OECD
ECONOMIC SURVEYS

ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT

ITALY

ORGANISATION DE COOPÉRATION ET DE DÉVELOPPEMENT ÉCONOMIQUES

AUGUST 1969

BASIC STATISTICS OF ITALY

THE LAND

Area (1,000 sq. km)	301.3
Agricultural area (1,000 sq. km)	216.9
Woodland (1,000 sq. km)	58.3

Major cities (1961 census)	Thousands
Rome	2 245
Milan	1 598
Naples	1 196
Turin	1 050

THE PEOPLE

Resident population in end-1968 (thous.)	53 941
No. of inhabitants per sq. km	179
Net natural increase in population:	
Annual average 1963-1968 (thous.)	481
Net rate per 1 000 inh. (1963-1968)	9

	Thousands
Labour force (1968)	19 763
Employment (1968)	19 069
in agriculture	4 247
in industry	7 890
in services	6 932
Net emigration (average 1963-1967)	72

PRODUCTION

Gross National Product in 1968 (billions of lire)	46 741
GNP per head in 1968 (US $)	1 390
Gross fixed capital formation:	
Per cent of GNP in 1968	19.4
Per head in 1968 (US $)	268

Domestic product in 1968 (at factor cost):	
Agriculture	11 %
Mining, quarrying and manufacturing	31 %
Construction	8 %
Services	50 %

THE GOVERNMENT

Public consumption in 1968 (percentage of GNP)	13.5
Current public revenue in 1968 (percentage of GNP)	33.1

Internal public debt (Ratio to central government current revenue in 1968)	88.4
General government investment in 1968 (percentage of total investment)	13.6

LIVING STANDARDS

Meat consumption, kg per year, per head (1966-1967)	39
Gross average hourly wage of industrial workers in 1968 (lire)	616
Energy production, kWh, per year, per head (1967)	2 827

Steel consumption, kg per year, per head (1968)	320
Nos. per 1 000 inhabitants, 1967:	
Telephone sets	132
TV sets	144
Cars	136

FOREIGN TRADE

Exports of goods and services as a percentage of the GNP (average 1967-1968)	18
Main exports (average 1967-1968 percentage of total exports):	
Machinery	39
Fabrics and textile goods	12
Chemical products	14
Foodstuffs	10
Motor vehicles	8

Imports of goods and services as a percentage of the GNP (average 1967-1968)	16
Main imports (average 1967-1968 percentage of total imports):	
Foodstuffs	21
Machinery	19
Metals, ores and scrap	13
Crude oil	14
Chemical products	9

THE CURRENCY

Monetary unit: Lira

Currency units per US dollar: 625

OECD ECONOMIC SURVEYS

ITALY

ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT

The Organisation for Economic Co-operation and Development was set up under a Convention signed in Paris on 14th December 1960 by the Member countries of the Organisation for European Economic Co-operation and by Canada and the United States. This Convention provides that the OECD shall promote policies designed:

- *to achieve the highest sustainable economic growth and employment and a rising standard of living in Member countries, while maintaining financial stability, and thus to contribute to the development of the world economy;*
- *to contribute to sound economic expansion in Member as well as non-member countries in the process of economic development;*
- *to contribute to the expansion of world trade on a multilateral, non-discriminatory basis in accordance with international obligations.*

The legal personality possessed by the Organisation for European Economic Co-operation continues in the OECD, which came into being on 30th September 1961.

The members of OECD are: Austria, Belgium, Canada, Denmark, Finland, France, the Federal Republic of Germany, Greece, Iceland, Ireland, Italy, Japan, Luxembourg, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, Turkey, the United Kingdom and the United States.

The Socialist Federal Republic of Yugoslavia is associated in certain work of the OECD, particularly that of the Economic and Development Review Committee.

The annual review of Italy by the OECD Economic and Development Review Committee took place on 17th July 1969. The present Survey has been updated subsequently.

CONTENTS

TABLES

TEXT:

STATISTICAL ANNEX:

DIAGRAMS

INTRODUCTION

Between 1967 and 1968, the growth of GNP again significantly exceeded the 5 per cent target of the 1966-1970 Plan. But expansion had already begun to slacken off in the course of 1967 and it came to a virtual halt in the early months of 1968. Despite a recovery after the autumn, both private consumption and productive investment showed a marked deceleration for the year as a whole. A record current external surplus of $2.6 billion provided considerable support to economic activity. Prices were remarkably stable.

In view of the weakening of domestic demand, the Italian authorities adopted in the autumn of 1968 a set of reflationary measures which should exert their main influence this year. In fact, the pace of economic activity accelerated in early 1969, sustained by a further substantial rise of exports but also by stronger domestic demand. The prospects for the year ahead are for a rather rapid increase of private consumption and a continued recovery of investment. Although the foreign surplus on current account may decrease significantly from now on, it may still remain substantial in early 1970. Real output may expand faster than capacity over the year ahead, but due to the existing slack no general pressure of demand seems likely. However, the recent faster increase of prices may continue, because of a possible rise of wage costs.

The current surplus was offset last year by considerable capital outflows, including banking funds. In early 1969, the outflow of private capital accelerated, so that despite the large current surplus and a repatriation of banking funds there was a significant decline of official reserves, though these remain high. The measures taken in recent months to reduce the capital outflow illustrate the many difficulties posed by the combination of a large current account surplus and major domestic development needs.

The present Survey summarises, in Part I, the developments which led to the marked slowing-down of early 1968 and the subsequent reflationary measures. The following section outlines economic developments in 1968, while recent trends and short-term prospects are examined in Part III. A final section contains a summary and conclusions.

I THE SLACKENING OF EXPANSION AND THE REFLATIONARY MEASURES

After the recession of 1964-65—the most important in post-war years—the Italian economy has never regained previous levels of capacity utilization. The recovery, gradual at first and largely sustained by foreign demand, had gained strength by 1967, when both private consumption and investment increased rapidly. But the annual national accounts[1] conceal a marked flattening out of the expansion which set in during the summer of 1967. It was partly caused by a drop in exports, later reversed, due to weak demand abroad. More important was a marked shift in a restrictive direction in the impact of the public sector on the economy equivalent to about 1.5 per cent of GNP. The principal reason was the abolition from January 1967 of the partial budgetization of social security contributions introduced in late 1964. Another was an increase in taxes to finance higher public investment, which, however, failed to materialize.

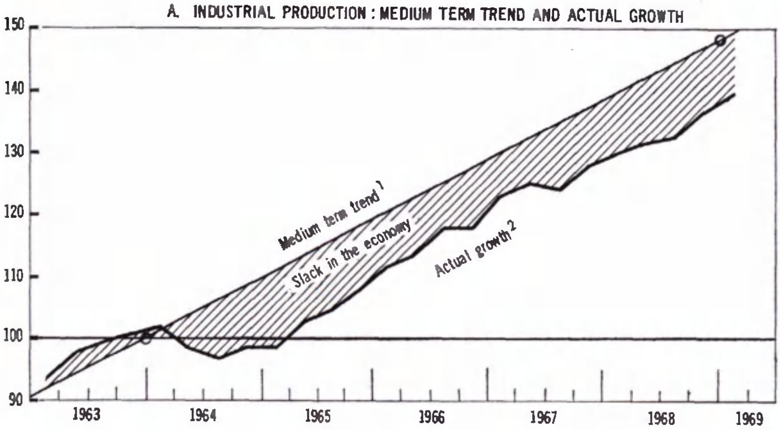
This shift reduced corporate profits and held back the rise of household disposable incomes. Private consumption was at first stimulated by special factors, such as the replacement of automobiles lost in the 1966 floods, but slowed down progressively through the year. Industrial production recovered strongly from the setback in the summer but this led to increases in stocks of finished products. Investment excluding construction remained virtually flat from the second quarter of 1967 to the first quarter of 1968. In fact, in the early months of 1968, the employment situation started deteriorating, private consumption was probably stagnant, private productive investment seems to have declined and stocks were run down, leading to an actual fall in imports. A considerable amount of slack[2] had developed in the economy, but the development of the deflationary process was limited by the sharp increase of exports.

Despite the subsequent recovery and the increase of GNP by 5.7 per cent in real terms for the year 1968, the amount of slack was probably not significantly reduced. Over the three years 1966-1968 real output rose by 6 per cent on the average (5.7 per cent according to the unrevised national

1 The national accounts for 1965 to 1968 have been substantially revised in early 1969. Revisions for earlier years have not yet been completed. Approximate quarterly estimates are available as from 1966. (See note on the revision and tables in the Statistical Annex.)

2 An attempt has been made to estimate, for illustrative purposes, the amount of unused resources in terms of GNP. Taking as a starting point the average of the second half of 1963 and the first half of 1964 and assuming a capacity growth of around 6 per cent, the slack in the economy in the first half of 1968 would correspond to about 6 per cent of GNP. Apart from the general difficulties of this sort of calculation, it should be noted that it makes use of both old and revised national accounts series.

Diagram 1 **Indicators of Slack in the Economy**



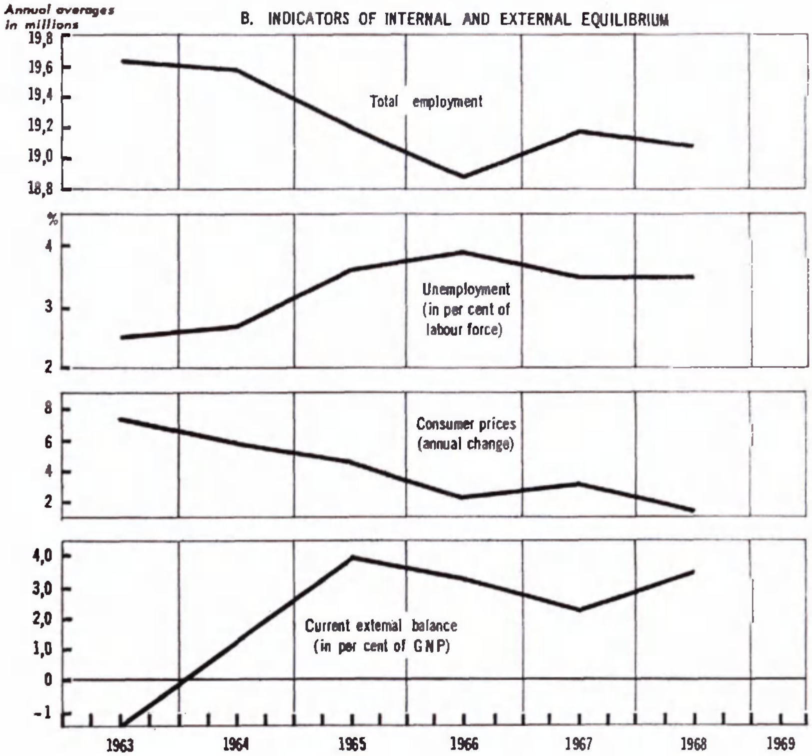
1 8.2 per cent per year rate of growth.
2 Quarterly figures, seasonally adjusted (average second half 1963 and first half 1964 = 100).

The medium-term trend rate of growth assumed for industrial production (8.2 per cent per year) is the same which prevailed on average:

(*a*) between the two lower points of the index of industrial production in the recessions of 1958 and 1964, and
(*b*) roughly in the two last ten-year periods.

accounts) distinctly faster than foreseen in the 1966-1970 Plan (5 per cent). Nevertheless, employment rose less than foreseen, for the growth of productivity was even more seriously underestimated. Despite the more rapid expansion of GNP, fixed investment rose less than foreseen. And the current external surplus increased in contrast to the movement towards balance which the Plan projected.

The fact that the slack which developed during the recession was hardly absorbed during the following years goes a long way towards explaining the high external surplus on current account (3.1 per cent of the GNP on the average for 1966-1968). And the relative weakness of domestic investment—linked probably to the under-utilization of plant capacity—may be one of the factors behind the large outflow of capital abroad during the same period. Indeed, whereas total gross saving in 1968 represented about the same percentage of GNP as in the boom year 1963, fixed investment accounted for a much reduced share. Moreover, the share of productive investment had dropped even more (see Table 3 below). And investment in machinery at constant prices last year was still below the 1963 level, *Diagram 1* **Indicators of Slack in the Economy** *(continued)*



Source : OECD Main Economic Indicators, ISTAT and Relazione Generale 1968.

whereas the national product had risen by some 25 per cent over the same period.

