4,835	6,111	5,993	2,354	363	4,317
July	4,601	5,747	5,874	2,347	363	4,319
August	4,792	6,004	5,805	2,751	377	4,331
September	4,910	6,162	5,750	2,987	377	4,318

Source: *Bollettino dei prezzi* of the Central Institute of Statistics, 1948.
AVERAGE PER CAPITA QUANTITY OF FOODSTUFFS AVAILABLE PER ANNUM IN ITALY

Table L

	1938		1946		1947		Percentage change	
	Kg. per capita	% of total	Kg. per capita	% of total	Kg. per capita	% of total	from 1938 to 1947	from 1946 to 1947
	Cereals	222.5	38.57	154.1	34.81	175.8	35.29	-29.99
Potatoes and legumes	52.9	9.17	34.8	7.86	47.9	9.62	-9.45	+37.64
Fresh vegetables and tomatoes	77.2	13.38	74.5	16.83	80.7	16.20	+4.53	+8.31
Fresh and citrus fruit	42.4	7.35	46.8	10.57	46.6	9.36	+9.90	-0.43
Meat and fish and cheese and eggs	39.8	6.90	26	5.87	27.1	5.44	-31.91	+4.31
Fresh milk	37.4	6.48	33.3	7.52	33.6	6.75	-10.16	-0.20
Oils and fats	13.5	2.34	7.0	1.58	7.1	1.43	-47.41	+1.43
Sugar	10.0	1.39	2.1	0.47	6.0	1.20	-25.00	+185.71
Coffee	0.8	0.14	0.3	0.07	0.6	0.12	-25.00	+100.00
Wine, Beer, Spirits	82.4	14.28	63.8	19.42	72.7	14.59	-11.77	+13.95
Total	576.9	100.00	442.0	105.00	498.1	100.00	-13.6	+12.51
Total net of wine, beer and spirits	454.5	—	378.9	—	425.4	—	-13.97	+12.37
Kg. per day per capita	1.35	—	1.03	—	1.16	—	-14.08	+12.51

Source: G. TAGLIACARINI: *Movimenti dei consumi e valutazione della spesa per alimentazione*, in Index No. 8-9-12, Sept. 1948, p. 71.
INDEX NUMBERS OF ITALIAN INDUSTRIAL PRODUCTION (a)
 (monthly average - 1947=100)

Table M

Month	General Index	Industries							
		Mining	Metal-lurgical	Non metallic minerals	Lumber	Chemical	Paper	Textile	Electric Power
1947 January	72	77	65	80	83	54	74	82	78
July	118	118	121	107	116	115	119	118	124
December	97	98	95	111	76	115	88	88	99
1948 January	92	100	92	109	75	92	85	90	99
February	95	101	102	95	75	105	94	88	97
March	102	113	117	98	87	115	104	92	99
April	104	114	119	106	95	107	103	96	102
May	104	110	125	105	79	121	95	88	113
June	107	115	134	104	89	119	99	92	117
July	107	111	129	104	79	119	104	95	119
August	101	108	105	107	62	151	88	79	115
September	117	115	134	108	79	146	122	104	120

(a) We give in this issue the index numbers of Italian industrial production compiled by the Central Institute of Statistics instead of those of the General Confederation of the Italian Industry given in previous issues. As the returns are still being made, the index numbers should be considered provisional. As soon as the returns are completed for all branches and sub-branches of industry, the Central Institute of Statistics will also compile the general index numbers of Italian industrial production, 1938=100.

RAILWAY TRANSPORTS IN ITALY
 (Carloadings and freight carried; passenger traffic)

Table N

Period	Carloadings		Freight carried (thousands of metric tons)	Freight ton-kilometers (a)		Passengers (millions)	Passenger-kilometers	
	Thousands	Index (1938=100)		(millions of tons)	Index (1938=100)		(milliards)	Index (1938=100)
1938	5,045	100.0	54,316	11,524.2	100.0	108.8	11.4	100.0
1942	6,141	121.7	71,911	24,080.5	208.9	268.9	26.5	232.4
1946	2,428	48.1	33,566	8,900.0	77.2	264.0	20.7	181.5
1947	3,097	61.3	41,022	11,380.8	98.7	314.2	20.8	182.4
1948				11,579.9	100.4			
First quarter	(b)	—	38,736	—	—	309.5	19.6	171.9
Second	(b)	—	39,059	—	—	320.7	21.8	191.2
Third	(b)	—	44,701	—	—	350.6	22.6	242.1

(a) Data related to fiscal year beginning 1st July.

