

The Railway Problem in Italy

by

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1. — In almost all countries the financial situation of the railways is deteriorating seriously and it is universally recognised that the dangerous developments in this direction are the direct result of the growing importance of road transports. This situation raises a whole series of problems of reorganisation that can no longer be postponed, among which, that of the coordination of road and rail claims special attention. For obvious reasons we shall limit our paper to stating the problem as it affects Italy.

2. — Let us examine first of all conditions on the transport market.

(A) Volume of traffic.

The data grouped in Table 1 show that the global passenger traffic in Italy has increased considerably from 1938 to 1949. This is mainly due to the average level of railway rates which has remained much below the general price level (as is known, railway rates — which serve as the basis for those charged by many

other carriers — are 16 to 30 times higher than the pre-war ones, as compared to 50 times for wholesale prices and almost 60 times for retail ones). The increase in the traffic has been unevenly distributed over the different branches of transport services, but has affected the State railways to a large extent, so that in 1949 the number of passengers carried was nearly 50% in excess of the figure for 1938. The importance of motor transports has also increased, but the heaviest relative growth is that registered for air transports, which are chiefly those of passengers travelling to and from foreign countries (1); for inland navigation and coasting vessels the figures have fallen off.

The global goods traffic in 1949, as can be seen in Table 2, shows a much smaller increase over 1938 figure; and, what is more, the movement of the leading branches has been markedly uneven. Thus the volume of goods carried on

(1) It should be remembered that the world's air route mileage has risen from 726,395 km. in 1938 to 1,540,302 in 1947, and the merchant air-fleet of the world numbered 3646 air-ships at the beginning 1949, being an increase of 83% as compared to 1938, while the traffic has increased about 1000% (*L'Air*, January 1949).

PASSENGER TRAFFIC IN ITALY

TABLE 1

	1938	1938	1949	1938	1948	1949
	(000 passenger)			(000,000 passenger/km)		
State railways	180,609	325,835	349,950	11,418.00	22,758.00	20,578.00
Leased railways	101,971	179,108	162,207	1,633.00	3,736.00	3,319.00
Extra-urban tramways	170,256	279,314	230,000	1,328.60	2,592.00	2,070.00
Autobus	111,111	150,000	171,429	1,500.00	6,300.00	7,200.00
Air lines: departure	0,082	0,228	0,244	24.60	68.40	73.20
transit	0,019	0,115	0,153	4.75	28.75	38.25
Inland navigation	3,019	3,000	2,900	42.74	42.00	40.60
Coastal navigation	4,426	2,096	2,000	132.78	62.88	60.00
Total	571,493	939,696	918,883	16,103.87	35,588.03	33,379.05

Source: *Relazione sul traffico*, April 1950, General Management of the State Railways.

motor-trucks has more than doubled, while in the case of the railways there has even been a decline; since 1948 motor-vehicles have carried

and above all their heavy consumption of petrol, the surplus allied army-trucks have been rapidly eliminated, and those still in use are

GOODS TRAFFIC IN ITALY

TABLE 3

	1938	1948	1949	1938	1948	1949
	(000 tons loaded)			(000,000 Tons/Km)		
State railways	46,367.00	33,426.00	33,446.00	11,538.00	9,548.00	10,500.00
Leased railways	8,765.00	6,359.00	6,159.00	256.00	143.00	258.00
Extra-urban tramways	1,824.00	1,210.00	1,034.00	29.00	21.00	18.00
Autocars	40,178.00	65,674.00	76,000.00	4,500.00	8,472.00	10,000.00
Air lines: loaded	1.57	3.66	8.29	0.79	2.20	4.97
transit	0.72	4.53	7.80	0.36	2.72	4.68
Inland navigation	2,506.00	1,800.00	1,985.00	91.00	70.00	70.00
Coastal navigation	10,332.00	3,679.00	4,935.00	842.56	294.32	394.80
Total	110,174.29	112,036.19	118,689.44	17,137.71	18,553.24	21,130.27

Source: *Relazione sul traffico*, April 1950, General Management of the State Railways.

twice the quantity of goods carried on the State Railways, and the ton-km figure is now almost equal for the two branches.

The deterioration is still more serious in the case of railways leased to private companies. In their case, passenger traffic has fallen off from the 225 million persons of 1947 (inclusive of both normal and narrow gauge lines) to 162 millions in 1949, while the goods traffic has fallen from 7.7 million to 6.1 million tons.

(B) Rolling stock.

While the railway rolling stock was being laboriously reacquired — it is still below the pre-war level —, that of the road services (see Table 3) carrying freight amounted in 1949 to 172% of its pre-war consistency. In most cases the engines have been frequently renewed (see Table 4) as, owing to their high cost of up-keep

assigned only to special services (e.g. hauling supplies for the building trades).

(C) Costs and services.

What are the technical and economic reasons that account for the progressive advance of the auto-vehicle? Roughly speaking they can be summed up in the notable difference in costs, which reacts on transport charges, in the greater facilities for the auto-vehicle carrier to provide door-to-door service, in the deferred payments for carriage allowed by the motor carrier, and in the larger opportunities for evading taxation that he enjoys.

In considering costs, as they result from the technical characteristics of the two means of transport (organisation of the service and economic, legal, and environmental conditions), it must be admitted that auto-vehicles not only

RAILWAY AND ROAD ROLLING STOCK

TABLE 3

Years	Road rolling stock						Railway rolling stock					
	Motor-bus		Motor-trucks				Passenger-cars		Luggage-vans		Trucks	
	N.	Index Number	Motor-trucks	Tenders	Total	Index Number	N.	Index Number	N.	Index Number	N.	Index Number
1938	9,000	100.0	81,589	8,389	89,978	100.0	5,982	100.0	3,945	100.0	123,885	100.0
1948	8,200	91.1	191,680	23,342	215,022	239.0	5,582	93.3	1,712	43.4	90,762	73.3
1949	10,200	113.3	220,000	25,000	245,000	272.3	5,246	87.7	1,836	46.5	92,594	74.7

Source: *Trasporti Pubblici*, n. 1, January 1950; *Bollettino Statistico Mensile* of the State Railways.

are in a better position, but have progressed more than the railways.

TABLE 4

NEW AUTO-VEHICLES ENTERED ON THE PUBLIC REGISTER OF AUTO-VEHICLES

Categories	1938	1948	1949
Automobiles	38,675	32,975	48,883
Autobus	645	1,234	1,431
Autocars	5,657	9,719	14,187
Tenders	1,159	1,353	2,340

Until 1930-31 the practical monopoly of land transports enjoyed by the State railways, had enabled them to tend without difficulty towards attaining a position of financial equilibrium, though subject to ups and downs due to the fluctuation of domestic and international conditions. The first competitive drive made by road transports was grafted on to the serious situation arising from the world economic depression of the thirties. It brought the railways up against a new problem, and it became clear at once that if the measures taken to meet it were limited to the reorganisation of services and changes in railway rates, the young road-services, which had greater freedom in manipulating prices, would have the best of it. It was thus that a Decree of December 12, 1935, placed a circulation tax on auto-vehicles at the rate of 12 centimes per ton-km for motor-truck transports organised to serve third parties, and of 8 centimes per ton-km for transports on owner's account. The favourable situation arising from the Abyssinian war, which led to the transfer to Africa of a large number of auto-vehicles, and the heavier demand for transport facilities completed the recovery drive, which in June 1940, when Italy entered World War II, was still under way. At the close of hostilities, the destruction and therefore the scarcity of railway facilities again favoured road transports, which were able to operate, in the first place thanks to the huge park of auto-vehicles left behind by the Allies, and then to the technical innovations introduced into the automobile industries which had suffered little during the war.

Today, railway costs stand at 6 lire per pas-

senger/km and at 10 lire per ton-km, with a marginal cost of 4 lire.

The cost of operating motor-trucks has fallen to much lower levels. For the Fiat 666 RN with attached car seating 80 persons, the cost per passenger/km stood at L. 2.45 in 1947, but in 1949 the cost of the Fiat 680 N and attached car seating 100 persons, had fallen to Lire 1.48 per passenger/km. The cost per ton/km which in 1947 stood at L. 9.36 for the Fiat 666 N 7 with tender, freight capacity 18 tons, fell in 1949 to Lire 5.67 for the Fiat 680 and tender, with freight capacity of 19 tons. With a freight capacity of 8 tons upwards the cost hardly ever rises to more than L. 8 per ton/km, inclusive of upkeep, insurance, and amortisation charges.