Policies for Expansion

When, in the summer of 1968, the weakening of domestic demand became clear[1], there was a significant change of emphasis in general economic policy. Reflationary measures were adopted and plans were formulated for more active intervention by the public sector—aimed at sustaining the growth of domestic demand and, more particularly, of productive invest-

1 Certain irregular movements of current indicators in the early months of 1968 and the delayed elaboration of certain statistical series complicated the task of diagnosis.

Table 1 **Growth of Demand and National Saving**

A Major Components of Demand

	Annual increases in billion lire			As per cent of GNP of the preceding year		
	1966	1967	1968	1966	1967	1968
A *At constant 1963 prices*						
1 Total consumption	1 576	1 779	1 230	4.7	5.0	3.3
2 Gross fixed asset formation	254	690	534	0.8	2.0	1.4
3 Final domestic demand	1 830	2 469	1 764	5.5	7.0	4.7
4 Change in stocks	22	103	—295	0.1	0.3	—0.8
5 Total domestic demand	1 852	2 572	1 469	5.6	7.3	3.9
6 Net exports of goods and services[1]	117	—308	687	0.3	—0.9	1.8
7 GNP at market prices	1 969	2 264	2 156	5.9	6.4	5.7
B *At current prices*						
1 Total consumption	2 643	2 916	2 055	7.2	7.3	4.7
2 Gross fixed asset formation	379	950	812	1.0	2.4	1.9
3 Final domestic demand	3 022	3 866	2 867	8.2	9.7	6.6
4 Change in stocks	76	163	—365	0.2	0.4	—0.9
5 Total domestic demand	3 098	4 029	2 502	8.4	10.1	5.7
6 Net exports of goods and services[1]	—87	—305	686	—0.2	—0.8	1.6
(*a*) Imports	882	876	485			
(*b*) Exports	795	571	1 171			
7 GNP at market prices	3 011	3 724	3 188	8.2	9.3	7.3
8 (= B.7-A.7) Effect of price increases	1 042	1 460	1 032	2.2	2.7	1.5

1 Including factor income.

B Domestic Saving and its Uses[1]

	1963	1964	1965	1966	1967	1968
Domestic saving as per cent of GNP	23.3	23.6	23.3	22.7	22.6	23.4
Uses						
(*a*) Gross fixed investment	23.7	21.8	18.8	18.3	18.9	19.4
(*b*) Change in stocks	1.1	0.6	0.8	1.0	1.3	0.4
(*c*) Net lending to the rest of the world	—1.5	1.2	3.8	3.4	2.4	3.6
of which :						
- Balance on goods and non-factor services	—2.7	0.1	2.6	2.0	1.2	2.5
- Net factor income	0.4	0.5	0.6	0.7	0.6	0.6
- Net transfers receipts	0.8	0.6	0.6	0.7	0.6	0.5

1 Figures revised from 1965.
Sources : Italian submission to the OECD and Relazione Generale 1968.

ment. The measures proposed by the Government in July were modified in the course of obtaining parliamentary approval in October. The principal provisions, as amended, were:

(*a*) The State took over part of social security contributions (equivalent to 10 per cent of basic wages) for industrial and handicraft enterprises in Southern Italy. The reduction was applied, in the proportion 85:15 to employers' and employees' contributions, respectively. The cost was estimated at 28 billion lire in 1968 and 87 billion lire in 1969.

(*b*) The suppression of the special tax on consumption of electricity (cost in 1969: 68 billion lire) and a 25 per cent reduction in rates for small industrial, commercial and agricultural enterprises (cost to the public electricity authority: 50 billion lire in 1969).

(*c*) In order to encourage private productive investment in non-agricultural enterprises, a special tax allowance was introduced. The basis for assessment of profits tax and corporate capital tax will be reduced by the equivalent of 50 per cent of the additional fixed investment carried out in each of the three years 1968-1970 over the average level of the five previous years. For new enterprises, the allowance will be 15 per cent.

(*d*) A five to six year railway modernization programme was launched involving, eventually, 650 billion lire. Estimates of expenditure in 1969 are not available.

(*e*) Other measures provided:
100 billion lire support to applied research during 1968-69,
Credits favouring the concentration and modernization of small industrial, commercial and handicraft enterprises (24 billion lire in 1969),
20 billion lire supplementary expenditure per year up to 1970 in the depressed northern and central areas.

The general economic policies for 1969 were outlined at the end of September, 1968, in the Government's annual "Forecasting and programming report." Most emphasis was laid on plans to speed up the implementation of public investment projects and on programmes for increased investment by State-owned enterprises. The increase of publicly-controlled investment was seen as an essential part of expansionary policies for the short-term and—together with the hoped-for revival of private productive investment—for ensuring high rates of growth in the medium term. A comparatively large part of non-residential fixed investment comes under some degree of control by the Government—some 46 per cent in 1968 (see Table 3 below). The document setting out the programme laid stress on the delays observed in implementing various approved programmes. Such delays have been particularly serious in the case of "social investment," which the 1966-1970 Plan had forecast as expanding substantially. Over the first three years of the Plan period, the percentages of the five-year targets actually implemented fell in many cases well below the 60 per cent to be expected by that stage—school-building 22 per cent, hospitals 16 per cent, road building 44 per cent, ports 29 per cent, railways 23 per cent. Projects implemented by agencies with a large measure of autonomy or by State-owned enterprises showed a generally better-than-average performance, while those for which the administrative services were responsible showed the greatest delays. This reflected the lengthy procedures for approval and control of expenditure[1], and administrative procedures which prolong the period of execution. Domestic investment by State-owned enterprises (mainly those controlled by the IRI and ENI holdings) had already increased considerably in 1968. For 1969, a further increase of about 175 billion lire was foreseen (20 per cent), with iron and steel, motorways and the engineering sector each accounting for roughly 30 per cent of the additional investment. The sharp expansion foreseen in the engineering sector (from 64 billion lire in 1968 to 120 billion lire in 1969) is largely due to the new Alfa-Sud plant in the South. This category of investment is not hindered by the procedures applying to public investment proper.

Government plans, as outlined in the above-mentioned report, started from two essential points of diagnosis: (*a*) that the Italian economy produced more than it is able to use internally—hence the large current surplus in the balance of payments; and (*b*) that it was running at less than full utilization of resources, particularly manpower. The report noted that, over the three years 1966-1968, output was likely to show an increase considerably greater than envisaged in the 1966-1970 Plan. Productivity had increased considerably more than expected, and employment much less. In spite of more rapid expansion, progress towards full employment was, therefore, very limited. As to the use of resources, public consumption had risen less than forecast, and private consumption somewhat faster. But fixed investment had risen only by 7.4 per cent per annum compared with the target of 10 per cent. The shortfall corresponded to the large surplus on the current balance of payments, which the Plan had projected to be in near-equilibrium. Because of these considerations, and of the slowing-down observed in 1968, the Government declared its intention to impart

1 A detailed analysis concerning certain public investments in infrastructures yielded the following result: the period between legislative approval of the projects and the date when implementation began ranged from one year to as much as 2½ years, with a typical time-lag of 1 ½ years.

a "marked acceleration" to the economy and, among other steps, to make fuller use of fiscal policy for this purpose. Its principal objects were to increase public investment and stimulate investment by private enterprise. For 1969, the report took a rate of growth of 6 to 7 per cent as being compatible with financial stability, and well within the limits of potential growth. This target was presented as an "optimum" indicating the direction towards which government action should aim.

As an illustration of the legal and other difficulties of countercyclical adjustment of budget policy, it may be noted that, at the same time as the expansionary measures were being announced, employers' contributions to Social Security were raised to finance increases in unemployment benefits and pensions which became effective in the summer of 1968. The impact of the various measures should be considerable in due course, although its timing may depend on the success of the efforts to speed-up government investment. The policies adopted in the autumn of 1968 did not provide for any significant direct stimulus to private consumption, without which the revival of business investment might have been delayed. But new decisions taken in the first half of 1969 (notably the increases in pensions and government salaries described in Part III below) will boost household incomes considerably. The more expansionary orientation of policy is reflected in the decision to finance, for a certain time, the largest part of additional budget expenditure through increased borrowing. Part, however, is to be financed by increases in indirect taxes (e. g. on petrol and cigarettes) which will tend to push up consumer prices in 1969.

II ECONOMIC DEVELOPMENTS IN 1968

General Trends in Demand and Output

Reflecting the expansionary impact of the public sector, rebuilding of stocks of raw materials and work in progress and the secondary effects of the export upsurge of the first half of 1968, domestic demand gathered momentum in the second half despite some deterioration in the current external surplus. The progress of real output accelerated to an annual rate of 6 ½ per cent (seasonally adjusted). The growth of real GDP for the year as a whole, 5.7 per cent, turned out to be higher than generally anticipated, and the slack in the economy was somewhat reduced by the end of the year. But both private consumption and productive investment remained relatively weak and the main support to domestic demand was provided by public investment and residential construction. On the output side all industries marked substantial gains, except agriculture. Non-agricultural real output rose by 7.2 per cent for the year as a whole, faster than the 6.4 per cent realised in 1967.

Domestic Demand

Despite the recovery in the second half of the year, total domestic demand in real terms rose by only 4 per cent in 1968, half as fast as in 1967. The fall in inventory formation by nearly 1 per cent of GNP—with probably some de-stocking in the first part of the year—was partly responsible for the slackening. Moreover, the rise in private consumption lagged considerably behind the growth of GNP, contrary to experience in 1967, due mainly to the slower increase of wage incomes; in addition, the savings ration of households, which had fallen the previous year, seems to have recovered[1]; some part of the increased savings may have been used to finance investment in dwellings. Public consumption rose significantly faster than in 1967.

Table 2 **Supply and Use of Resources**

	1968 at current prices		Per cent volume increases, at 1963 prices[1]				
	Billion lire	Per cent shares	1964	1965	1966	1967	1968
1 Private consumption	29 740	63.6	2.5	2.7	6.8	7.3	4.3
2 Public consumption	6 313	13.5	3.4	3.7	3.2	2.8	4.1
3 Gross fixed investment	9 045	19.4	—6.5	—8.4	4.0	10.5	7.4
4 Change in stocks	185	0.4	..	..	..	..	..
5 Exports of goods and services	9 136	19.5	11.6	20.1	13.2	6.2	15.4
6 Imports of goods and services	7 678	—16.4	—5.1	1.9	13.7	12.6	7.3
7 GNP at market prices	46 741	100.0	2.8	3.6	5.9	6.4	5.7
8 GDP at factor cost	41 437	100.0	2.8	3.5	5.8	6.5	5.7
(*a*) Agriculture	4 591	11.1	3.1	3.2	3.3	6.8	—4.2
(*b*) Industry	12 645	30.5	2.2	4.7	9.0	8.6	8.3
(*c*) Construction	3 341	8.1	1.6	—3.8	0.5	5.8	7.5
(*d*) Services, private sector	15 936	38.5	3.3	4.3	5.6	6.2	7.3
(*e*) Public administration	4 924	11.9	3.2	2.9	4.0	2.0	3.5

1 Revised national accounts for 1966 and 1967.
Sources: Italian submission to the OECD and Relazione Generale 1968.

1 The household appropriation account for 1968 and the revised figures for earlier years are not available.

Gross fixed investment was less buoyant. It rose by 7.4 per cent in volume, but three-quarters of the increase were due to construction and the rest, largely, to transport equipment. Investment in machinery showed virtually no rise. The share of total fixed investment in GNP in 1968

Table 3 **Fixed Investment**

A TRENDS 1963 TO 1968

		1963	1968	1964	1965	1966	1967	1968	1968
		As per cent of GNP[1]		*Per cent volume changes, at 1963 prices*[2]					*Volume indices 1963 = 100*
1	Gross fixed investment	23.7	19.4	—6.5	—8.4	+4.0	+10.5	+7.4	108.7
2	Depreciation allowances	8.5	8.2	+5.4	+7.5	+5.7	+5.2	+4.7	132.8
3	Net fixed investment	15.2	11.1	—13.2	—19.3	+2.6	+15.3	+9.6	95.2
		Per cent of fixed investment[1]							
	By types of goods :								
1	Dwellings	30.2	32.7	+6.0	—6.2	—1.3	+4.1	+11.9	114.3
2	Other construction	25.6	31.7	—2.2	—1.4	+2.7	+9.7	+5.7	124.7
3	Transport equipment	12.6	10.2	—13.8	—8.1	+0.3	+19.0	+11.9	100.0
4	Other machinery and equipment	31.6	25.4	—19.0	—18.1	+14.7	+15.9	+2.5	93.9

1 At current prices.
2 Revised national accounts for 1966 and 1967.
Sources : Italian submission to the OECD and Relazione Generale 1968.