(b) annual rate.

Source: *Compendio Statistico Italiano 1947-48* and Ministry of Transports.
FOREIGN TRAFFIC IN ITALIAN PORTS

Table O

Period	Ships entered						Ships cleared					
	Total		of which Italian Flag				Total		of which Italian Flag			
	Passengers	Freight	Passengers	Freight	% of total	% of total	Passengers	Freight	Passengers	Freight	% of total	% of total
1938	231.0	100.0	17.2	100.0	71.8	65.4	221.0	100.0	1.6	100.0	73.3	48.1
1942	57.7	24.9	1.4	38.1	100.0	31.4	58.3	26.4	0.4	22.4	100	80.3
1946	64.3	27.8	6.7	39.8	43.3	10.9	11.5	5.22	0.6	39.6	43.4	6.1
1947	50.2	21.7	19.1	111.1	37.4	28.9	79.0	35.77	1.0	59.2	36.6	29.7
1948												
First quarter (a)	64.9	28.1	17.5	101.9	64.7	47.9	103.8	47.0	1.6	97.3	67.0	27.6
Second (a)	85.9	37.2	18.2	106.2	75.8	50.0	185.8	84.1	2.2	133.0	55.6	40.1
Third (a)	152.7	66.1	18.4	107.2	78.1	62.4	267.9	121.2	2.2	135.8	55.1	29.8

(a) annual rate.

Source: *Compendio Statistico Italiano 1947-48* and Ministry of Merchant Marine.

Table P

SUMMARY OF ITALY'S BALANCE OF PAYMENTS, 1947 (a)

(millions of U.S. dollars)

A - Current Transactions

Items	Credits	Debits	Net credits (+) or debits (-)
Merchandise	762.8	1,399.5	- 636.7
Non monetary gold mov.	0.1	0.1	—
Foreign Travel	31.5	4.0	+ 27.5
Transports	55.9	230.7	- 174.8
Insurance	21.2	22.6	- 1.4
Investment Income	2.4	15.5	- 12.9
Government	145.6	126.5	+ 19.1
Miscellaneous	6.7	24.4	- 17.7
Donations	361.3	11.1	+ 350.2
Total	387.5	1,834.2	- 446.7

B - Movement of Capital and Monetary Gold

Items	Net movement (increasing or decreasing)		
	Assets	Liabilities	Net- assets
Long-term capital	- 4.3	+ 211.6	- 215.9
Short-term capital	- 152.6	- 9.6	- 143.0
Monetary gold	+ 27.4	—	+ 27.4
Total	- 129.5	+ 202.0	- 331.5
* Errors and omissions	—	—	- 115.2

(a) Data provided by Prof. Francesco Delio Joio.

Table Q

SUMMARY OF ITALY'S FOREIGN TRADE BALANCE, 1947 (a)

(millions of U.S. dollars)

Items	Credits	Debits
Imports and exports (f.o.b)	724.2	1,178.7 (b)
Increased value of exports of goods processed on account	47.5	—
Electric power imports (c)	—	0.7
Product of national fishing fleet	0.1	—
Imports of surplus army stores	—	87.0
Imports of ENDSI (d) goods	—	30.8
Gift parcels	1.0	2.2
Non monetary gold	—	0.1
Total	762.8	1,399.5
Deficit		- 336.7

(a) Data provided by Prof. Francesco Delio Joio; (b) UNRRA and AUSA goods: \$ 189,300,000; other goods: \$ 1,089,400,000; (c) Kwih 127,400,000; (d) Ente Nazionale Distribuzione Soccorso all'Italia (Institute for distribution of aid supply to Italy).

ITALIAN LIRA-POUND STERLING EXCHANGE RATES

(Lire per Pound Sterling)

Table S

Year or month	Official rate	Export rate			Black Market rate
		U.I.C. buying rate	Free market rate	Average	
1938	92.97	—	—	—	88.76
1945	400 (a)	—	—	—	959
1946 January	403	906.76 (b)	—	—	1,119
March	403	906.76	—	—	869
May	403	906.76	1,446 (c)	1,176.38	920
September	403	906.76	1,965	1,435.88	1,464
December	403	906.76	1,522	1,214.38	1,824
1947 March	403.25	907.31	1,947	1,427.15	1,818
August	1,411.38 (d)	—	2,479	1,995.19	1,804
September	1,411.38	—	2,264	1,990.10	1,699
October	1,411.38	—	2,194	1,802.69	1,608
November	1,411.38	1,961.30 (e)	1,984	1,972.65	1,453
December	1,411.38	1,984	1,637	1,810.50	1,146
1948 March	1,411.38	1,838	1,839	1,838.50	1,533
June	1,411.38	1,947	1,963	1,955	1,619
July	1,411.38	1,963	1,935	1,494	1,648
August	1,411.38	1,936	1,938	1,936.50	1,640
September	1,411.38	1,937	1,944	1,940.5	1,666

(a), (b), (c), (d), (e), see notes to Table R.