3. — The road-rail discrepancy in the price now chargeable stems not only from technical achievements but also from a special situation affecting the cost structure of the road transport. In this connection special attention should be paid to the appraisal of the automobile burdens for road upkeep, as compared to those for the upkeep of the permanent way that the State Railways have to meet, and the consequent disparities between their respective positions.

According to an estimate made by the former Minister of Transport Corbellini, the cost of the upkeep of the roads in 1949 amounted to L. 72 milliards. 84% of this cost ought to be charged to auto-transport services, for a sum amounting to 60 milliard lire (2).

If we reckon at 80 milliard lire (Prof. Vezzani's estimate) the yield of circulation taxes, of taxes on motor fuel and lubricants, of the safe tax and the registration fees on transfers of ownership, we would find a net margin in favor of the community amounting to some 20 milliard lire.

These rough calculations are however misleading. Apart from the fact that no reference is made to the charges met by the community for the servicing of the capital required for road-building, and no regard is paid to the very different nature of duties and taxes which

(2) We omit consideration of other less comprehensive estimates.

are bulked together, those calculations fail to draw a distinction between the several classes of vehicles, and therefore conceal the real incidence on the road costs of those kinds of auto-transport that compete most with railway traffic, i. e. those conveying freight. When the calculations are made with the necessary « qualifications », one is led to the conclusion that the motor-truck is not paying today for the upkeep of its permanent way. Studies made abroad confirm this assertion (3).

4. — Political and social requirements — often related to serious problems affecting the reconstruction and expansion of Italian economy — have also accentuated the disequilibrium between costs and proceeds for the State railways and therefore their competitive inferiority; such are:

(a) the low yield of some lines which are run to meet political and social needs. Significant data on this point can be obtained by an analysis of railway statistics classified by geographical areas. Thus in 1949 the 5,530 kms of railway line in North Italy employed 68,483

(3) Cfr. N. LALONI, *La Strada e la Rotola al Servizio dell'Economia Nazionale*, Rome, 1949.

In the case of France Dr. Marois (in a lecture delivered to the Chamber of Commerce of Bordeaux, 1949), taking as his basis the sums collected by the Government for the « tax on turnover », and the average distance travelled by a motor-truck of 15 tons, and other statistical data, shows that a motor-truck of 15 tons costs the Government about 1,700,000 francs a year and deprives the railways of a net profit of some 2.7 million francs which are afterwards debited to the National Budget.

In the case of Switzerland, Prof. Mayer (in an article published in the *Annales Suisses d'économie des transports*, of January 1950) calculated that a heavy motor-truck carrying 4 tons of freight should pay each year some 9,000 francs, instead of the actual 3,500; and that an average-sized autobus should pay 5,600 francs instead of the 2,400 it does pay. On the other hand, a tourist car of average model pays 750 francs instead of the maximum of 450 which it ought to be charged.

In the case of the United States, James Lyne (in *Railway Age*, of 28.1.1950) notes that the duties and taxes paid by road traffic cover barely 60% of the total cost of upkeep, policing etc. of the roads. In a report to the House of Representatives of the State of California we read that in 1948 heavy motor-trucks were responsible for 52% of the total outlays on the maintenance of the roads, but that they only paid 35% of the total amounts provided by road users.

On the other hand, it is well known that the wear and tear of the roads caused by heavy motor-trucks is not directly proportionate to their weight but increases progressively; thus a 3 ton motor-truck may travel along a stretch of road a hundred times and cause much less damage than that caused by a single journey of a 30 ton one.

persons, carried 20,004,580 tons of goods, and received 27,916 million lire from the passenger traffic; the average daily volume of freight carried per ton/km operated, amounted to 13.7 tons. Central Italy with 4,673 kms of rail, employed 59,207 persons, carried 9,846,735 tons of freight, and received from the passenger traffic 19,362 million lire; the average daily volume of freight per km operated amounted to 7.10 tons. South Italy with 5,675 kms. of rail employed 47,027 persons, carried 8,269,693 tons of freight, received from the passenger traffic 14,142 million lire; the average daily volume of freight per km operated amounted to 3.9 tons. The yield of the central railway system is thus approximately 60% of that of the northern one, while that of the South and the Islands amounts to 47% of it. In the case of staff costs, those of the South Italian and Island railways is 73% of that of the Northern Italy, and that of Central Italy 85% of it. If we take into account the average tonnage of freight per day and per km operated, it can be roughly calculated that the cost of carriage per ton/km amounts to about 4 lire in North Italy, 8 lire in Central Italy and 15 lire in South Italy, which also enjoys facilities entered on the balance-sheet of the State Railways for more than 5 milliard lire;

(b) the cost of the political prices the railways are required to give (rate reductions in favor of certain areas or products, etc.), amount, as recently stated by the Minister of Transports, to 27 milliard lire, to which another 10 milliard lire of fiscal charges must be added (in all 37 milliard) thus accounting for more than half of the railway deficit for the year 1949-50;

(c) lastly, it should be remembered that post-war reconstruction was not planned in view of the financial rehabilitation of the railway system. It has been carried out often under political pressure, without a preliminary enquiry into the economic expediency of the future operation, so that lines that were run at a dead loss were rebuilt, while masonry works and fixed installations have been provided for lines which have not been put in operation or whose operation is still under discussion.

In fact, we find that the budget of the State Railways (cfr. Table 5) for the year 1948-49 shows receipts amounting in all to 134.5 milliard lire as against expenses amounting to 197.7 milliard, with a deficit of no less than

TABLE 5
BALANCE-SHEET OF THE STATE RAILWAYS
(millions of Lire)

	1938-39	1948-49	In-creases (1938-49)	1949-50 estimates
Revenue.				
Traffic receipts	4,033	118,400	29.35	145,000
Other receipts	333	16,100	48.34	24,500
Total	4,366	134,500	30.80	159,500
Expenditure.				
Staff expenditure	1,534	76,800	50.06	85,100
Staff overhead expenditure	270	26,200	97.00	29,900
Supplies and sundry expenses for the services	675	43,500	64.44	41,800
Up-keep of lines and rolling stock	651	36,000	55.03	43,500
Sundry overhead expenditure	60	5,000	83.33	5,100
Supplementary expenditure	329	5,700	17.32	6,500
Accessory expenditure	654	4,500	7.01	3,900
Total	4,753	197,700	47.60	215,800
Surplus (+) or deficit (-)	+ 213	- 63,200		- 56,300

Source: N. LALONI, *op. cit.*

63.2 milliards, a figure which has only been slightly reduced for the year 1949-50. A comparison with the results secured in 1938-39, which closed with a surplus of some 213 million lire, shows that while the proceeds of the traffic have risen some 30 times, the operating costs have risen nearly 47 times. The outlay on staff is 50 times higher than the pre-war figure, while staff overhead (pensions, etc.) has increased 97 fold (4), the cost of upkeep

(4) It should however be noted that the cost per staff unit has increased only 38.3 times over that for 1938-39. This means that the remuneration of the railway staff has not yet attained the average rate of increase for some time past secured by persons employed in the private transport industries, including those engaged on the leased railways.

of the lines and of the rolling stock 55 fold, and overhead expenses of various kinds 83 fold. The cost of repairing the carriages may be reckoned, on the basis of 1=1938, at between 115 and 160.

In the case of the railway lines leased to private companies, the heavy deficits have made it necessary for the Government to make large grants which amounted in 1949 — inclusive of both ordinary and extraordinary ones — to 7,200 million lire.

5. — The impact of the competition of the automobile, which, as we have seen, is not recent, has caused anxiety to the responsible authorities ever since 1935 when — concurrently with the circulation duty above mentioned — a law was enacted for the coordination of road and rail traffic (Act of 20-VI-1935, No. 1749). It remained for a long time a dead letter and was given effect only in 1948 at the urgent request of the motor-truck operators, at the time when the park of auto-vehicles had grown to an extent that made operating conditions increasingly difficult for them.

Today, the regulation of freight transports by auto-vehicles, which are those that concern us most for it is in their case that the competition between road and rail makes itself most felt (5), is set down in the following terms.

The Act of 1935 contemplates transports made by the owner of the vehicle on his own account, and those operated for others by hiring vehicles, plying for hire, operating freight lines. No limitation is placed on the transports of the first description.

In the case of transports operated for others, the case of plying for hire does not arise, but only those of hiring the vehicles and operating lines for freight transport. In the case of hire, the issue of new licences was blocked in 1948 and vehicles with a load capacity of less than

(5) Passenger services are regulated by the Act of 28.IX.1939, N. 1822 which accepts the system of priorities and provides that in the case of extra-urban lines new services are to be authorised in the following order: (1) to persons holding concessions for operating railways, tramways, inland navigation or other public transport services; (2) to persons holding concessions for neighbouring auto-services; (3) to private applicants.