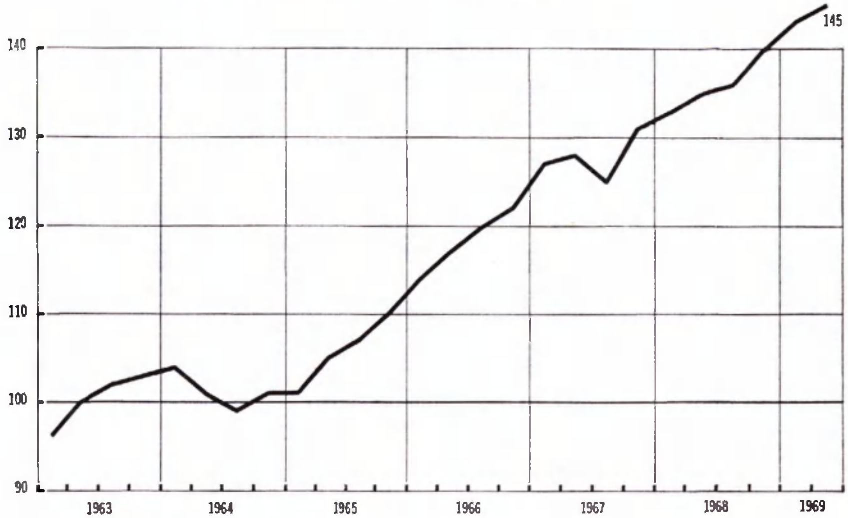
B GOVERNMENT-CONTROLLED INVESTMENT

Current prices

	1967	1968		Per cent change
	Billion lire	Billion lire	Per cent of total	1968/1967
Total non-housing fixed investment[1]	5 669	6 089	100	7.4
of which :				
Public sector	2 431	2 808	46	15.5
Government[1]	1 007	1 235	20	22.7
Autonomous bodies (railways, communications, etc.)	350	357	6	2.0
Public corporations	1 074	1 216	20	13.2
ENI, IRI, etc.	684	786		15.0
ENEL (Electricity Agency)	390	430		10.2

1 National accounts estimates, not strictly comparable with the remaining figures.
Sources : Relazione Generale and Government Reports on State-owned industries.

Diagram 2 **Industrial Production Index**
Quarterly averages seasonally adjusted, 1963 = 100



Sources : ISCO and OECD Main Economic Indicators.

was only 19 per cent (at 1963 prices) as compared with 23.5 per cent in 1963; the fall in the share was even more marked for investment in machinery and equipment (from 10 ½ per cent to 7 ½ per cent). Public investment (including that of State holding companies) rose substantially, by about 13 per cent in volume (as compared with just about 2 per cent in 1967) but private productive investment was practically stagnant and probably fell in the early part of the year. Business fixed investment had increased by some 20 per cent in volume in 1967. Its growth must have been checked by a fall in the rate of capacity utilisation of industry. By end-1968, judging by the upswing of imports of machinery and the production of investment goods, it was probably again on a rising trend. The recovery of residential construction, which started in 1967, gathered momentum in 1968—partly in anticipation of restrictive regulations effective as from last September—and the gain for the year as a whole was nearly 12 per cent in real terms. Reflecting the high level of demand for dwellings, construction costs started to accelerate at the turn of the year.

Production

The value added by agriculture declined by 4.2 per cent in volume in 1968, following the exceptionally large increase in the previous year. As a result, exports of agricultural produce fell; but since imports decreased to a larger extent, the foreign food balance improved somewhat. The gain in industrial output (national accounts definitions) for the year as a whole, 8.3 per cent, was fractionally lower than in 1967 but was in line with the long term rate of growth. The largest gains in production were recorded in iron and steel, chemicals and petroleum products, while textile production continued to fall. The trend of industrial production was practically flat in the first part of 1968, but picked up strongly to an annual rate of growth of 7 per cent in the second half of the year. The recovery in construction activity reflected mainly the boom in dwelling construction. Moreover, investment in construction and works by the public sector rose appreciably, although public works in the strict sense fell slightly. But the strongest acceleration was shown by the service industries, whose output rose in volume by over 7 ½ per cent (excluding the services of dwellings). With employment in services (excluding public administration) rising by only 2.5 per cent, the increase in output per head works out at about 5 per cent compared with the long-term rate of growth of just under 3 per cent.

Employment

After improving somewhat in 1967, the employment situation deteriorated in 1968. The number of employed fell somewhat, continuing the downward trend since 1963—partly reflecting the continuing decline in the labour force but mainly because of a fall in agricultural employment much higher than the average of the last few years. Furthermore, despite the faster rise of non-agricultural output than in 1967, non-farm employment rose by only 1.9 per cent as compared with 2.3 per cent a year earlier. The fall in employment concerned full-time employees; part-time and unpaid family workers showed a considerable increase, nearly regaining the level of 1966. Industrial employment rose appreciably, but less fast than in the previous year, particularly in construction where it rose by only 0.7 per cent (perhaps an underestimation due to statistical factors) compared to an increase in real output of 7.5 per cent. As a result output per head in total industry increased by over 6 ½ per cent in 1968.

Prices and Wages

Both wholesale and retail prices were practically stable in 1968, but the latter rose somewhat late in the year. Whereas wholesale prices of consumers goods fell slightly, those of construction materials rose appreciably. The stability of consumers prices was due partly to the fact that food prices only rose by 0.3 per cent and that prices of services controlled by the Government rose only moderately after the considerable increases of 1967.

Table 4 **Employment**[1]
In thousands

	Changes in annual averages				Situation in 1968	Changes	
	1965	1966	1967	1968		Jan. 68 to Jan. 69	April 68 to April 69
EMPLOYMENT:							
1 Agriculture	—11	—296	—104	—309	4 247	—169	—141
2 Industry	—268	—107	+161	+108	7 890	+243	+170
of which :							
(*a*) construction	(—142)	(— 68)	(+33)	(—6)	(1 922)	(+147)	+71
(*b*) manufacturing, wage earners	(—74)	(—10)	(+133)	(+69)	(4 018)	(+124)	(+159)
(*c*) manufacturing, other	(—30)	(—29)	(+3)	(+27)	(1 657)	(—69)	—71
3 Services	—103	+88	+166	+163	6 932	—278	—273
4 Total employment	—382	—315	+223	—38	19 069	—204	—244
5 Unemployment	+172	+48	—80	+5	694	—21	—37
6 Labour force	—210	—267	+143	—33	19 763	—225	—281
7 Non-active population	+860	+814	+339	+402	33 015	+570	+509
8 Total present population	+650	+547	+482	+369	52 778	+345	+228

1 Estimates of national aggregates extrapolated from quarterly sample surveys.
Source : ISTAT.

Table 5 **Prices and Wages**[1]
Percentage increases

	Average 1961-65	Annual increases			1967-IV 1966-IV	1968-IV 1967-IV	June 1969 over June 1968
		1966	1967	1968			
1 Implied prices of gross national product	5.6	2.2	2.7	1.5			
2 Wholesale prices	2.7	1.5	—0.2	0.4	1.0	—0.3	3.7
of which :							
non-agricultural products	2.3	1.4	0.0	0.0	0.7	—0.5	3.2
3 Consumer prices	4.9	2.4	3.7	1.4	3.2	0.7	2.4
of which : non-food products	3.9	1.1	2.3	0.8	2.3	0.0	1.2
food products	4.6	2.0	1.7	0.3	2.0	0.0	2.8
services	6.5	3.8	9.2	3.5	6.3	2.8	2.8
4 Minimum wage rates in Industry[1]							
(*a*) Manufacturing	10.4	3.8	5.2	3.6	5.3[3]	3.3	8.1[4]
(*b*) Construction	17.6[2]	3.2	4.6	4.4	4.3[3]	3.9	7.5[4]
5 Hourly wage earnings in industry[5]	11.9	2.2	5.4	4.6	5.1	4.9	

1 Excluding family allowances.
2 Average 1962-1965.
3 From old series.
4 May 1969 over May 1968.
5 Firms covered by the Ministry of Labour survey.

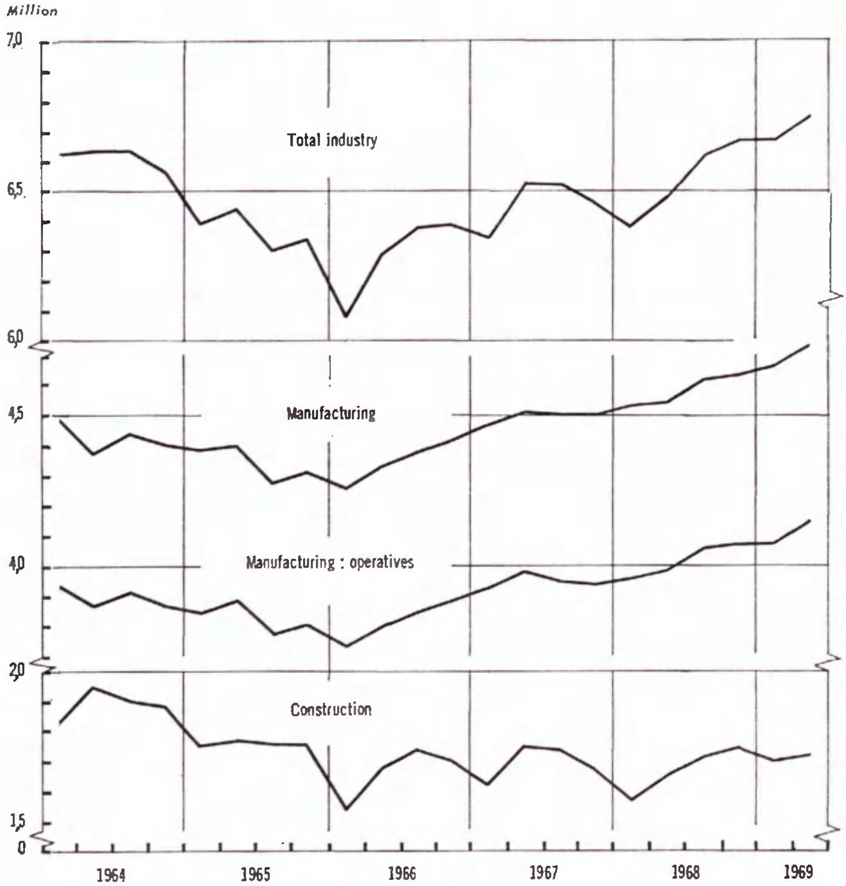
Sources : Relazione Generale, ISTAT and OECD Main Economic Indicators.

NOTE From 1967 new price indices (1966 = 100); because of differences in coverage and classification the sub-indices are not exactly comparable to the earlier series based on 1953. From 1968 new index of wage rates (1966 = 100); the old index was still based on 1938; the new index takes account of average hours worked.

Diagram 3

A Employment in Industry

Wage and salary earners



Source : ISTAT, Quarterly sample surveys.

The weakening demand for labour, and less frequent cost-of-living adjustments because of the stability of prices, were reflected in a marked slowdown of the rise in wage rates. Minimum wage rates in industry only rose by 3.6 per cent, although with a somewhat faster rise in construction. Including wage drift and social security charges, labour costs per hour rose by 6.2 per cent, but this was still less than the rise of output per man-hour. Thus, contrary to the trend of 1967, labour costs per unit of output seem to have declined—a fact which could help to explain both the domestic price stability and the fall in the average level of export prices by 2 per cent. The joint effect of the slow rise in employment and earnings was a considerable deceleration in compensation of employees to 7.6 per cent as compared with nearly 10 per cent in 1967. The slow trend of labour income was maintained throughout 1968 and even became accentuated in the last part of the year.