ITALIAN LIRA - U.S. DOLLAR EXCHANGE RATES (*)

(lire per dollar)

Table T

Year or Month	Official rate	Export rate			Black market rate
		U. I. C. buying rate	Free market rate	Average	
1938	19	—	—	—	23
1945	109 (a)	—	—	—	345
1946 January	106	225 (b)	—	—	382
March	100	225 (c)	—	—	304
May	100	225	364	394.5	333
September	100	225	396	410.5	350
December	100	225	568	396.5	683
1947 March	100	225	605	413	644
August	350 (d)	—	721	535.5	637
September	350	—	667	508.5	665
October	350	—	618	484	645
November	350	389 (e)	603	596.2	584
December	350	603	575	589	581
1948 March	350	575	574	573.5	663
June	350	575	575	575	582
July	350	575	574	574.5	583
August	350	575	575	575	582
September	350	575	575	575	615

(a) Since June 1945. - (b) A decree, effective 4-1-1946, established an additional quota of 125% on the official rate for foreign exchange obtained by exports. The said exchange had to be surrendered in full to the Italian Foreign Exchange Office (U.I.C.). - (c) A decree, effective March 26, 1946, limited for sterling, U.S. dollar, Swiss franc, Portuguese escudo, Egyptian pound, the requirement that the foreign exchange be surrendered to the U.I.C. to 50% of the amounts obtained by the exporter, allowing the remaining 50% to be freely sold on the Exchange. - (d) By a decree, effective August 2, 1947, the lira was further devalued and the official rate and the rate at which the U.I.C. purchased export foreign exchange were unified. - (e) A decree, effective November 2, 1948, revived the distinction drawn between the official rate of exchange and the rate of surrender to U.I.C. The official rate has remained unvaried, but the surrender rate is fixed each month by the U.I.C. on the basis of free market quotations of the previous month.

(*) The Italian exchange rate structure has been described by B. BROVEDANI, in N. 6 of this Review, p. 359 et seq.

ITALIAN LIRA - SWISS FRANC EXCHANGE RATES

(Lire per Swiss Franc)

Table T

Year or month	Official rate	Export rate			Black Market rate
		U.I.C. buying rate	Free market rate	Average	
1938	4.34	—	—	—	—
1945	23.31 (a)	—	—	—	143
1946 January	23.31	52.44 (b)	—	—	122
March	23.31	52.44	—	—	98
May	23.31	52.44	98 (c)	75.22	106
September	23.31	52.44	153	102.74	168
December	23.31	52.44	183	117.74	199
1947 March	23.31	52.44	165	108.72	176
August	81.59 (d)	—	191	136.29	170
September	81.59	—	174	131.79	174
October	81.59	—	155	118.29	162
November	81.59	149.32 (e)	152	150.66	147
December	81.59	152	142	147	146
1948 March	81.59	137	139	138	161
June	81.59	142	142	142	146
July	81.59	143	143	143	148
August	81.59	144	145	144.50	148
September	81.59	145	145	145	158

(b), (c), (d), (e), see notes to Table R.

ITALIAN LIRA - FRENCH FRANC EXCHANGE RATES
(Lire per Franc)

Table U

Year or month	Official rate	Plus additional quote 125 %	Clearing rate (f)	Black Market rate
1938	0.5503	—	—	—
1945	2.0017 (a)	—	—	1.63
1946 January	0.8397 (b)	1.8893 (c)	—	1.63
» March	0.8397	1.8893	1.8893	1.10
» May	0.8397	1.8893	1.8893	1.07
» December	0.8397	1.8893	1.8893	1.63
1947 March	0.8397	1.8893	—	2.03
» August		2.9386 (d)	2.9386	2.34
» September		2.9386	2.9386	2.19
» October		2.9386	2.9386	1.98
» November		2.9386	2.9386	1.90
» December		2.9386	2.9386	1.81
1948 January		1.6325 (e)	1.6325	1.70
» March		1.6325	1.6325	1.80
» June		1.6325	2.20	1.74
» July		1.6325	2.20	1.67
» August		1.6325	2.20	1.69
» September		1.6325	2.20	1.63