125 tons were excluded; exceptions to this rule were however made in favor of veterans and their cooperative societies, etc. In the case of line services (6) the Act provides *experimental* concessions for a period of a year, which may be extended for not more than one other year, and *definitive* concessions for a period of nine years in favor of those carriers who apply for them during the experimental period. Such transports are described as « public services »; priority in the concession of new permits for regular freight lines is given to railway, tram, cable-way and inland navigation concerns. (Art. 11).

Any legislation for the purpose of coordination must evidently tend to limit the number of the services rendered by the motor-trucks, the material at their disposal, the lines operated, etc., so as to adjust them to the presumptive need for transport facilities. Now, in the case of hire, the application of the law provides that licences should be delivered to all the services in operation on 31-XII-1948, — a conspicuous figure which is constantly renewed; — moreover, the provisions relating to the line services were not practically applied, and it can be safely said that as the coordination of the transports existed only on paper, we must ascribe the competition that now exists in the transport market — more especially in the line services for the carriage of freight, — to failure to enforce the Act (7).

6.— Before dealing with the problem of coordination it is however, advisable to see whether the railways would be able, by using their right to manipulate rates and by introducing technical and administrative improvements,

(6) Art. 6 of the Act of 1935 provides that public line services for the transport of goods are those « carrying freight on behalf of third parties, along a regular route, leaving at regular hours, charging fixed rates, undertaking to deliver within a fixed period and which start from and stop at fixed places assigned for receiving and delivering freight ».

(7) For a complete descriptive and critical analysis of the legislation of 1935 and 1939 see: F. SANTORO, *L'intervento limitatore dell'attività camionistica e la legge del 20.VI.1935*, in « Trasporti Pubblici », May 1949; *La legge 20.VI.1935 per la nuova disciplina degli autotrasporti*, in « Nuova Rivista di Diritto Commerciale, Diritto dell'Economia e Diritto Sociale » N. 8-12, 1949; *Le « preferenze » nella legislazione sulle autolinee*, in « Rivista di Politica Economica », April 1950.

to set right the critical situation in which they now find themselves.

(a) Price manipulating.

Evidently in theory the level of the railway rates exercises an immediate and fundamental influence on the situation of the railways. In their turn the rates determine the volume of traffic that can be directed towards the railways and they thus play an essential part in enabling estimates to be made of the volume of future traffic. Considered strictly from the point of view of business finance, price manipulation might have secured marked results in the first post-war phase of demand in excess of available transport facilities. But the policy advocated and accepted, in the case of railway rates as of those for other public services, was that of political prices (subsidies) used as an instrument for keeping the cost of living within bounds and for checking inflationary pressure. This instrument however proved to be of no avail, or even to have the opposite effect to that desired, under conditions of open inflation and collapse of national finance. In the Spring of 1949 rates were still only 17 times higher than their prewar level although from December 1946 to December 1948 the general wholesale price index number had gradually risen from 30 to more than 50 times that of 1938 — to say nothing of the branches or railway traffic enjoying special facilities for various reasons of general policy. On 26-VI-1949 railway rates were again raised and their level was brought up to nearly 31 times that of the pre-war period (cfr. Table 6). In any case the Italian goods

TABLE 6

AVERAGE INCREASES OF RATES FROM 1940 TO 1949
(1940 = 100)

Period	Passengers	Goods
19.11.1944	300	300
1.5.1945	400	400
7.2.1946	625	800
6.4.1947	825	1,100
1.8.1947	1,135	1,700
10.2.1949	1,660	2,260
26.6.1949 (a)	2,025	2,618

(a) Taking 1938=100 (instead of 1940), we have for 1949 the following index numbers: passengers 3,410; goods 3,451

and passenger railway rates are still the lowest in Europe (cfr. Tables 7 and 8).

TABLE 7

PRICE PER TON FOR TRANSPORTS IN TRUCKS
CALCULATED FOR AN AVERAGE DISTANCE OF 100 KMS

Nation	GOODS				
	Steel (10 tons)	Agricul- tural machi- nery (5 tons)	Coal (10 tons)	Fresh meat (5 tons)	Wheat (10 tons)
	(lire)				
France (a)	2,793	5,236	2,590	4,507	2,463
Belgium (b)	2,898	5,325	2,898	5,325	3,050
Germany (c)	3,035	4,731	2,827	5,077	4,436
Italy	3,021	3,418	2,670 (d)	4,288	1,755

(a) Clearing exchange Lit. 1.81; (b) Clearing exchange Lit. 12.71; (c) Clearing cross-rate calculated on dollar Lit. 148.46; (d) Inclusive of registration fee of Lit. 1000.

What has occurred has been substantially that the railways had to keep their rates low at a time when the market could have stood higher rates (excess of demand over supply); and when the situation was reversed (supply in excess of demand) the railway rates reacted directly on the rates charged by other carriers

TABLE 8

PRICE PER KM OF A PASSENGER TICKET AT NORMAL
RATE FOR A DISTANCE OF 600 KMS

Nation	1st class	2nd class	3rd class
	(lire) (5)		
Italy	11.00	7.35	4.30
France	15.80	10.00	7.00
Austria	17.05	13.37	7.00
Germany	17.18	12.11	7.98
Belgium	27.05	18.52	10.74
Switzerland	20.87	13.23	10.43
Great Britain	29.01	20.50	13.83

(a) See, for the exchange rates, the notes for table 7.

and have contributed to keep them at a low level. The market has thus adjusted itself to the political railway rates and the struggle to secure the traffic has started from an un-economic level with results that are useful neither to the railways nor to the road transports which often accept unremunerative rates for

freight (8); all the more so as in the meantime the railways in their effort to secure the traffic again have manipulated special facilities and special rates and have thus ended by annulling the previous rises by a series of declassifications which culminated in a measure taken in August 1950. Thus if we take into account the prices quoted by road vehicles and the keen competition now prevailing in the field of road transports, we find that the margin for a further tariff manipulation must now be considered as extremely narrow. On the other hand, we must not forget that traffic reacquired by tariff manipulation, is nothing but the reacquisition at a lower price of traffic that has been lost at normal rates; and this means, in the best of cases, the stabilisation but certainly not the solution of the situation.

Some greater possibilities may be offered by a modification of the present structure of the railway tariff. This is still an *ad valorem* tariff, charging lower prices for poor goods, or at best prices equal to costs, while applying to the richer goods tariffs considerably higher than the cost of the service. The motor-truck, on the other hand, which is not required to charge multiple rates, differentiating between rich and poor goods, and which is exempted from the so-called « legal obligation of the carrier » (i.e., is free to accept or refuse the transport service applied for), may choose the traffic that he finds most advisable and is able in all cases to quote rates which may be only a little above the cost of the service. The *ad valorem* tariff, which is reasonable under monopoly conditions, has thus become, under the changed circumstances and the indiscriminate competition of road transports, a cause of weakness to the railway administration. It would therefore seem necessary to pass, with due precautions, from the *ad valorem* tariff to rates based mainly on costs. This would mean, on the one hand, the revision of the rates in those branches in which the price charged is considerably below the cost of the service (as for instance the carriage of citrus fruit from the South at L. 1.80 per ton/km as against a real cost of some 4 lire), while on the

(8) Cfr. F. SANTORO, *Le problème des transports en Italie dans l'après guerre*, in « Annales Suisses d'Economie des Transports », N. 1, 1949.

other hand the excessively high rates charged for several other kinds of goods would be brought more into keeping with costs.

(b) *Technical and administrative improvements.*

We mean by improvements, door to door service, improved time-tables, the rationalisation of the administrative services, the reduction of the staff, etc.

In the case of technical improvements, a recent international enquiry under the auspices of the *Association Internationale du Congrès des Chemins de Fer* (9) shows the importance of carriage by truck from the stations as a means for avoiding the loss of traffic (10).

Yet better results have been secured by the rapid routing of freight over long distances; hence the need of constantly revising the time-tables for goods-trains, and of giving punctual service.

Furthermore, it would be helpful to enlarge the warehouses, so as to avoid over-crowding in those distant from the stations, and to assure rational forwarding.

We should not however deceive ourselves as to the results of such improvements, however useful. Nor can we count on the two theoretically most efficient means — staff reduction and the suppression of unremunerative lines — for securing re-equilibrium, for in practice their adoption encounters serious obstacles, and they are not without social drawbacks.