Public Finance

In 1968, in contrast to the 1967 experience, the public sector exerted an expansionary impact on the economy, which probably became more pro-

Table 6 **Public Sector Accounts**

A National Accounts Concepts — Cash Basis

Billion lire

		1965	1966	1967	1968
	Net current saving :				
1	Central administration	[1]	444	1 422	873
2	Autonomous institutions	—	—81	—214	—235
3	Total central government	—	363	1 208	638
4	Local administration	—	—297	—176	—182
5	Social security	—	51	—144	199
6	Total general government	244	117	888	655
	(% of GNP)	(0.7)	(0.3)	(2.0)	(1.4)
	Overall financial surplus (+) or deficit (—):				
1	Central administration	[1]	—785	+196	—630
2	Autonomous institutions	—	+101	—56	—74
3	Total central government	[1]	—684	+140	—704
4	Local administration	—	—569	—578	—554
5	Social security	—	—59	—255	+93
6	Total general government	—1 158	—1 312	—693	—1 165
	(% of GNP)	(3.1)	(3.3)	(1.6)	(2.5)

B Commitments Basis ("competenza")

	1966	1967	1968
Current saving :			
General government	16	544	—153
Overall deficit :			
General government	—2 298	—2 341	—3 067
Autonomous agencies	—487	—408	—365
Total	—2 785	—2 749	—3 432

1 Details not available.

Sources : Relazione Generale 1968 and Bank of Italy.

nounced in the course of the year. As measured by the increase in the financing needs of general government the expansionary impulse was about 1 per cent of GNP (as against a restrictive impact of 1.5 per cent in 1967). But the effective impact on demand was somewhat lower, since certain types of additional expenditure (e.g. transfers to enterprises and capital grants to State holdings) do not lead in the short term to higher purchases of goods and services. On the other hand, the rise in investment by government enterprises (e.g. railways) and State-owned companies corresponded approximately to an additional 0.5 per cent of GNP.

This development was partly the result of policy decisions, notably to speed-up public investment, but was also due to a slower rise of revenue. The latter, however, was only partly the automatic stabilizing effect of the budget; it reflected also the fact that the rise of revenue in 1967 was particularly high because of the tax increases introduced in late 1966. Similarly, the previous year's sharp increase of employers' social security contributions (due to the de-budgetisation measures) was followed in 1968 by a smaller rise. The shift from a restrictive to an expansionary impact was most marked for the Central Government, the current saving of which fell to 1.6 per cent of GNP compared to 3.2 per cent in 1967. With a rise of capital account expenditure, the Treasury had a net recourse to medium and long-term borrowing to the extent of 1,230 billion lire; moreover, its debt with the Bank of Italy rose by about 500 billion lire, compared with a fall of 140 billion in 1967.

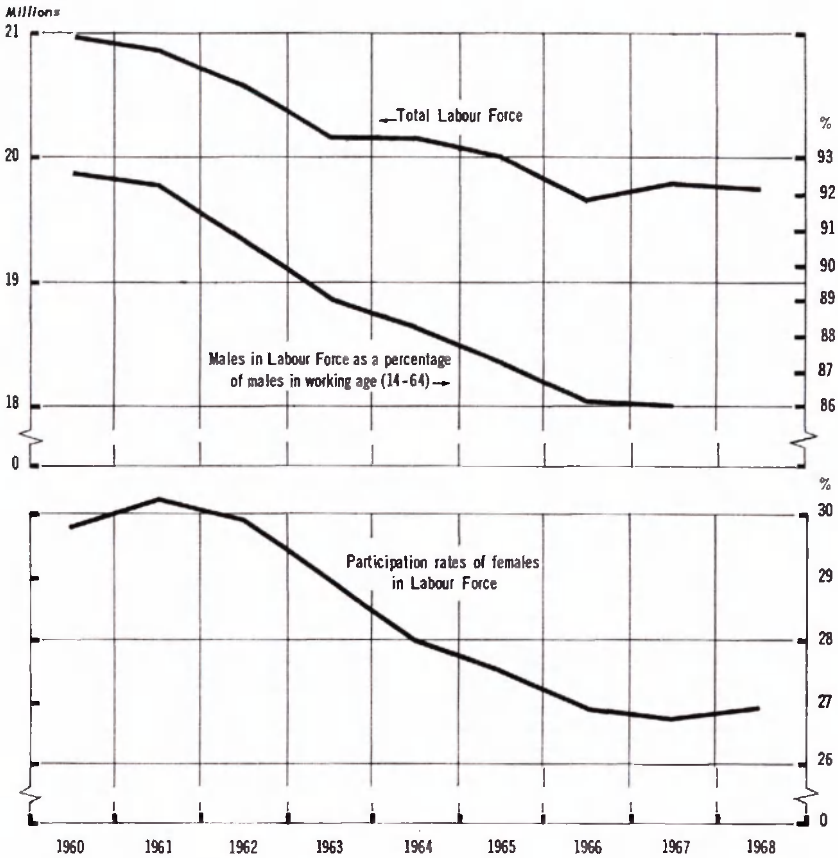
Money and Credit

The easy monetary conditions prevailing in 1967 were generally maintained last year despite the high rates of interest prevailing abroad. The progress of total liquidity in the economy slowed down to 11.3 per cent, as compared with 13.4 per cent the previous year; but if allowance is made for the bank strike in late 1967 which had abnormally increased currency in circulation, the slowing-down would be less marked. Unlike 1967, the Treasury deficit had the more important expansionary impact on liquidity, whereas the impact of the increased balance of payments surplus was offset by the outflow of banking funds. Credit expansion played a more limited role than in 1967.

Deposits with commercial and savings banks rose by 13.5 per cent, roughly as in 1967. On the other hand, the expansion of bank credit was only 10.7 per cent, as against 15.5 per cent in 1967, reflecting the weak trend of investment. As a result, the banks were able to add a much larger volume of securities to their portfolio. In addition, bank liquidity improved significantly, despite only slightly higher recourse to the Bank of Italy. In

Diagram 3

B The Labour Force and the Participation Rates of Males and Females
1960-1968



Source : ISTAT and OECD, "Labour Force Statistics, 1956-1967".

contrast to banks, the special credit institutions continued to expand their credits rapidly, especially for residential construction which accounted for over one-third of the total increase in credits outstanding.

Contrary to 1967, the volume of net issues of securities in 1968 increased considerably, mainly because of a rise in Treasury issues—which accounted for nearly half of the total increase—as compared with a fall in the previous year. Issues by special credit institutions continued to rise strongly. The Electricity Authority (ENEL) also increased its recourse to the capital market, but the financial needs of the State holding companies ENI and

Table 7

A THE MONETARY BASE[1]
Changes in billion lire

	1966	1967	1968
A ORIGIN OF LIQUID ASSETS			
1 *Foreign sector :*			
(*a*) Balance of payments surplus	418	201	393
(*b*) Minus increase in banks' foreign position and currency holdings	—182	41	—270
(*c*) Net impact	236	242	123
2 *Public sector :*			
(*a*) Cash requirements of the Treasury (including extra-budgetary operations)	1 868	1 291	2 085
(*b*) Minus medium- and long-term borrowing	—1 373	—870	—1 123
(*c*) Net impact	495	421	962
3 *Banks :*			
Financing by the Bank of Italy	565	626	218
4 *Other sectors :*	—82	—117	—104
5 Total net impact (= 6 + 7)	1 214	1 171	1 199
6 "Autonomous factors" (1*a*, 2*a* and 4)	2 202	1 374	2 375
7 "Intervention by monetary authorities" (1*b*, 2*b* and 3)	—988	—205	—1 176
B USE OF LIQUID ASSETS			
8 Liquidity in the hands of the public	805	962	521
9 Compulsory bank reserves	314	250	403
10 Bank liquidity	94	—40	275
11 Total	1 214	1 171	1 199

1 The monetary base includes all the legal tender plus the monetary authorities' short-term liabilities which the banks use as obligatory reserves, or are freely convertible into cash at the central bank. The main, rapidly cashable, assets are the following: deposits with the Bank of Italy and with the postal administration, the credit lines available at the Bank of Italy against the collateral of securities, the net liquid credit balance in convertible currencies, and up to the end of last April, all Treasury bills.

Source : Bank of Italy, 1968 Report.

IRI were largely covered by government capital grants and foreign borrowing. The funds raised by private business rose somewhat, but continued to account for only a small share of the market. In 1968, private investors took up about the same amount of bonds as the previous year, as well as the increased issues of shares. Banks absorbed a higher proportion (almost half) of the volume of new bond issues. Long-term rates of interest, which had showed a slight increase in 1967, edged up further in 1968, mainly for non-government bonds. The strength displayed by the market for fixed interest securities, despite a substantial increase in the volume of issues (net bond issues in 1968 were the equivalent of about 6.5 per cent of GNP, one percent-

B LIQUID AND NEAR-LIQUID ASSETS
Billion lire and percentage changes

	Totals at end 1966	Annual increases					
		1966		1967		1968	
			Per cent		Per cent		Per cent
1 LIQUIDITY							
Currency[1]	4 567	378	9.0	486	10.6	207	4.1
Demand deposits[2]	11 633	1 523	15.1	1 984	17.1	1 997	14.7
Total	16 200	1 901	13.3	2 470	15.2	2 204	11.8
2 NEAR LIQUIDITY							
Time deposits	12 747	1 736	15.8	1 595	12.5	1 725	12.0
Other[3]	4 058	376	10.2	367	9.1	306	6.9
Total	16 805	2 112	14.4	1 962	11.7	2 031	10.8
TOTAL LIQUID AND NEAR-LIQUID ASSETS	33 005	4 013	13.8	4 432	13.4	4 235	11.3

1 In the hands of the non-bank public.
2 Bank and Post sight deposits.
3 Post saving deposits and Treasury bills.
Source : Bank of Italy.

C CREDIT BY THE BANKING SYSTEM
Billion lire and percentage changes

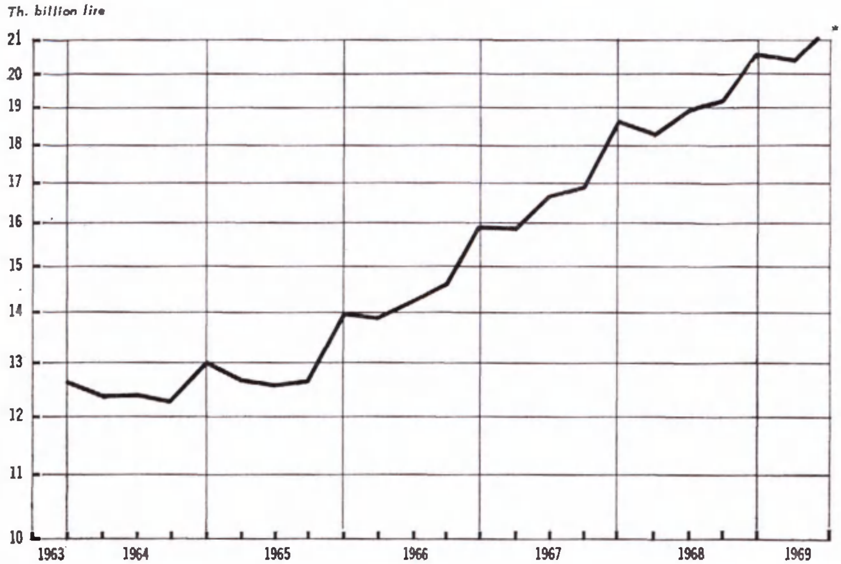
	Totals at end 1968	Annual increases						May 1968 to May 1969	
		1966		1967		1968			
			Per cent		Per cent		Per cent		Per cent
1 Commercial banks									
Short-term credits, total	18 387	1 762	13.9	2 204	15.3	1 746	10.5	2 275	13.8
In lire[1]	17 098	1 642	14.3	2 031	15.5	1 972	13.0	2 486	16.7
In foreign currencies	1 289	120	9.8	173	12.9	—226	—14.9	—211	—13.7
Medium- and long-term credits	2 789	323	17.9	359	16.9	301	12.1	342	13.2
Total credit	21 176	2 085	14.4	2 563	15.5	2 047	10.7	2 617	13.7
2 Special credit Institutions[1]	12 435	1 082	13.4	1 471	16.1	1 829	17.2	1 831[2]	16.6[2]
3 Operations on behalf of Treasury	3 314	868	..	557	..	485	..	663	..
Total	36 925	4 035	16.9	4 591	16.4	4 361	13.4		

1 As from 1967, bank credit includes operations of the "Banco di Sardegna" previously recorded in Special Credit Institutions.
2 March 1968 to March 1969.
Source : Bank of Italy.