(a) Since June 1945. (b) Rate of exchange after the devaluation of the franc by the French Government at the end of December 1945. (c) In January 1946 the Italian Government fixed an additional quota of 125 % to the official rate for the foreign exchange obtained by exporters (see note (b) to table R). (d) In August 1947 the Italian Government devalued the lira (see note (d) to Table R) and so the lira-franc exchange rate rose to 2.9386. The additional quota of 125 % was abolished. (e) On January 26, 1948 the French Government devalued the franc, raising the dollar exchange rate from 119.30 to 244.71 francs, and official rate of exchange of the Italian lira fell to 1.6325 lire for a franc. (f) Since February 1946 Franco-Italian trade is carried on under a clearing system. Until March 31, 1948, the clearing exchange rate was the same as the official one (majorated by 125 %). Since the 1st of April, the clearing exchange rate has been fixed at 220 lire for one hundred francs, and is subject to monthly variations which are agreed on between the Bank of France and the Italian Foreign Exchange Office, in function of the variations of the free dollar exchange rates in France and Italy during the previous month.

CROSS-RATES: U.S. DOLLAR - POUND STERLING; U.S. DOLLAR - SWISS FRANC; U.S. DOLLAR - FRENCH FRANC,
ON THE BASIS OF EXPORT EXCHANGE RATES WITH THE ITALIAN LIRA

Table V

Year or Month	U.S. Dollar-Pound Sterling (Dollars per Pound-Sterling)			U.S. Dollar-Swiss Franc (Francs per Dollar) ^a			U.S. Dollar-French Franc (Francs per Dollar)		
	Official rate	Cross-Rate (a)	% Agio (+) or Disagio (-)	Official rate	Cross-Rate (b)	% Agio (+) or Disagio (-)	Official rate	Cross-Rate (c)	% Agio (+) or Disagio (-)
1938	4.03			4.372			34.96		
1945	4.03			4.29			49.77		
1946 January	4.03	5.03	—	4.28	4.28	—	119.30	119.0	—
» March	4.03	4.03	—	4.28	4.28	—	119.30	119.0	—
» May	4.03	3.99	+ 1.00	4.28	3.91	+ 9.46	119.30	155.8	- 30.5
» December	4.03	3.06	+ 31.69	4.28	3.36	+ 27.38	119.30	209.0	- 75.8
1947 March	4.03	3.42	+ 17.49	4.28	3.81	+ 12.33	119.30	277.5	- 132.6
» August	4.03	3.72	+ 8.33	4.28	3.92	+ 9.18	119.30	181.5	- 52.1
» September	4.03	3.91	+ 3.06	4.28	3.82	+ 12.04	119.30	173.0	- 45.0
» October	4.03	3.72	+ 8.33	4.28	4.09	+ 4.66	119.30	164.7	- 38.0
» November	4.03	3.30	+ 22.12	4.28	3.95	+ 8.35	119.30	202.8	- 69.9
» December	4.03	3.07	+ 31.27	4.28	4.00	+ 7.00	119.30	200.4	- 67.9
1948 March	4.03	3.20	+ 25.93	4.28	4.15	+ 3.15	260.22 (d)	351.3	- 35.0
» June	4.03	3.40	+ 18.52	4.28	4.04	+ 5.94	260.33 (d)	261.3	—
» July	4.03	3.39	+ 22.12	4.28	4.01	+ 6.73	260.45 (d)	261.1	—
» August	4.03	3.36	+ 20.94	4.28	3.97	+ 7.90	260.35 (d)	261.3	—
» September	4.03	3.37	+ 16.3	4.28	3.96	+ 7.0	263.12	261.4	+ 0.67

(a) Exchange rate obtained by comparing the average lira-dollar export rate (see the last but one column of Table R) and the average Lira-Sterling export rate (see last column but one of table S). (b) Exchange rate obtained by comparing the average Lira-Dollar export rate and the average Lira-Swiss Franc export rate (see last column but one of Table T). (c) Exchange rate obtained by comparing the average Lira-Dollar export rate and: (1) the official Lira-French Franc exchange rate for the period prior to March 1946; (2) the clearing exchange rate for the ensuing period. (d) Average between the official and free exchange rates.