Staff reductions? They are desirable; but to what extent are they possible under prevailing conditions of mass unemployment? And in any case, the results secured would not be striking. Calculations show that if the State Railways were to dismiss 20,000 persons the

(9) Cfr. « Bulletin de l'Association Internationale du Congrès des Chemins de Fer »: « En présence d'une concurrence croissante sans cesse plus active, quels sont les moyens les mieux appropriés, autres que les réductions de tarif, pour conserver au rail les transports par charges complètes? Rapporteur M. A. A. TARRISON, p. 1435 et seq. »

(10) On the other hand, in the case of the so-called « gare-centre » (central collecting stations whence start trucks which drain the district, accepting freight for forwarding direct at rates inclusive of collection and subsequent routing by rail), we doubt that they would be found of use in Italy, especially in the case of lines that run through valleys where such a service would entail a pure loss without any appreciable gain in the competitive field.

saving secured would amount to 15 milliard lire, of which however half would be swallowed up by payment of pensions.

As for the serious matter of suppressing unremunerative lines one must bear in mind:

— that some trunk lines have been built and are to be operated for reasons of general interest and social expediency;

— that the suppression of a line entails the loss of the traffic it served, unless it be replaced by road services operated by the railway. This would mean giving effect to the Act of 21-XII-1931, No. 1575, which authorised the Minister of Transports to replace, partially or entirely, railway by road services operated by the railway administration (11);

— that calculations would have to be made (and the method to be used in making them would afford ample matter for discussion) showing that such a measure would be sufficient for securing a net improvement in average costs.

In conclusion, neither price manipulation nor technical and administrative improvements can secure a definitive solution. They can only start us on the path to a more rapid solution of the problem if they are carried out systematically, and in the framework of a coordination program for rail and road transports.

7. — As we have already pointed out, any attempt at coordination entails a numerical limitation of the motor-truck services, of the lines, etc., if cut-throat competition between road and rail which has already proved harmful to both is to be avoided. When the need for adopting this policy is recognised and acted on, price manipulation should play a subsidiary part in contributing to secure the attainment of a balanced situation.

Undoubtedly a policy of coordination will have to face problems and difficulties of a serious kind. It will first of all be necessary to take into account the several kinds of motor-truck services, and the special uses made of auto-vehicles, so as to determine which should be left free of all restrictions, and which should

(11) Cfr. the exhaustive discussion by F. SANTORI: « Il Decreto 1931 e le ferrovie statali », in « Trasporti Pubblici », February 1950.

be subject to only slight ones so as not to deprive production and trade of the advantages they may have secured. The degree of coordination must also be determined, for should the rail be favored beyond a certain measure this might lead to a shrinkage of the output of the automobile industries which would spread to other branches, reducing the volume of the national income. On the other hand, coordination which would favour road traffic beyond a certain limit would give rise to a cost whose advisability must be judged by the ratio between the growing railway deficit it would procure and the higher productivity attained in the branches of industry which would benefit thereby.

But these are problems related mainly to the ways and means used in carrying out a policy of coordination, but do not react on the advisability of the principle involved.

The objection that arises spontaneously against a coordinating policy is that directed against all forms of monopoly. It would prevent — we are told — transports from operating at the lowest prices possible and would therefore entail a net loss on the community. This aspect should undoubtedly be borne in mind, but the matter cannot be settled on such an over-simplified basis.

In the opinion of the advocates of unbridled competition, road traffic should be allowed to develop further in the full freedom it now enjoys, and should compete freely with the railways. But this solution is perhaps the most impracticable of all. We have tried to show that rate manipulation and technical improvements cannot, alone and unaided, lower the average cost of railway transports to the level of road ones. The fact is that the competition between road and rail is a hybrid form of competition because the railway, being a public administration, is not guided in its policies solely by the considerations and rules governing private profit-making concerns. Among other things the railways are required to observe a series of rules (special freight rates, facilities for soldiers, mail, customs, railway reductions for certain groups of passengers, etc.), which do not affect auto-vehicles. As we have seen, these obligations represent a charge, in the case of Italy, of some 27 milliard lire which alone

suffices to place the railways in a condition of definite inferiority. Then there is the perhaps still more serious problem of the deficit lines which are kept in operation for reasons that would not be taken into consideration by a purely business concern.

Therefore, if a purely competitive policy is to be followed, the railways would be induced to depart gradually from the *ad valorem* rates in favor of cost rates, to modify the differential tariffs, and in short to proceed towards the denationalisation of public traffic which would create for the Government worries of a quite new description (12).

In such a case the problem of the depressed Southern areas would become a very pressing one. What importance should be given to the social needs of South Italy and the Islands, where railway services are the first condition for maintaining a minimum standard of civilian life and for encouraging industrial and commercial enterprises, which in the absence of the railways would cease? This is evidently a matter of prime importance when we bear in mind the financial charges weighing on the State Railways and the influence exercised on the general average cost of transports by the scant returns obtained from the southern railway system. There are moreover areas where it would not be advisable for private enterprise to organise motor-services and where the railway though operated at a dead loss affords the only connection with other parts of the country, allowing of the movement of passengers and goods.

With a view to overcoming these difficulties, those who favour the competitive system have sometimes thought of a composite solution of the problem. They would grant complete freedom to road traffic and at the same time would solve the financial problem of the railways on the basis of a purely « public » approach: *i.e.*, the railways should give up a hopeless competition; their deficit should be permanent, and should be covered by a Budget appropriation. The principle of the « functional » deficit is thus carried to an extreme

(12) Such a policy would entail also the revision of the present fiscal system. The duties on road traffic would have to be raised while those on tourist automobiles would have to be reduced (see above, par. 4).

length, regardless of the social cost entailed, which might be seriously aggravated by excesses of competition and by relieving the railways of all commitment for profit operating. Instead, the conception of the social function, and therefore of the non profit-earning character of certain railway services should be qualified and strictly defined, and should be combined (rather than substituted) with a policy of coordination.

A policy of coordination affects of course conspicuous interests which gravitate around important industries. But these interests, which are steadily bringing pressure to bear in a variety of ways to secure fiscal exemptions in favor of motor-vehicles and to place further restrictions on the railway service, do not seem to realise that the competition between road and rail has led to an excessive investment of capital in the transport industries while Italian economy is suffering above all from a scarcity of capital. By maintaining such a situation in the automobile branch of industry, investments have been deflected from other purposes giving rise to distorted capitalisation.

Those who maintain that the individual entrepreneur should be left complete freedom of action should remember the importance of the work of economic rationalisation which could be carried out by a public body exercising a general action in favor of the prevention of waste in the distribution of productive resources over a wide field, embracing both the technical-economic and the ethical-social sides of the question.

In any case, the choice of one or other alternative (13) and, possibly, the definition of the fundamental lines of a coordinated system, are very difficult problems calling for a thorough study of all connected technical and economic factors. The complexity of this study is such that it should be assigned to a special Commission — as recently proposed — consisting of economists and technical experts in road and rail traffic.

(13) We will not here take into consideration another possible alternative — that of the full nationalisation of all rail and road transports — as it is bound up with an economic trend which for the present excludes its enforcement in Italy.

STATISTICAL APPENDIX (C)

ITALIAN BUDGET SUMMARY - ASSESSMENTS AND OBLIGATIONS
(milliards of lire)

Table A

Financial year beginning 1st July	Assessed revenue					Engaged expenditure					Surplus or deficit		
	Current revenue			Movement of capital	Total	Current expenditure			Movement of capital	Total	Current revenue and expenditure	Movement of capital	Total
	Recurrent	Non recurrent	Total			Recurrent	Non recurrent	Total					
1938-39	27	0.9	28	3	31	33	17	40	2.8	43	- 12	+ 0.2	- 11.8
1945-46	125	3	128	92	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
1947-48	687	125	812	95	907	865	734	1,599	160	1,759	- 787	- 65	- 852
1948-49	918	69	987	32	1,019	796	602	1,398	96	1,494	- 411	- 64	- 475
1949-50	1,081	368	1,449	344	1,793	892	829	1,721	213	1,934	- 322	+ 131	- 191

Source: Conto riassuntivo del Tesoro.