Diagram 4 **Bank Credit**

Credit by the Commercial Banks, Amounts Outstanding

(end of period)



* May

Source : Bank of Italy.

age point higher than in the previous year) and despite rising interest rates abroad, was the result of the continued easy posture of monetary policy and the weaker demand for credit. Share prices continued to fall in 1968, but the decline was reversed in the early months of 1969.

The Balance of Payments

The joint effect of slack domestic demand and buoyant world trade was to increase the balance of payments surplus on current account to a record level of $2.6 billion in 1968, compared to $1.6 billion in 1967. Although the non-monetary capital outflow reached an all-time high ($1.7 billion) the surplus on non-monetary transactions was $0.6 billion—nearly double the level of a year earlier.

The increase in the current external surplus was exclusively due to a further improvement in the trade balance, which in the first half of 1968 was shifting resources from the home economy to the rest of the world at an annual rate of nearly 4 per cent of GNP, a rate unequalled even in the

1964-65 recession. The value of imports c.i.f. rose by only 4.3 per cent in 1968 as a whole. Imports actually fell in the first half of the year, because of some de-stocking and the low level of economic activity. But they picked up strongly in the second half in line with the strenghtening of domestic demand and by the turn of the year they were over 20 per cent higher than a year earlier. Non-food imports excluding oil[1] showed a roughly similar trend and in the fourth quarter were 13 per cent higher than a year earlier. Imports of machinery reflected the weakness of productive investment in the first part of the year but rose progressively thereafter.

Exports rose strongly throughout 1968; the year as a whole showed a 17 per cent increase. The gain in market shares was bigger than in 1967, probably reflecting the low pressure of domestic demand and the fall in prices of Italian exports. There was a substantial gain in shares in EEC countries, which more than offset a fall in shares in other OECD European countries (mainly the United Kingdom). Non-food exports outpaced total exports; and within manufactured products, final consumer goods progressed much faster than investment goods. Indeed, the share of Italian exports of consumer durables in world markets has doubled in the last five years (see Statistical Annex). For the third year running, net invisible receipts fell slightly. A small increase in gross tourism earnings was more than offset by a rise in tourism payments—which have risen by over 60 per cent in three years. Net current transfer receipts also fell, mainly because of a substantial rise in public payments.

For the fourth consecutive year, net capital outflows were substantial in 1968, reaching the record figure of $1.7 billion. This movement was due partly to lower capital inflows—mainly because of a decline in short-term credits—and partly to larger capital outflows ($2.2 billion as compared with $1.6 billion in 1967). Direct foreign investment in Italy ($332 million) was slightly higher than in 1967, whereas direct Italian investment abroad remained practically stable. Capital exports in the form of portfolio investment rose to $279 million (almost $200 million higher than in 1967). One of the reasons for this increase was probably the growing activity of both Italian banks and foreign investment funds in selling foreign securities in Italy. The value of shares offered by investment funds in 1968 is estimated at about $100 million. But, as in the past five or six years, the main capital outflow was in illegal forms and was reflected in the remittance by foreign banks of Italian bank notes, which reached $1.1 billion (as against $0.8 billion in 1967). This type of capital transaction seems to have been largely motivated by fiscal considerations; interest rate differentials have continued

1 In late 1967 and early 1968 there were statistical irregularities in recording imports of food and crude oil.

to play an appreciable role in the substantial increase of capital exports, but the influence of fiscal and institutional factors has become particularly important.

Despite a surplus on non-monetary transactions of $627 million, there was, for the first time since 1963, a small deficit on official settlements in 1968. Commercial banks increased their net credit position abroad by $688 million to a total of $723 million at the end of the year. Net official reserves fell by $360 million, but this was practically offset by an increase of $300 million in official medium- and long-term assets. There were substantial changes in the composition of official reserves; an increase in the gold reserve of $523 million—which thus accounted for 60 per cent of the total as compared with 46 per cent a year earlier— was more than offset by a decline in foreign exchange ($461 million) and by the unwinding of the swaps with the Federal Reserve Board ($500 million).

Table 8 **Balance of Payments**
$ million

	1966	1967	1968	1968 I	1968 II
1 Imports, f.o.b.	7 595	8 626	9 044	4 304	4 740
2 Exports	7 929	8 605	10 095	4 827	5 268
3 Trade balance	334	—21	1 051	523	528
4 Services	1 394	1 257	1 254	420	834
5 Transfers	389	363	339	127	212
6 Current balance	2 117	1 599	2 644	1 070	1 574
7 Capital movements, errors and omissions	—1 421	—1 275	—2 017	—1 028	—989
8 Overall balance (non-monetary transactions)	696	324	627	42	585
9 Monetary movements[1]					
(*a*) Official settlements	—288	—519	61	32	29
(*b*) Commercial banks	—408	195	—688	—74	—614
Seasonally adjusted					
Trade balance				572	479
Current balance				1 387	1 257

1 Increase in assets = (—).
Source : Bank of Italy and Relazione Generale 1968.

III RECENT TRENDS AND SHORT-TERM PROSPECTS

Present evidence suggests that economic activity continued to expand at a fairly rapid rate in the first months of 1969, and that it should gather momentum in the year ahead, with stronger growth of domestic demand more than offsetting a significant deterioration in the foreign balance. As a result, real GDP is expected to rise, in the course of this year and the first part of 1970, probably faster than capacity; but given the amount of slack in the economy there may still be some margin of unused resources in mid-1970. The current external surplus should decline but is likely to remain high in the first half of next year. Prices had started to accelerate in the later part of 1968 and may rise further in the months to come.

Recent Trends

Recent indicators suggest that domestic demand, after rising at an annual rate of 7 per cent in volume (seasonally adjusted) in the second half of last year, remained buoyant in early 1969. The upward trend is being supported primarily by consumers' expenditure and fixed investment, with some additional stimulus being provided by inventory formation. With regard to productive investment, both production of investment goods and imports of machinery are showing signs of acceleration. This may partly reflect the effect of the special tax allowance introduced last autumn to encourage private productive investment, and partly the acceleration effect of increased total demand. Residential construction is still progressing fast, though probably less rapidly than last year. The rise in construction permits issued has slowed down since October, after a fast increase in anticipation of restrictive urban-planning measures effective from September 1968. The rise of dependent employment outside agriculture—about 1.5 per cent in April over a year earlier—coupled with increased wages has boosted disposable incomes of households, and probably served to accelerate consumers' expenditure in the early part of this year. Sales by department stores showed an increase of 6 per cent between the first four months of 1968 and 1969, with a tendency towards acceleration.

The results of the latest business survey (for the end of June) seem to confirm the more buoyant trend of domestic demand. The rise of domestic orders has accelerated. The difference between the percentage of enterprises considering the level of orders as "high" and "low" was +25 in June, as compared with —11 a year earlier. The foreign balance was still providing an additional stimulus to total demand in the first half of the year, when the current surplus probably increased at an annual rate of ½ per cent of GDP in real terms (seasonally adjusted). This was due to the continued strong progress of exports and to some slowing down in the recovery of imports. In the first six months of this year exports, seasonally adjusted, were over 17.5 per cent above last year's average and imports were, on a similar comparison, 16 per cent higher.

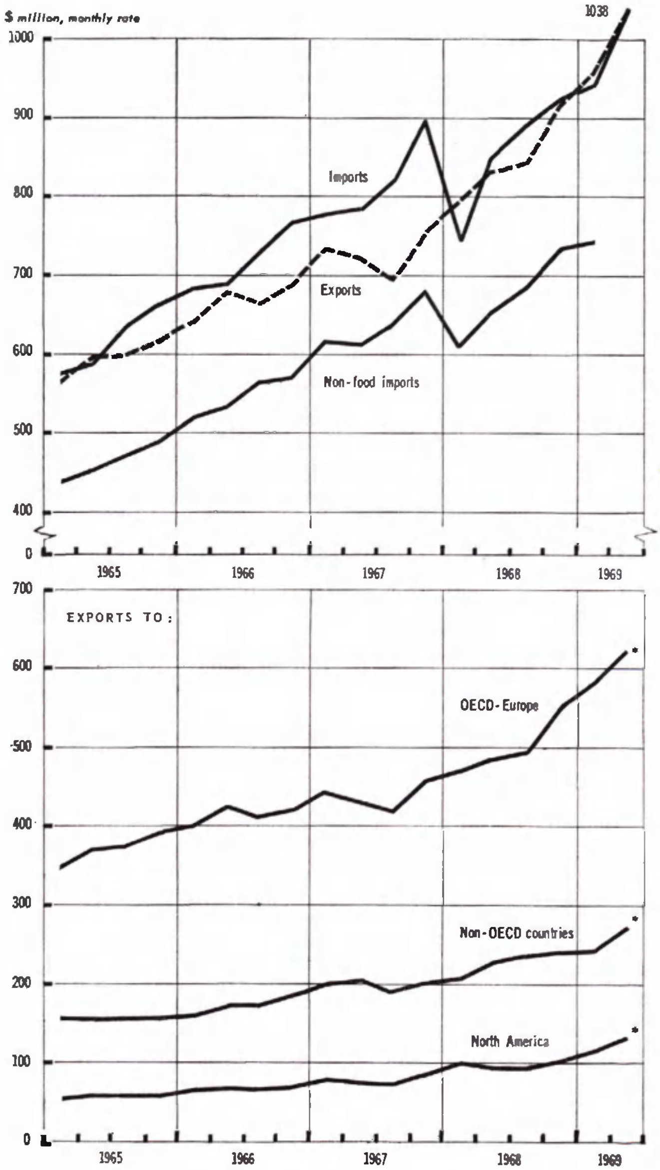
The buoyancy of total demand was reflected in the index of industrial production which, after the strong upsurge at the end of last year, rose from the last quarter of 1968 to the second quarter of this year at a seasonally adjusted annual rate of 8 per cent. According to the January and April sample surveys, employment in industry (including construction) was 2.7 per cent higher than a year earlier. But total employment was some 1 per cent lower, mainly because of lower agricultural employment and a fall in services, where employment had risen particularly fast in early 1968. The rise of wage rates remained fairly moderate in the first months of the year, but accelerated in the second quarter, partly because of the abolition of 50 per cent of the regional differentials[1] in minimum wage rates as from April and partly because of the two points rise in the cost-of-living allowance for workers in industry, trade and agriculture in the three-month period May-July. In March, hourly rates in manufacturing (excluding family allowances) were 3.7 per cent higher than a year earlier; in June, the increase over a year earlier was about 8 per cent. Consumers' prices, practically stable in the year up to last October, picked up between November and June to an annual rate of over 3.5 per cent, with food prices rising slightly faster.

On a cash basis, the current external surplus in January-June was somewhat lower than in the same period of 1968 ($626 million as compared with $708 million), because of higher net payments abroad on trade account, despite the fact that the trade surplus on a customs f.o.b. basis showed little change. Net capital outflows more than doubled over the same period ($1,524 million compared to $665 million). The capital outflow was probably even higher on a transactions basis. As a result, the balance of payments showed a deficit on non-monetary transactions of $898 million, as against a surplus of $42 million in the first six months of 1968. At the end of May, net official reserves[2] stood at $4.4 billion, showing a decline of some $0.5 billion from the December level. The net foreign position of commercial banks started decreasing in February and over the six months showed a decline of about $500 million. In June official reserves rose by $150 million, but the repatriation of banking funds was more than twice as big (see below).

1 Italy is divided into seven zones for the purpose of establishing minimum wages, the differential in rates reaching 20 per cent. This difference was reduced by 50 per cent from April; the remaining difference will be halved in October 1970. By 1st July, 1972, all regional differences are due to have been eliminated; all minimum wage rates will then be aligned on those of Milan and Turin.

2 Including the IMF position but excluding medium- and long-term assets of the central monetary institutions.

Diagram 5 **Foreign Trade**
A Quarterly Averages, Seasonally Adjusted



* April-May
Source : OECD, Main Economic Indicators.

Policy Measures

Throughout 1968, the authorities had allowed monetary conditions to remain easy. Thus interest rates remained stable in contrast to the sharply rising trend in most other major countries. Nevertheless, demand for domestic loans and investments was not very strong and the ratio of bank credit to deposits registered a modest decline, while the securities to deposits ratio remained virtually stable. Indeed, Italian funds flowed increasingly abroad. Consequently when, in the early months of 1969, the capital outflow showed signs of accelerating from the 1968 rate of $1.7 billion (excluding changes in commercial banks' net asset positions) and the balance on non-monetary transactions showed a substantial deficit, measures were taken to dampen this outflow:

(*a*) In February, the authorities allowed the spot rate for the lira to fall to its permissible floor.

(*b*) On 23rd March it was announced that the interest rate applying to special short-term advances[1] by the Bank of Italy (accounting for about 20 per cent of total advances) would be raised progressively, by half a percentage point each time, from 3.5 per cent up to 5 per cent for banks demanding such advances more than once in the same six-month period. This type of advance had increased by over 80 per cent between the last quarters of 1967 and 1968, as compared with increases of only 2.4 per cent and 23.6 per cent for ordinary advances and the rediscount of commercial paper respectively. In the period January-April, total advances of the Bank of Italy to commercial banks fell (seasonally) by only 119 billion lire, compared with a fall of over 700 billion a year earlier, and the change was relatively more marked for special short-term advances. The aim of this measure was to discourage banks from using borrowed funds for purposes other than those originally intended when these operations were introduced and to prevent arbitrage operations between advances and Treasury bills.

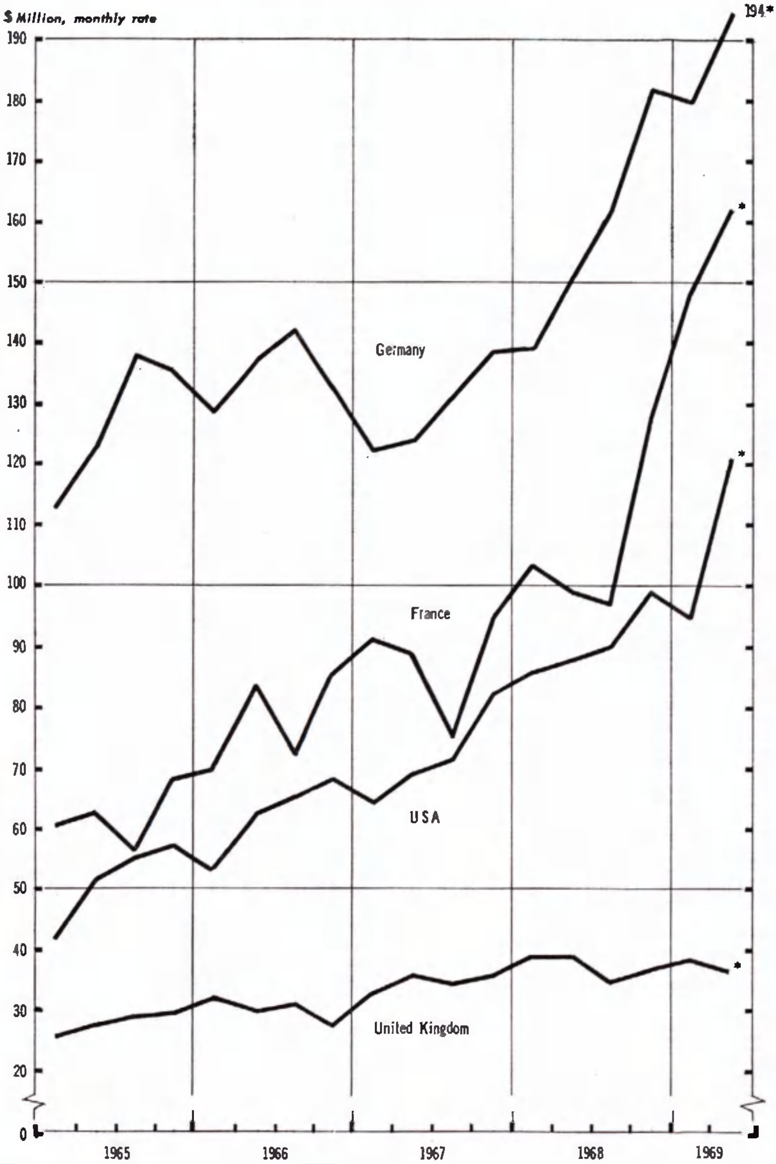
(*c*) The banks were requested to reduce their net credit position abroad (amounting to about $750 million) to zero by the end of June. This measure represents a reversal of the policy followed earlier by the monetary authorities, whereby banks were encouraged to place their funds abroad so as to help offset part of the liquidity created by the large surplus in the balance of payments.

1 Advances for a period of 8 to 22 days. This method of financing was introduced in the second half of 1967 to satisfy the additional liquidity needs of commercial banks at the end of each half-year.

Diagram 5 **Foreign Trade** *(continued)*

B Exports to Selected Markets

Quarterly averages, unadjusted



* April-May

Source : OECD Foreign Trade Statistics.

(*d*) In April, automatic authorization for banks to participate in consortia for the underwriting or placing of foreign issues in Italy was temporarily suspended. Priority in placing foreign issues is to be given to the banks most active in placing domestic securities, and will be granted only if the issuers have interests in Italy. Banks are forbidden to purchase shares of unauthorized non-Italian investment funds, authorization being reserved for funds investing at least 50 per cent of their portfolio in Italian securities. Subsequently, these funds were authorized to set up subsidiaries in Italy and the 50 per cent rule will apply to funds collected by them in Italy. The measures were reinforced by the subsequent decision to submit the purchase by residents of units of foreign investment trusts to prior authorization by the Ministry of Foreign Trade[1]. Such authorization covers all dealings in the trust units and is not separately required for individual transactions.

(*e*) Transfers abroad by Italian emigrants were subjected to authorization.

(*f*) A system of flexible rates for one-year ordinary Treasury bonds has been introduced. It should help in shifting any excess demand for funds in the long-term capital market to the short-term market, and would eventually lead to a rise in short-term interest rates. The rates on bonds purchased voluntarily either by the banks or the public will be changed every month according to market conditions[2]. The yield of bonds purchased by banks to invest their compulsory reserves remains unchanged at 3.63 per cent. This measure became effective on 19th May, when 200 billion lire of freely negotiable bonds at 4.25 per cent interest rate were allotted to the banks, together with 225 billion lire at 3.63 per cent interest for their compulsory reserves. Another issue of freely negotiable bonds of 210 billion lire at 4.75 per cent was made on 29th July.

(*g*) The Italian authorities have announced the establishment, as from 1st July, of a penalty rate for rediscounting other than for the financing of agricultural stocks. The basic rate will remain at 3.5 per cent, unchanged since 1958, but up to 5 per cent will have to be paid by banks and credit institutions which, for the average of the previous six months, have rediscounted more than 5 per cent

1 Before the measures taken in April 1969, no authorization was required for the purchase of units of investment funds which were quoted in a Stock Exchange. In the particular case of open-end investment trusts, it was also required that all securities held by these funds should be listed on a Stock Exchange.

2 Out of a total of 2,200 billion lire of Treasury bonds in the market at the end of January 1969, only 350 billion (i. e. 16 per cent of the total) had been purchased voluntarily.

of their obligatory reserves. For the whole of 1968 and the first two months of this year, the volume of rediscounted paper had been consistently below the ceiling, but in March and April, it was nearly 1 percentage point higher. This measure, which comes as a logical consequence of the rise in the interest rate on special short-term advances by the Bank of Italy, should have only a modest impact on short-term interest rates, and it is not likely to have any significantly unfavourable effect on investment decisions by business.

(*h*) Lastly, the treasury has announced that as from the 14th August the interest rate on advances by the Bank of Italy is raised from 3.5 per cent to 4 per cent, the supplements of between 0.5 per cent and 1.5 per cent previously established remaining unchanged. At the same time the discount rate will be raised from 3.5 per cent to 4 per cent, but the penalty rate of 1.5 per cent will not be changed.

It is difficult to assess the effect of these measures—except the compulsory repatriation of banks' foreign assets—on the domestic capital market and the balance of payments. However, simple comparison of the orders of magnitude of the variables involved raises some doubt as to their adequacy. As regards the balance of payments, while the repatriation of Italian banks' net position abroad should have a substantial immediate effect, the restrictions on investment in foreign securities may have only a minimal impact. In fact, in 1968, capital outflows in this form amounted to about $250 million, as compared with total non-monetary capital outflow of $1,726 million, of which illegal banknote exports accounted for $1,127 million.

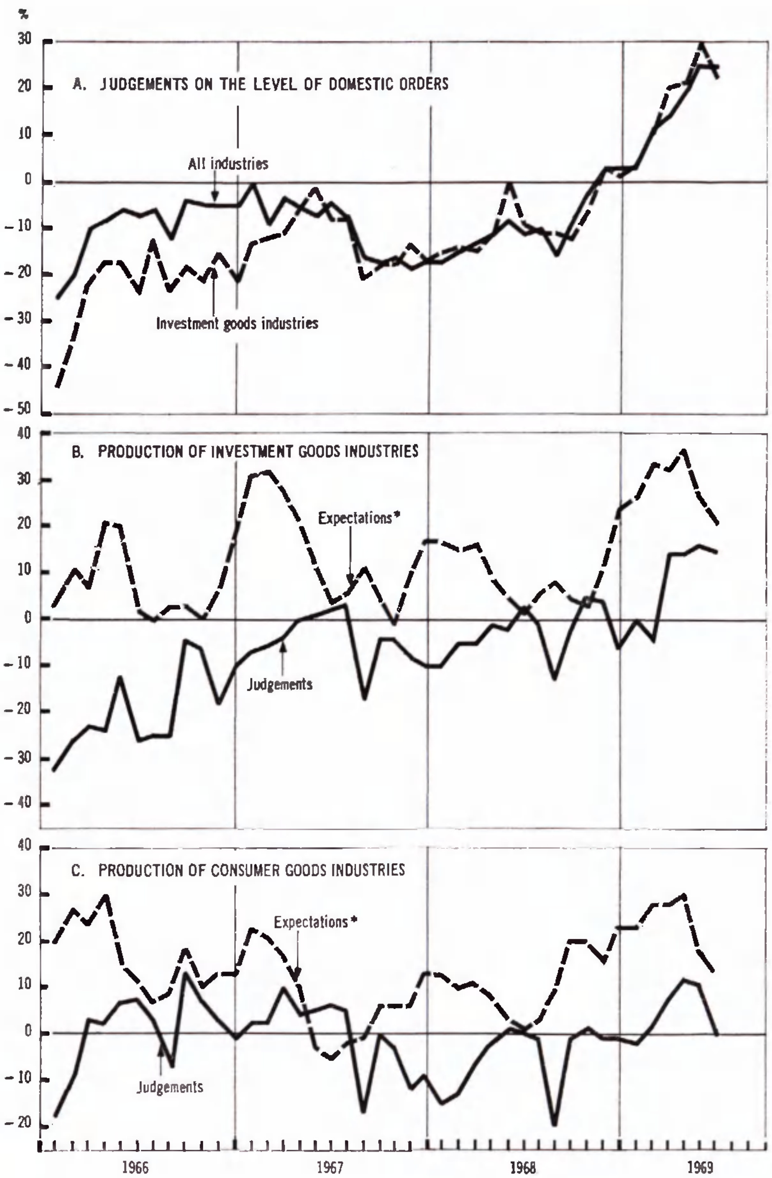
But even if the measures succeed in limiting the foreign securities capital outflow to a large extent, the transfer of this supply of capital to the internal market is unlikely to have any notable effect on a capital market which absorbed in 1968 nearly $6 billion worth of net issues of securities. It would seem that the strengthening of the domestic market would come rather from structural measures aimed at shifting domestic saving away from foreign investment into domestic investment—e.g. by creating Italian investment funds which could compete with foreign funds.