ITALIAN BUDGET SUMMARY - FINANCING OF CASH DEFICIT
(millions of lire)

Table B

	1946-47	1947-48	1948-49	1949-50
Assessments and Obligations (a) - Deficit	- 549,000	852,000	475,000	- 191,000
Receipts and Payments (b) - Cash deficit	- 205,625	- 505,454	- 419,964	- 155,620
Financing of cash deficit:				
Treasury Bills	+ 39,918	+ 203,209	+ 262,564	- 24,530
Advances of the Bank of Italy	+ 22,878	+ 107,599	- 2,884	+ 91,077
Interest bearing Current Accounts (c) - Banking Institutions	+ 43,806	+ 86,288	+ 223,443	+ 159,514
Cassa DD. PP. and Insurance Institutions	- 1,566	+ 20,726	- 39,449	- 10,176
Floating debt - Total	+ 105,036	+ 418,232	+ 443,674	+ 215,886
Other Treasury Debits and Credits (d)	+ 88,880	+ 41,311	- 67,773	+ 40,272
Changes in cash position	+ 11,709	+ 45,921	+ 44,063	- 100,548
Grand Total	+ 205,625	+ 505,454	+ 419,964	+ 155,620

(a) The so-called « bilancio di competenza ». Current revenue and expenditure and movements of capital.

(b) The so-called « bilancio di cassa ». Receipts and Payments on year account and arrears; current revenue and expenditure and movements of capital.

(c) For more than 90%, c/acc. with « Cassa Depositi e Prestiti » (Cassa DD.PP.) which collects the deposits of the Postal Savings Banks.

(d) Debits and credits with government's agencies and other public bodies.

Source: Conto riassuntivo del Tesoro.

ITALIAN INTERNAL NATIONAL DEBT
(milliards of lire - Index Numbers, 1938=100)

Table C

End of period	Consolidated and others		Redeemable debt		Floating debt					Total of internal national debt		
	A. amount	I. N.	A. amount	I. N.	Treasury bills	Interest bearing current accounts	Advances by the Bank of Italy	Total		Treasury notes	Amount	I. N.
								Amount	I. N.			
1938 - June	53	100	49	100	9	20	1	30	100	1.5	133.5	100
1947 - "	53	100	429	875	279	175	366	820	2,733	6.6	1,308.6	980
1948 - "	53	100	429	875	279	175	366	820	2,733	6.6	1,308.6	980
1949 - "	53	100	392	860	744	479	470	1,693	5,643	8.4	2,146.4	1,608
1950 - March	53	100	374	763	721	663	544	1,919	6,397	8.9	2,354.9	1,764
- April	53	100	374	763	694	635	538	1,866	6,220	8.9	2,301.9	1,734
- May	53	100	374	763	690	662	535	1,887	6,290	9.0	2,323.0	1,740
- June	53	100	587	1198	722	636	535	1,894	6,311	9.0	2,543.0	1,905
- July	53	100	587	1198	735	627	471	1,833	6,113	9.0	2,482.0	1,859
- August	53	100	587	1198	742	729	471	1,842	6,140	9.0	2,491.0	1,866

Source: Conto riassuntivo del Tesoro.

(*) See explanatory notes in No. 3, October 1947 (p. 197) and No. 8, January-March 1949 (p. 70).

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

Table D

End of the period	Time and Demand Deposits			Current Accounts (b)			% of 100	Total		
	Amounts outstanding	Quarterly changes	Index number	Amounts outstanding	Quarterly changes	Index number		Amounts outstanding	Quarterly changes	Index number
	1	2	3	4	5	6		7	8	9
1947 - December	528,516	—	100	485,573	—	100	91.8	1,013,889	—	100
1948 - June	651,375	+ 49,575	123.0	609,763	+ 82,055	125.7	93.6	1,261,138	+ 131,630	124
December	805,497	+ 65,005	152.4	714,781	+ 50,161	147.4	88.7	1,520,278	+ 115,166	149
1949 - March	845,176	+ 39,679	160.0	774,422	+ 59,641	159.5	91.6	1,619,598	+ 99,320	159
June	860,859	+ 15,683	162.8	811,444	+ 37,022	167.2	94.2	1,672,303	+ 52,705	164
September	949,220	+ 88,361	179.6	856,561	+ 45,517	176.5	90.8	1,805,781	+ 133,478	178.1
December	1,015,937	+ 66,717	192.2	932,787	+ 76,226	192.1	91.8	1,948,724	+ 148,945	192.1
1950 - March	1,051,762	+ 35,825	209.1	947,449	+ 14,662	195.2	90.1	1,999,211	+ 50,487	197.2
June	1,059,031	+ 7,269	209.2	945,700	— 1,749	194.8	89.3	2,004,731	+ 5,520	197.7

(a) The data refer to 365 banks (commercial and savings banks) which hold about 99 % of the total deposits collected by all Italian banks.

(b) Interbank current accounts are excluded.

Source: *Bollettino* of the Bank of Italy.

COMPOSITION OF ASSETS OF ITALIAN BANKS, DECEMBER 31, 1948 - JUNE 30, 1950 (a)
(millions of lire)

Table E

Items	New Series (b)						
	31-12-48	31-3-49	30-6-49	30-9-49	31-12-49	31-3-50	30-6-50
Amounts outstanding							
Cash and sums available at sight	169,048	157,046	151,813	162,388	228,140	186,540	192,351
Fixed deposits with the Treasury and other Institutions	177,748	207,785	231,277	269,664	265,898	309,131	263,729
Government Securities (c)	414,200	439,215	446,226	427,140	427,261	450,906	518,403
Credits to clients (d)	1,122,196	1,163,601	1,218,778	1,340,130	1,473,679	1,469,763	1,512,983
Index Numbers: 31-12-1948=100							
Cash and sums available at sight	100	92.9	89.8	95.8	134.9	110.3	107.9
Fixed deposits with the Treasury and other Institutions	100	116.9	130.1	151.6	149.4	173.9	148.4
Government Securities (c)	100	106.0	107.7	103.1	103.2	108.9	125.1
Credits to clients (d)	100	103.0	107.9	118.6	130.5	130.1	134.0
% of deposits and credits							
Cash and sums available at sight	11.1	9.7	9.1	9.0	11.7	9.3	9.1
Fixed deposits with the Treasury and other Institutions	11.7	12.8	13.8	14.9	13.6	15.5	13.2
Government Securities (c)	27.2	27.2	26.7	23.6	21.9	22.6	25.9
Credits to clients (d)	74.2	71.8	72.8	74.2	75.0	73.5	75.5

(a) The data refer to 365 banks (commercial and savings banks) which hold about 99 % of the total deposits collected by all Italian banks.

(b) The Bank of Italy has revised the quarterly series on banking assets, beginning from December 1948. For back figures (old series) see: *Recent Banking Developments in Italy*, this Review, no. 11, October-December 1949, pp. 230-231.

(c) Treasury bills and other Government securities, Nominal value.

(d) Includes: bills on hand (portafoglio), contangoes (riporti), advances (anticipazioni), current accounts (conti correnti), loans recoverable on salaries (prestiti su pegno e contro cessione stipendio), loans (mutui), current accounts with sections for special credits (conti correnti con le sezioni speciali), credits abroad (impieghi all'estero), non-Government securities (titoli non di Stato). The figures for 1949 have been rectified in the last *Bollettino* of the Bank of Italy.

Source: *Bollettino* of the Bank of Italy.

BANK CREDITS IN ITALY BY BUSINESS BRANCHES
(millions of lire)