Short-term Prospects

The pace of economic activity should remain strong this year, with domestic demand providing the buoyancy; by the first half of 1970 domestic demand may reach a level nearly 9 per cent higher in real terms than a year earlier. As the foreign balance, after providing some additional stimulus in the first half of this year, may worsen significantly in the second half, GDP in real terms should rise at an annual rate of slightly more than 7 per cent

Diagram 6 **Business Surveys**

Balance of positive and negative replies in per cent



* 3-4 months ahead.
Source : ISCO and Mondo Economico.

on average between the second half of 1968 and the first half of 1970. Thus, from mid-1968 to mid-1970 real output may progress faster than the rise of capacity (estimated at around 6 per cent per year). But given the slack at the beginning of the period, the economy is still likely to be operating below full capacity at the end of the period covered by the forecast.

The public sector should continue to exert an expansionary influence in 1969, probably a bigger one than in 1968. The financial needs of the Central Government (including government enterprises) are expected to increase by nearly 900 billion lire, equivalent to about 2 per cent of GNP (the same as in 1968), partly because of higher expenditure resulting from the rise in pensions approved last April, and partly because of the loss of revenue resulting from the tax credit on private productive investment applicable as from 1968. But the budget deficit may rise faster because of the recent increase in salaries of government employees, with a probable cost of 200 billion lire this year.

Productive investment seems to have picked up in the second half of last year, and should accelerate further well into the first half of 1970—particularly private productive investment, as the fiscal measures taken last autumn produce their full effect and spare capacity is reduced. The latest business survey shows domestic orders in the capital goods industries high by the standards of recent years: the balance between the percentage of firms with orders "higher" and "lower" than normal, was +22 in June as compared with —9 a year earlier. Residential construction should continue to rise fast though the trend may be less strong than in 1968. The recovery of inventory formation, which started in the second half of 1968, should continue and provide an additional stimulus to total demand in the year ahead.

The rise of consumers' expenditure in volume should strengthen, despite a faster rise in consumers' prices, because of some acceleration in wage rates (especially in the first half of 1970[1]), and in employment. This should be intensified by the progressive abolition of the regional differences in minimum wage rates, increases in the cost-of-living allowance for workers in agriculture, industry and trade, and by the increase in pensions and the rise in salaries of government employees. The savings ratio of households is assumed to rise only fractionally (it may have risen by as much as 1 ½ percentage points in 1968) partly because of the shift in income to households with a high propensity to consume.

Exports are likely to be very buoyant throughout 1969, partly because of a probable increase in exports of agricultural produce, but mainly because of the expected strong rise in world trade. After the decline of last

1 Some important collective wage agreements—apparently affecting 5 millions of workers—will be renegotiated this autumn and the results should affect consumers' expenditure early in 1970.

year, export prices may pick up somewhat because of a probable rise in unit labour costs in manufacturing (as compared with a fall last year). Although the competitive position of Italian industry may deteriorate somewhat, exports may still rise faster than Italian markets, though the market gains might decrease progressively as the pace of domestic demand gathers momentum. Thus, exports in 1969 as a whole might rise by somewhat more than the 17 per cent already recorded in the first six months; but by the first half of next year the rate of progress should have slowed down significantly.

In the early months of this year, imports on a customs basis were not rising as fast as during the first stage of the inventory build-up. But they are still increasing rather rapidly and the rate should accelerate into the first half of next year, in line with the growth of domestic demand. Imports should still be affected by re-stocking of raw materials and semi-manufactures. The strong recovery forecast for investment in machinery and equipment, assumed to rise by nearly 15 per cent in the year ahead, should also provide an additional boost to imports, given the high import content of this aggregate. In 1969, imports may be roughly 20 per cent higher than in 1968. In the year up to mid-1970, imports may rise with an average elasticity to real output of about 2 ½, much higher than the long-term trend of 1.3.

Net invisible earnings might show a further small decline this year. Net tourism receipts have been falling for several years, and may continue to do so. The forecast of gross earnings is rather uncertain in present circumstances, as it is extremely difficult to assess to what extent the foreign exchange restrictions applying in some countries could be offset by increased expenditure by nationals from other countries. However, it is most likely that tourism payments will continue to rise and even accelerate in line with the expected trend of consumers' expenditure. Exports of other services (international transport) may continue to rise, and the same will probably be true of workers' earnings. But total transfers will be influenced by public payments, especially to the EEC agricultural fund. In total, the surplus on invisibles might fall to $1.5 billion (as compared with $1.6 billion last year). As the trade balance f.o.b. would show, on the assumptions made above, a surplus of around $1.3 billion (as against $1.1 billion in 1968) the balance of payments on current account may run a higher surplus for 1969 as a whole (perhaps $2.8 billion) than last year ($2.6 billion). Even if it should deteriorate significantly in the course of the year ahead (say by about $1 billion) the surplus in the first half of 1970 is unlikely to be running much below an annual rate of $2 billion (seasonally adjusted).

The balance of payments may, thus, continue to show this year a very high current surplus, despite a relatively strong rate of growth of real output, probably faster than the rise of capacity and faster also than in any of the previous seven years. The current surplus is likely to diminish appreciably in 1970, but may still remain considerable. For 1969 it may represent nearly 3 per cent of GNP, roughly the same percentage as in the previous four years on average. This is obviously very high for a country like Italy, although it must be remembered that in Italy the current surplus has usually shown wide fluctuations. As a matter of fact, Italy devotes a higher share of its real resources to net exports than any other OECD Member country, and in the five-year period 1965-1969 a cumulative total of over 15 per cent of the country's average annual GNP will have been made available to the rest of the world. This was largely financed by substantial and growing capital outflows. Such a structure of the Italian balance of payments is unsatisfactory from the longer-term point of view and differs considerably from the official targets, which are for a modest current surplus matched by foreign aid.

Actual developments in the current account over the next year or so might differ considerably from the above estimates if domestic demand turns out to be even stronger, or world trade much weaker, than envisaged. But such a development would not provide a good basis for judging the trend of the Italian balance of payments over a period of years ahead. Over the four years 1964-1968 imports f.o.b. have on average grown in value by 8 ½ per cent a year, 1 ½ times faster than the growth of real GNP.

Table 9 **Causes of Capital Outflow**

Estimates by the Bank of Italy

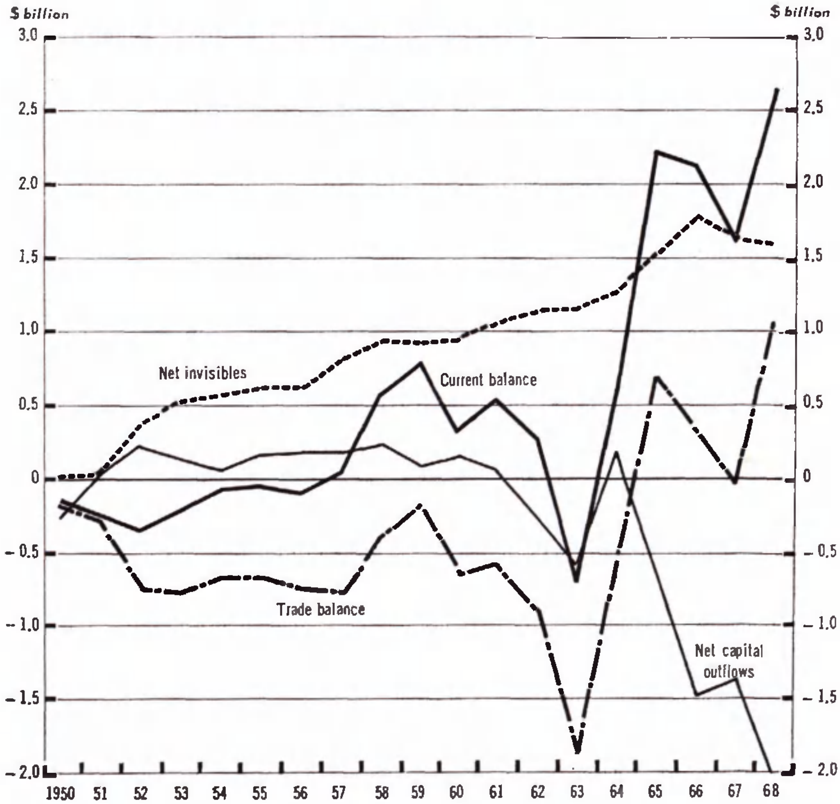
Million dollars

	1962	1963	1964	1965	1966	1967	1968
Autonomous factors[1]	195	258	472	347	105	99	199
Export credits and foreign aid[2]	—223	—316	—434	—480	—405	—473	—500
Interest rate differentials[3]	84	458	654	25	—386	—109	—490
Fiscal and institutional factors[4]	—365	—886	—581	—347	—591	—540	—935
Total non-monetary capital	—309	—486	111	—455	—1 277	—1 023	—1 726
of which : remittances of Italian bank notes	—776	—1 470	—578	—313	—559	—801	—1 127
P.m. Outflow of banking funds	430	650	—442	—635	—408	195	—688

1 Net direct investment, public loans from abroad and long-term credits received.
2 Includes part of Italian loans to abroad.
3 Private loans and short-term commercial credits from abroad, private loans to abroad (in part); starting from 1966, 25 per cent of banknote remittances and part of Italian portfolio investment abroad are also included.
4 Banknote remittances (100 per cent up to 1965), foreign portfolio investment in Italy and part of Italian portfolio investment abroad.
Source : Bank of Italy, Report for 1968.

Over the same period exports grew by 14 per cent a year; their normal rate of growth in future might be put slightly lower at, say, 12 per cent a year. For the annual current account surplus to be cut from its recent level (roughly $3 billion at a seasonally adjusted annual rate in early 1969) to a rate of about $1 billion over a period of three years, the annual rise of imports would have to be nearly 20 per cent on average. Preliminary official projections up to 1980, assuming an average increase of real GNP by some 6 per cent, envisage equilibrium in the foreign balance on goods and services (including factor income). This target probably implies a small surplus on current account, due to net transfer receipts. But such a reduction of the current surplus may not be achieved over the next 3 to 4 years, unless the rate of growth is distinctly higher.

Diagram 7 **Balance of Payments Trends**



Source : Reports of the Bank of Italy.

As mentioned already, the outflow of non-monetary capital has been substantial in the last few years and accelerated further in early 1969. The table below shows estimates by the Bank of Italy of the relative importance of the various factors behind the outflow. Interest rate differentials became unfavourable to Italy around 1965. Fiscal considerations had already caused a large outflow in 1963, when the tax law on dividends was changed. Together with institutional deficiencies of the Italian capital market they were the most important factor of the outflow in 1968.

IV SUMMARY AND CONCLUSIONS

Over the last three years the Italian economy has been growing at a relatively high rate, while price increases have been moderate. But the rate of growth has not been sufficient to ensure a reasonably full utilization of productive resources and, in particular, to provide adequate employment opportunities for the considerable number of workers leaving the land. Moreover, economic expansion has continued to depend significantly on a sizeable current external surplus, entailing a transfer of real resources abroad, largely to advanced industrial countries with considerably higher levels of income per head than Italy.

These underlying problems became more acute last year and led to an important shift of policy towards reflationary action. In fact, the progressive strengthening of domestic demand after the 1964-65 recession gave way in the summer of 1967 to a virtually flat trend. The weakening became more pronounced in the early months of 1968 when the only source of real buoyancy was the rapid increase of exports; both private consumption and productive investment were virtually stagnant and there was an appreciable running-down of stocks. One of the principal reasons for the interruption of the expansionary trend had been an important deflationary shift in the impact of the public sector since the beginning of 1967.

When the signs of deflationary developments became clear, the Government announced, in July 1968, a set of expansionary policies which were translated into concrete measures in the autumn, including the speeding-up of public investment projects and steps to encourage private investment. Even before these measures could exert any significant influence, the pace of economic activity quickened appreciably in late 1968, helped by the persistent strength of exports, a housebuilding boom and considerable re-stocking. The early months of 1969 saw a further strengthening of expansionary trends; exports soared to record levels, but private consumption and productive investment also showed signs of acceleration.

The prospects for the coming months are for continued rapid expansion. Private consumption should be boosted by an improvement in the employment situation (already manifest in the early months of the year), higher wage rises and the increases in old-age pensions and in civil service salaries recently adopted; but consumer prices have started rising somewhat faster, thus limiting the volume increase of consumption. Construction of dwellings and public investment (including investment by State-owned enterprises) are both likely to progress fairly fast. Private productive investment should also expand considerably, although the possible influence of non-economic factors on the general business climate should be borne in mind.