Table F

Business Branches	December 31, 1938		December 31, 1948		December 31, 1949		
	Amount	%	Amount	%	Amount	%	I. N. ('38=1)
1. Personal (and consumer)	4,139	11.82	69,637	6.60	95,241	6.91	23.01
2. Public institutions (institutions for specialised-activities)	5,163	14.74	45,073	4.36	59,389	4.31	11.50
3. Banks, exchanges, financial Co.	3,359	9.58	55,856	5.29	64,194	4.66	19.11
4. Insurance Co.	39	0.11	1,669	0.16	2,189	0.16	56.13
Total non-commercial-credits and financial activities	12,700	36.25	173,137	16.41	221,013	16.04	17.40
5. Land and air transports, inland navigation	351	1.00	14,721	1.40	17,189	1.25	48.97
6. Telephones, telegraphs and posts	88	0.35	1,481	0.14	1,940	0.14	22.05
7. Sea transports	108	0.31	9,197	0.87	12,339	0.89	114.25
8. Electric power	270	0.77	7,867	0.75	5,620	0.41	20.81
9. Gas	12	0.03	699	0.07	1,133	0.08	94.41
10. Water supply	37	0.11	241	0.02	247	0.02	3.83
11. Public entertainments	79	0.23	4,886	0.46	7,777	0.56	98.44
12. Hotels and nursing homes	207	0.59	3,736	0.36	6,920	0.50	33.43
13. Buildings and land-reclamations:							
a) Buildings and public works	2,356	6.73	46,144	4.37	58,969	4.28	25.03
b) Urban real estate Co. and house owners	1,262	3.60	13,927	1.32	19,634	1.42	15.56
c) Land-reclamation	593	1.69	5,088	0.48	6,824	0.49	11.50
Total public works and services	5,393	15.31	108,017	10.24	138,522	10.04	25.70
14. Agriculture:							
a) Farms	2,115	6.04	47,569	4.51	66,204	4.76	31.30
b) Agricultural real estate Co.	161	0.46	18,413	1.75	10,146	0.74	63.02
15. Crude materials trade and agricultural implements	666	1.90	22,764	2.16	34,864	2.52	52.35
16. Cereals:							
a) Thrashing, conservation, grain trade	1,111	3.17	88,471	8.39	114,225	8.24	102.81
b) Milling and edible paste	640	1.83	19,878	1.88	28,907	2.10	45.16
c) Other cereals, dry legumes	173	0.49	15,931	1.51	17,453	1.27	100.88
17. Biscuits, sweetmeats, chocolate	75	0.21	5,181	0.49	6,640	0.48	88.53
18. Wine and liquors	543	1.55	30,250	2.87	32,769	2.38	60.34
19. Beer, aerated waters, ice	69	0.20	1,897	0.18	1,913	0.14	27.72
20. Vegetable oils	277	0.79	24,322	2.31	24,639	1.79	88.94
21. Fresh-fruits and vegetables:							
a) Citrus fruits and by-products	114	0.33	5,331	0.51	7,367	0.53	64.92
b) Other fruits and fresh vegetables	162	0.46	10,426	0.99	14,625	1.06	90.27
22. Vegetable food preserves	120	0.34	8,064	0.76	10,294	0.75	85.78
23. Animal food preserves	83	0.24	3,228	0.31	2,952	0.21	35.60
24. Live animals, meat and eggs	123	0.35	9,217	0.86	8,682	0.63	70.58
25. Fish and preserved fish	76	0.22	6,919	0.66	7,355	0.53	96.77
26. Milk and dairy products	408	1.16	17,244	1.63	22,357	1.62	54.79
27. Sugar	117	0.33	11,144	1.06	5,841	0.42	49.97
28. Groceries	118	0.34	7,984	0.76	13,902	1.01	117.81
29. Other industries and trade in agricultural products	106	0.30	6,317	0.60	8,487	0.62	80.08
30. Retail trade of foodstuffs:							
a) Bread, confectionery	56	0.16	2,173	0.20	2,728	0.20	53.49
b) Fresh meat and fish, eggs and poultry	94	0.27	1,806	0.17	2,028	0.15	46.09
c) Other food products	230	0.66	8,175	0.77	10,078	0.78	46.86
Total agriculture and foodstuffs	7,587	21.66	372,704	35.33	454,458	32.97	59.90
31. Wood and allied products:							
a) Forest concerns, trade and industry in food	405	1.16	17,252	1.64	25,962	1.88	64.10
b) Furniture	105	0.30	5,438	0.52	8,654	0.63	82.41
32. Sulphur	26	0.07	346	0.03	247	0.02	9.50
33. Marble and similar stones	98	0.29	2,129	0.20	2,957	0.20	27.52
34. Products of mines and quarries	115	0.33	3,991	0.38	5,003	0.36	43.40
Carry forward	749	2.13	29,156	2.77	42,563	3.09	56.82

WAGES AND SALARIES IN ITALY

(gross remunerations - inclusive of family allowances)

(Index, 1938=100)

Table L

Categories	1948		1949		1950			
	June	Dec.	June (d)	Dec.	March	June	July	August
Industry:								
Specialised workers	4,272	4,497	4,501	4,590	4,918	4,927	4,934	4,938
Skilled workers	4,922	5,187	5,294	5,218	5,582	5,591	5,593	5,596
Ordinary workers and semi-skilled labourers	5,331	5,618	5,630	5,662	5,991	5,998	6,002	6,006
Labourers	5,802	6,134	6,152	6,163	6,495	6,509	6,517	6,523
General index of Industry	5,135	5,415	5,426	5,471	5,800	5,811	5,818	5,820
Land Transport	1,003	5,299	5,105	5,679	5,675	5,681	5,722	5,734
Government Civil Employees:								
Group A (a)	2,491	2,851	2,851	2,851	2,851	3,327	3,373	3,373
Group B (b)						3,370	3,424	3,424
Group C (c)	3,550	3,947	3,947	3,947	3,947	4,223	4,223	4,223
Subordinate staff	4,269	4,679	4,679	4,679	4,679	4,628	4,928	4,928
General Index of Government Civil Employees	3,152	3,533	3,533	3,533	3,533	3,912	3,916	3,916

(a) Administrative grade; (b) Executive grade; (c) Clerical grade; (d) The net remunerations have been reduced since April 1, 1949 as a consequence of the special deduction made for financing the « Fanfani Plan » for housing reconstruction (Act No. of 28-2-1949).

Source: Bollettino Mensile di Statistica.

NATIONAL INDEX OF LIVING COST

(1938=100)

Table M

Year or month	All Items	Foodstuffs	Clothing	Heating and lighting	Housing	Miscellaneous
1947 - December	4,929	6,196	6,866	2,393	269	4,359
1948 - June	4,835	6,111	5,993	2,354	363	4,317
» December	4,917	6,149	5,810	3,069	399	4,387
1949 - March	4,980	6,194	5,984	3,058	520	4,500
» June	4,990	6,192	6,019	3,185	532	4,489
» September	4,886	6,004	5,943	3,436	562	4,246
» December	4,753	5,719	5,845	3,464	574	4,502
1950 - March	4,682	5,658	5,650	3,479	595	4,586
» June	4,823	5,888	5,544	3,418	595	4,585
» July	4,824	5,844	5,514	3,421	814	4,588
» August	4,909	5,962	5,562	3,433	861	4,614
» September	5,007	6,090	5,693	3,495	869	4,641

Source: Bollettino Mensile di Statistica.

UNEMPLOYMENT IN ITALY BY CLASSES (a)

Table N

End of period	Employed persons and pensioners seeking other jobs	Housewives seeking first job	Young people under 21 or ex-servicemen seeking first job	Unemployed formerly employed	Total		
					absolute figures	Index numbers	of which women
1948 - October	77,781	193,810	306,171	1,175,425	1,754,187	100	609,205
» December	87,386	211,671	363,785	1,498,429	2,161,271	123.3	679,502
1949 - March	92,973	205,261	395,821	1,440,338	2,133,493	121.8	656,596
» June	83,637	180,406	353,287	1,398,438	1,815,768	103.6	600,483
» September	70,107	159,310	344,801	1,139,348	1,722,575	98.3	561,871
» December	88,833	173,950	405,268	1,387,595	2,055,606	117.3	630,200
1950 - March	94,472	172,154	435,383	1,263,570	1,966,234	112.2	608,741
» April	95,647	170,367	434,810	1,255,437	1,956,261	111.6	615,851
» May	90,987	164,831	419,014	1,168,594	1,837,426	104.9	607,151
» June	83,003	145,021	398,044	1,040,781	1,672,849	95.5	560,084
» July	83,721	143,288	406,515	1,074,835	1,708,259	97.5	570,331
» August	84,324	140,311	407,598	1,060,379	1,692,972	96.6	560,889

(a) See Explanatory Notes in n. 8 of this Review (pag. 71, « Unemployment »).

Source: Ministry of Labour.

NATIONAL INCOME, CONSUMPTION, INVESTMENT

(milliards of lire)

Table O

	1938	1947	1948	1949
1. National product at factor cost	117.23	4,954	5,639	5,927
— Private sector	101.39	4,616	5,142	5,400
— Public sector	15.84	338	497	527
2. Indirect taxes	18.40	466	677	792
3. National product at market prices	135.63	5,420	6,316	6,719
4. Income from abroad and grants	0.31	180	237	166
5. National income	135.94	5,600	6,553	6,885
— Consumption	120.00	5,093	5,764	5,982
— Net investment	15.94	507	789	903

Source: Studi sul Reddito Nazionale, Annali di Statistica, 1950, Istituto Centrale di Statistica.

PERSONAL EXPENDITURE ON ENTERTAINMENTS AND GAMBLING (a)

Table P

Year	Gross National Product	Personal Expenditure on Entertainments and Gambling (a)			
		Total		Movie Pictures	
	Milliards of lire	Millions of lire	% of Nat. Product	Millions of lire	% of Nat. Product
1938	149	—	—	0,567	0,38
1947	6,195	58,224	0,94	28,472	0,46
1948	7,243	82,057	1,13	41,977	0,57
1949	7,503	102,760	1,38	53,393	0,71

(a) Mainly sport gambling (foot-ball games).

Source: Società Italiana Autori Editori - S.I.A.E. (Italian Authors and Publishers Association).

ITALIAN INDUSTRIAL PRODUCTION INDEX (a)

(unadjusted - monthly averages, 1938=100)

Table Q

Year or Month	General Index	Mining	Manufactures								Electric Power		
			Total	Food	Textiles	Lumber	Paper	Metal-lurgy	Engineering	Non-metallic ores		Chemicals	Rubber
1948 - Average	99	82	93	93	96	54	73	87	104	90	93	103	148
1949 - Average	105	90	101	111	96	58	91	85	115	96	105	115	136
1950 - January	110	101	105	128	96	57	101	87	118	97	104	135	150
» February	107	95	104	130	99	49	98	84	117	97	96	136	136
» March	121	105	118	135	113	64	109	98	132	125	115	143	148
» April	114	94	110	123	96	62	98	99	124	123	114	123	147
» May	125	104	120	133	107	64	103	114	131	129	126	140	171
» June	118	93	112	118	95	62	103	111	127	130	119	124	172
» July	120	102	114	126	94	63	109	113	131	122	119	133	173
» August	102	89	95	121	71	49	91	103	86	112	119	84	159

(a) We give in this Table the revised series of index numbers on industrial production published by the Central Institute of Statistics beginning from October 1950 issue of his « Statistical Bulletin ». As can be seen, in the new series the food and engineering industries are included, which were not represented in the precedent one. Moreover, the classification of the several items among the different classes and sub-classes of industry has been modified. The principles on which the returns and the calculations are made have, however, not been changed. (See, this Review, n. 8, January-march 1949, pagg. 70-71).

Source: Bollettino Mensile di Statistica.

Table T

CAPITAL, SHARE PRICES, AND DIVIDENDS OF ITALIAN COMPANIES QUOTED ON STOCK EXCHANGES (a)

Companies (a)	Face Capital at September 30, 1950 (thousands of lire)	Nominal value of shares at September 30, 1950 (lire)	Price of shares at September 30, 1950 (b) (lire)	1949 dividend (c) (lire)	Percentage of 1949 dividend on nominal value (d)	Percentage of 1949 dividend on price at September 30, 1950
<i>Financial and insurance</i>						
1 Assicurazioni Generali	4,000,000	2,000	5,613	160	8	2.85
2 Finsider	14,400,000	500	490	43.50	8.50	8.67
3 G.I.M. (Soc. Gen. Industrie Metallurgiche)	360,000	500	1,670	50	10	2.99
4 Industrie Agricole Liguri	1,530,000	2,000	6,930	250	16.67	3.60
5 Soc. Ital. Strade Ferrate Meridionali	10,296,000	1,000	2,858	75	7.50	3.37
6 Ia Centrale	5,250,000	3,000	7,030	240	8	3.41
7 La Fondiaria Incendio	150,000	125	560	25	20	4.46
8 L'Assicuratrice Italiana	150,000	500	700	30	6	4.28
9 Soc. Naz. Sviluppo Imprese Industriali	3,000,000	500	600	30	6	5.00
10 Pirelli & C.	288,000	100	922	30	30	3.25
11 Riunione Adriatica di Sicurtà	2,400,000	1,250	1,640	60	4.80	3.66
12 S.T.E.T. (Soc. Torinese Esercizi Telefonici)	11,000,000	2,000	2,840	150	7.50	3.28
<i>Textile</i>						
13 Chatillon	5,500,000	1,000	2,350	100	10	4.23
14 Cotonificio Cantoni	1,200,000	1,000	15,900	450	45	2.31
15 Cotonificio F.lli dell'Acqua	48,300	100	18,000	—	—	—
16 Cotonificio Liguri	40,000	500	3,470	—	12	1.75
17 Cotonificio Valle Ticino	720,000	100	367	60	—	—
18 Cotonificio V. Olcese	2,000,000	1,000	4,000	150	15	3.75
19 Occhini Cantoni Coats	2,000,000	1,000	7,260	200	20	2.75
20 De Angeli Frua	3,000,000	3,000	4,530	225	7.50	4.65
21 Filatura Cascami Seta	840,000	4,000	6,970	150	23.08	2.15
22 F.I.S.A.C. (Fabbriche Italiane Seterie e Affini)	650,000	200	546	40	40	7.31
23 Lanificio Feltrificio Scotti	60,000	40	116	2	5	1.72
24 Lanificio Gavardo	315,000	300	4,990	100	100	2.23
25 Lanificio Rossi	750,000	1,000	6,700	200	20	2.98
26 Lanificio Targetti	250,000	100	320	17.50	17.50	5.47
27 Lanificio Cotonificio Nazionale	3,400,000	500	1,266	70	17.50	5.53
28 Manifatture Lane Borgosesia	375,000	1,000	11,150	500	83.33	4.48
29 Manifattura Rossari Varzi	500,000	1,000	19,380	500	50	2.58
30 Manifattura Rotondi	198,000	3,000	14,800	400	40	2.70
31 Manifattura Tosi	200,000	1,250	4,150	150	25	3.61
32 Manifatture Cotoniere Meridionali	1,080,000	600	1,835	80	13.33	4.16
33 Sna Viscosa	16,800,000	1,200	2,830	200	16.67	7.00
34 Tessiture Seriche Bernasconi	480,000	400	365	20	5	5.48
35 Unione Manifatture	61,600	1,000	192,000	1,000	100	5.21
<i>Electrical</i>						
36 Soc. Adriatica Elettricità	28,000,000	1,000	915	35	7	3.82
37 C.I.E.L.I. (Comp. Impr. Elettriche Liguri)	16,000,000	2,000	2,083	105	5.25	5.04
38 Dinamo - Soc. Ital. Imprese Elettriche	5,000,000	2,000	2,065	300	5	4.98
39 Soc. Edison	75,000,000	2,000	1,928	90	4.50	4.67
40 Soc. Elettrica Bresciana	6,000,000	2,000	1,975	110	5.50	5.57
41 Soc. Elettrica della Campania	990,000	1,000	2,080	80	8	3.85
42 Soc. Elettrica Sarda	2,500,000	2,000	3,043	140	7	4.60
43 Soc. Elettrica Selt-Valdarno	7,000,000	2,500	3,910	900	8	5.11
44 Soc. Emiliana di Esercizi Elettrici	5,600,000	2,000	1,880	90	4.50	4.79
45 Esticino (già Soc. Electr. Basso Milanese)	1,800,000	1,000	990	55	11	5.55
46 Soc. Gen. Electr. della Sicilia	7,500,000	2,000	2,169	140	7	6.45
47 Soc. Gen. Pugliese di Elettricità	1,500,000	1,000	2,368	80	8	5.85
48 Soc. Idroelettrica Piemonte	26,650,000	1,000	1,025	70	7	4.97

(a) Of about 20,000 Italian Joint Stock Companies only 211 list their securities on the Exchanges. The official list of the Milan Stock Exchange records quotations of 118 shares, of which only 80-90 are regarded as "active".

(b) Official closing prices of the Milan Stock Exchange, except for a few shares quoted on other Stock Exchanges and not in that of Milan.

(c) 1949 business year.

(d) The nominal value to which the percentage refers, is that resulting at the end of 1949 business year and does not necessarily coincide with figure stated in column 1 (September 30, 1950), owing to the monetary revaluation of share face value carried out later by some companies.

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Companies (a)	Face Capital at September 30, 1950 (thousands of lire)	Nominal value of shares at September 30, 1950 (lire)	Price of shares at September 30, 1950 (b) (lire)	1949 dividend (c) (lire)	Percentage of 1949 dividend on nominal value (d)	Percentage of 1949 dividend on price at September 30, 1950
<i>Communications, Water and Gas</i>						
49 Soc. Lucana Imprese Idroelettriche	360,000	750	1,680	60	8	3.57
50 Soc. Meridionale di Elettricità	20,160,000	800	875	42	7	4.84
51 Officine Elettriche Genovesi	4,500,000	2,000	1,810	100	5	5.37
52 Orobia	10,000,000	1,000	1,004	65	9.75	6.47
53 Ovesticino	5,000,000	1,000	988	58	5.80	5.87
54 Piemonte Centrale di Elettricità	2,046,000	300	175	24	8	6.40
55 Soc. Romana di Elettricità	7,000,000	2,500	3,835	160	8	4.17
56 Unione Esercizi Elettrici	4,000,000	400	482	32	8	6.67
57 Vizzola - Soc. Lombarda per distribuzione elettrica	10,640,000	2,000	2,820	160	8	5.67
<i>Communications, Water and Gas</i>						
58 Soc. dell'Acqua Pia Antica Marcia	1,320,000	1,000	1,140	50	5	4.38
59 Acquedotto De Ferrari Galliera	1,575,000	350	619	24	6.86	3.88
60 Soc. per la Condotta di Acque Potabili	850,000	2,000	2,725	100	5	3.67
61 D. Tripicovich & C. - Soc. Navigazione Rimatori e Salvataggio	225,000	2,000	6,350	350	17.50	5.51
62 Soc. Ferrovie Nord Milano	416,240	500	2,010	—	—	—
63 Ferrovie Torino Nord	600,000	100	110.25	5	5	4.53
64 Italcable - Serv. Cablografici Radiotelegrafici e Radioelettrici	2,800,000	2,000	2,970	100	10	3.37
65 Soc. Italiana Condotte d'Acqua	500,000	250	387	20	8	5.17
66 Soc. Italiana Gas	11,000,000	20	23,625	1	3	4.23
67 Soc. Italiana Strade Ferrate del Mediterraneo	774,333	1,500	2,245	60	4	2.67
68 Liguigas	1,050,000	200	679	40	20	5.88
69 Navigazione Alta Italia	375,000	2,000	7,090	400	20	5.64
70 Soc. Strade Ferrate Secondarie Meridionali	1,200,000	1,250	1,580	75	6	4.75
71 Soc. Telefonica Tirrena	5,400,000	2,000	2,785	280	7	1.00
72 A.N.I.C. - Azienda Nazionale Idrogenazione Combustibili	7,200,000	100	185.50	12	12	6.47
73 Soc. Elettrica Electrochimica del Caffaro	643,125	250	495	50	20	1.01
74 Mira Lanza	810,000	1,350	2,340	120	8.99	5.13
75 Monte Amiata - Soc. Mineraria Montecatini - Soc. Gen. per l'Industria Mineraria e Chimica	656,000	400	920	40	20	4.35
77 Remilanca	3,000,000	500	869	60	12	6.90
78 S.A.F.P.A. - Soc. Fabb. Fiammiferi e Affini S.I.O. - Soc. Industria Ossigeno e altri Gas	1,000,000	100	706	22	22	3.12
79 Stabilimenti Chimici Farmaceutici Riuniti Schiapparelli	300,000	200	765	30	15	3.92
80	67,500	150	562	25	25	4.45
81 Stabilimento Minerario del Sile	494,208	300	853	40	40	4.69
82 Talco Grafite Val Chisone	600,000	3,000	8,200	300	10	3.67
<i>Minerals, Metals and Engineering</i>						
83 Ansaldo	3,725,000	200	200	—	—	—
84 Cantieri Riuniti dell'Adriatico	200,000	100	124	—	—	—
85 Comp. Ital. Westinghouse Freni e Segnali	420,000	350	400	30	8.57	7.50
86 Dalmine	3,000,000	500	1,130	75	15	6.64
87 Ercole Marelli & C.	1,000,000	500	509	40	8	7.86
88 Edoardo Bianchi - Fabbrica Automobili e Velocipedi	1,344,000	100	137.50	10	10	7.27
89 F.I.A.T.	24,000,000	400	458	25	12.50	5.34
90 Franco Tosi	1,818,913	250	172	—	—	—
91 Ilva	5,000,000	200	205	14	7	6.83
92 Ernesto Breda - Soc. Ital. per Costruzioni Meccaniche	1,125,000	300	105	—	—	—
93 La Magona d'Italia	1,000,000	1,000	3,150	220	22	6.98
94 Soc. Metallurgica Italiana	900,000	1,000	2,190	75	15	3.42
95 Soc. Montepeni	1,200,000	250	1,136	60	24	5.28

(a) (b) (c) (d) See foot-notes on page 212.

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	Companies (a)	Face Capital at September 30, 1950 (thousands of lire)	Nominal value of shares at September 30, 1950 (lire)	Price of shares at September 30, 1950 (b) (lire)	1949 dividend (c) (lire)	Percentage of 1949 dividend on nominal value (d)	Percentage of 1949 dividend on price at September 30, 1950
96	Soc. Nazionale delle Officine di Savigliano	1,000,000	500	450	40	8	8.89
97	Soc. Nebiolo	1,800,000	200	84	15	7.50	17.33
98	Officine Elettroferroviarie Tallero	450,000	150	210	15	10	7.14
99	Officine Moncenisio - già Anon. Bauchiero	420,000	1,000	1,110	100	10	9.01
100	Pignone	1,000,000	500	505	—	—	—
101	Reggiane - Officine Meccaniche Italiane	4,000,000	300	40	—	—	—
102	S. Giorgio - Soc. Industriale	499,999	150	75	—	—	—
103	Tecnomasio Brown Boveri	800,000	500	685	50	10	7.39
104	Terni - Soc. per l'Industria e l'Elettricità	10,500,000	200	212	12	6	5.66
105	Whitehead Moto-Fides - Stabilimenti Meccanici Riuniti	400,000	200	200	—	—	—
<i>Foodstuffs</i>							
106	Distillerie Italiane	1,467,000	750	1,760	80	10.67	4.50
107	Eridania - Zuccherifici Nazionali	3,300,000	2,750	9,650	400	14.55	4.14
108	Soc. Ital. per l'Industria degli Zuccheri	2,700,000	1,500	11,825	600	17.14	5.07
109	Soc. di Macinazione Molini Certosa	24,000	75	1,020	60	80	5.88
110	Esercizio Molini (già Molini Alta Italia)	502,000	1,000	1,003	80	8	7.98
111	Molini Antonio Biondi	60,000	200	885	30	15	3.39
112	Molini e Pastificio Pantanella	400,000	100	252	12	12	4.76
113	Motta - Soc. per l'Industria Dolciaria e Alimentare	500,000	2,000	2,080	60	6	2.88
114	Romana Zucchero	480,000	300	598	10	3.33	1.67
115	Esercizio Molini (già Semolegia Italiana)	502,000	1,000	1,240	80	8	6.45
116	Venchi Unica - Soc. Prod. Dolciari e Affini	312,480	50	107	—	—	—
117	Zuccherificio di Sernide	250,000	1,000	4,980	150	15	3.01
118	Zuccherificio del Volano	315,600	750	1,850	80	10.67	4.32
<i>Agricultural and Real Estate</i>							
119	Soc. Bonifica Terreni Ferraresi	1,000,000	500	700	25	5	3.57
120	Comp. Italiana dei Grandi Alberghi	2,700,000	1,000	1,500	80	8	5.37
121	Eternit - Pietra Artificiale	892,500	100	196	12	12	6.21
122	Fondi Rustici - Soc. Agricola Industriale Italiana	850,000	1,000	1,330	65	65	4.89
123	Soc. Garboli	300,000	500	592	—	—	—
124	Soc. Generale Immobiliare	5,800,000	250	327	18	7.20	5.50
125	Istituto Romano Beni Stabili	3,415,250	2,500	4,300	125	12.50	2.91
126	Intalamenti - Fabbriche Riunite Cementi	4,000,000	1,000	4,315	—	—	—
127	La Milano Centrale	562,500	1,500	3,799	40	53.33	1.05
128	Soc. per il Risanamento di Napoli	648,000	1,350	5,565	81	6	7.45
129	Silos di Genova - Magazzini Generali Sbarchi ed Imbarchi di Cereali e Semi	36,000	200	7,435	200	100	2.69
<i>Sundry</i>							
130	Cartiera Italiana	500,000	1,000	1,530	70	7	4.57
131	Cartiere Burgo	2,400,000	1,000	3,400	175	35	5.15
132	Soc. Ceramica Richard Ginori	810,000	250	1,050	60	24	5.71
133	Concerie Italiane Riunite	400,000	500	1,450	100	44.44	6.90
134	Industria Nazionale Cavi Elettrici	600,000	100	127	6	6	4.72
135	Soc. Ital. dei Forni Elettrici e dell'Elettrocarbonium	14,000	175	4,000	20	45.71	2.00
136	La Rinascente - Soc. per l'Esercizio di Grandi Magazzini	1,000,000	25	42	1	8	4.76
137	Soc. del Linoleum	580,000	100	151	10	10	6.62
138	Manifattura Ital. C. Pacchetti	200,000	200	374	25	12.50	6.68
139	Pirelli - S. p. A.	12,000,000	500	943.50	50	10	5.30
140	Superga - Fabbriche Riunite Industria Gomma	945,000	125	75	—	—	—

(a) (b) (c) (d) See foot-notes on page 212.