If these prospects are confirmed, real GNP may rise by around 7 per cent over the next twelve months, but this could still leave a significant margin of slack in the economy. Manpower reserves are ample and it seems unlikely that such a rate of expansion will lead to any generalized pressure on plant capacity. However, there is some risk of acceleration of price increases, not so much because of general demand pressure but rather due to possible cost-push elements. Wage increases in industry lagged behind the rise in output last year, but have tended to accelerate in recent months. Important wage contracts come up for renewal in the near future, and if the present social climate were to lead to large and sudden increases, some appreciable pressure on labour costs could result.

On present evidence concerning the probable trend of world trade, and allowing for a rather rapid increase of Italian imports, the current external surplus should diminish, but is likely to remain substantial next year. Indeed, it seems probable that an acceleration of growth over several years will be required to bring the surplus down to a moderate size, as stipulated in the official balance of payments aims, although possible changes in the relative cyclical situation of Italy vis-à-vis the major foreign markets may produce temporary sharp fluctuations of the current account.

During the last few years, there has been a large and growing net outflow of non-monetary capital. There were several reasons for this development, including the sharp increase of interest rates abroad at a time when domestic rates were kept relatively stable in order to encourage the recovery of investment and to permit the absorption of heavy bond issues. But institutional deficiencies in the domestic capital market, and certain differences between fiscal legislation in Italy and other Member countries have also been important factors. To some extent, the outflow of private funds abroad may be considered as a consequence of the low propensity towards productive investment at home. In the present circumstances of the Italian economy, especially in view of the vast development needs of large areas of the country, the combination of an excessive current surplus and a large capital outflow is clearly undesirable and may, in the long-term, be unsustainable.

The outflow assumed such large proportions in early 1969 that the authorities decided both to offset it partly by a repatriation of banking funds and to impose restrictions on certain types of transactions, notably purchases of foreign investment funds. It seems doubtful whether these restrictions will have a considerable effect on either the balance of payments or the finance of domestic investment, and they should rather be considered as temporary expedients. So long as interest rate differentials remain high and domestic confidence factors are not particularly favourable, some considerable outflow of capital is likely to persist. However, the level of official reserves is still very high, even before taking second-line reserves into account, and could for a time absorb a deficit on non-monetary transactions. But looking beyond the immediate difficulties, it seems important to correct as soon as possible the institutional and fiscal factors contributing to the capital outflow. Such action, together with the desirable reduction of the current surplus, would help towards a more satisfactory structure of the Italian balance of payments.

BLANK PAGE

STATISTICAL ANNEX

BLANK PAGE

NOTE ON THE REVISION OF THE NATIONAL ACCOUNTS SERIES

The national accounts estimates for 1965-1967 have just been substantially revised. This has been mainly the result of the improvements in the basic statistics[1] required for the construction of the 1965 input-output table, as neither the national accounts concepts nor the methods of estimation have been changed. Thus, a new statistical series for national accounts aggregates was started in 1965, which is not fully comparable with the figures for previous years. However, the Central Statistical Institute, responsible for the national accounts estimates, intends to carry the revision back to 1951, within the limits of the statistical availabilities.

As a result both the level and the rate of growth of GNP at current and constant prices have been revised from 1965 to 1967, but the overall price deflator remains practically unchanged. The attached tables showing the old and revised series for the major aggregates give an idea of the order of magnitude of the revisions. On the production side the major upward revision concerns the service industries, in particular trade and the services of dwellings. Concerning trade, the upward revision has been the result of direct estimates of trade margins on the basis of the 1965 input-output table, whereas that of services of dwellings incorporates new information on rents obtained through a survey in 1966.

The major upward revision on the expenditure side concerns private consumption, which in 1967 accounted for over 95 per cent of the total GNP revision. Fixed investment has also been revised upwards but to a much smaller extent. As a result, the share of private consumption to GNP for the average of the three years 1965-1967 has risen to 64.1 per cent as compared with 63.1 per cent before. This has been practically

1 In agricultural statistics, a new survey of production units covering about 15 per cent of the total has allowed to improve the value added estimate for agriculture, particularly for animal products. Concerning the non-agricultural sector, the scope of the old survey has been widened to cover 40,000 establishments, as compared with 12,000 previously. As a result, a part of value-added in the non-agricultural sectors, which was previously estimated on the basis of the number of people employed, is now estimated directly. Activity in the construction industry is now estimated on the basis of the work in progress every quarter (as compared with the old method based on permits issued and completions) and a quarterly index for construction has been obtained. The estimate for consumers' expenditure has also been improved. Quarterly surveys are now carried out in connection with the labour force sample survey.

REVISION OF NATIONAL ACCOUNTS IN ITALY

A Structure of Demand
Percentage shares

		Old series			Revised series		
		1965	1966	1967	1965	1966	1967
1	Private consumption	62.6	63.2	63.5	63.2	64.2	64.8
2	Public consumption	14.5	14.4	13.9	14.1	13.9	13.3
3	Gross fixed asset formation	18.9	18.4	19.1	18.8	18.3	18.9
4	Stockbuilding	0.7	1.2	1.5	0.8	1.0	1.2
5	Exports, goods and services	18.5	19.2	19.0	17.9	18.5	18.3
6	*Less :* Imports, goods and services	15.2	16.4	17.0	14.8	15.9	16.5
7	Net exports, goods and services	3.3	2.8	2.0	3.1	2.6	1.8
8	GNP, at market prices	100	100	100	100	100	100

B Expenditure and Output

Year 1967	Billion lire (current prices)			Percentage change over 1966 (at 1963 prices)	
	Old	Revised	Difference	Old	Revised
Expenditure:					
Private consumption	26 593	28 218	1 625	6.1	7.3
Public consumption	5 808	5 780	—28	2.7	2.8
Gross fixed asset formation	7 990	8 233	243	10.1	10.5
Stockbuilding	625	550	—75	—	—
Exports, goods and services	7 941	7 965	24	6.0	6.2
Imports, goods and services	7 108	7 193	85	10.5	12.6
GNP at market prices	41 849	43 553	1 704	5.9	6.4
Output:					
Agriculture	4 554	4 872	318	5.2	6.8
Industry[1]	14 878	14 631	—247	7.9	8.1
Services	12 850	14 517	1 667	5.5	6.2
Public Administration	4 481	4 520	39	1.8	2.0
GDP at factor cost	36 763	38 540	1 777	6.0	6.5

1 Including construction.

offset by a fall in the share of public consumption and net exports. The revision of consumption has been the counterpart of the output revision which has resulted in higher consumption of food products, particularly meat, and services; that of fixed investment concerns mainly machinery and equipment.

C HOUSEHOLD APPROPRIATION ACCOUNT AND DOMESTIC SAVING

Year 1967	Billion lire (current prices)		
	Old	Revised	Difference
HOUSEHOLD APPROPRIATION ACCOUNT:			
Compensation of employees	19 759	19 911	152
Income from property and entrepreneurship[1]	11 902	13 378	1 476
Current transfers received	6 242	6 219	—23
Total income	37 903	39 508	1 605
Direct taxes	6 638	6 758	120
Disposable income	31 265	32 750	1 485
Current transfers paid	295	295	—
Consumers' expenditure, value	26 593	28 218	1 625
Saving	4 377	4 237	—140
Saving as % of disposable income	14.0	12.9	—1.1
NET DOMESTIC SAVING:			
Households	4 377	4 237	—140
General government	790	888	98
Corporations	900	1 079	179
Total saving	6 067	6 204	137

1 Secretariat estimate.

Although personal income has also been substantially revised upwards—mainly income from property and entrepreneurship originating in agriculture, trade and dwellings—this increase has not fully offset the revision in consumption; therefore, the savings ratio of households has been somewhat reduced. Total saving is nevertheless higher in the revised estimates because of a more than offsetting increase in saving by government and corporations.

Table A National Accounts
Billions of lire

	Current prices[1]				1963 prices[1]			
	1965	1966	1967	1968[2]	1965	1966	1967	1968[2]
EXPENDITURE:								
1 Private consumption	23 263	25 561	28 218	29 740	21 251	22 688	24 342	25 382
2 Public consumption	5 176	5 521	5 780	6 313	4 396	4 535	4 660	4 850
of which :								
Defence	921	978	937	1 022	787	810	763	789
3 Gross domestic fixed capital formation	6 904	7 283	8 233	9 045	6 296	6 550	7 240	7 774
of which :								
Construction	4 608	4 710	5 203	5 824	4 064	4 088	4 366	4 753
Machinery and equipment	2 296	2 573	3 030	3 221	2 232	2 462	2 874	3 021
4 Change of stocks	311	387	550	185	280	302	405	110
5 Exports of goods and services	6 168	6 878	7 442	8 526	5 984	6 758	7 209	8 312
6 *Less :* Imports of goods and services	5 212	6 072	6 919	7 369	5 059	5 767	6 501	6 963
7 GDP at market prices	36 610	39 558	43 304	46 440	33 148	35 066	37 355	39 465
8 Income payments from the rest of the world	431	516	523	610	387	453	448	524
9 *Less :* Income payments to the rest of the world	223	245	274	309	200	215	235	265
10 Net factor income from abroad	208	271	249	301	187	238	213	259
11 GNP at market prices	36 818	39 829	43 553	46 741	33 335	35 304	37 568	39 724
INDUSTRIAL ORIGIN:								
1 Agriculture, forestry and fishing	4 322	4 482	4 872	4 591	4 115	4 249	4 538	4 347
2 Manufacturing, mining and public utilities	9 634	10 590	11 643	12 645	9 191	10 014	10 872	11 771
3 Construction	2 592	2 672	2 988	3 341	2 106	2 117	2 240	2 409
4 Services, private sector	12 027	13 260	14 517	15 936	10 718	11 323	12 020	12 902
5 Public administration	4 018	4 329	4 520	4 924	3 357	3 490	3 560	3 685
6 GDP at factor cost	32 593	35 333	38 540	41 437	29 487	31 193	33 230	35 114

					Percentage Distribution			
					1965	1966	1967	1968
DISTRIBUTION OF NATIONAL INCOME:								
1 Compensation of employees	16 944	18 134	19 911	21 429	57.1	56.3	56.6	56.6
2 Income of independent traders 3 Interest, rent, div. to households 4 Saving of corporations 5 Direct taxes on corporations	12 666	14 043	15 270	16 574	42.7	43.6	43.4	43.7
6 Government income from property and entrepreneurship	723	852	909	920	2.4	2.6	2.6	2.4
7 *Less :* Interest on public debt	668	794	916	1 039	2.2	2.5	2.6	2.7
8 National income	29 665	32 235	35 174	37 884	100.0	100.0	100.0	100.0

1 New revised series.
2 Provisional estimate.

Sources : Italian submission to the OECD and Relazione Generale 1968.

Table B Estimates of Quarterly National Accounts

Volume indices 1966 = 100 (at constant 1963 prices), seasonally adjusted

	1966				1967				1968[1]			
	I	II	III	IV	I	II	III	IV	I	II	III	IV
1 Gross national product at market prices	97.7	98.9	101.6	101.8	104.1	105.4	106.6	109.6	109.9	111.3	113.6	115.2
2 Imports of goods and services	96.9	97.8	101.1	104.2	108.0	111.8	112.8	117.9	113.0	115.8	122.1	132.4
3 Total resources	97.6	98.8	101.5	102.1	104.6	106.3	107.5	110.8	110.4	112.0	114.9	117.7
4 Exports of goods and services	94.5	99.7	102.7	103.1	105.5	106.0	103.3	109.9	115.6	118.4	121.7	134.5
5 Domestic use of resources	98.3	98.6	101.2	101.9	104.5	106.4	108.4	111.0	109.3	110.6	113.4	114.2
6 Gross fixed investment	98.5	97.8	101.3	102.3	105.2	109.9	112.8	114.2	116.3	117.7	118.9	121.9
7 Fixed investment excluding construction	94.9	95.2	103.7	106.2	111.7	117.8	119.3	118.2	119.9	122.4	122.8	125.8
8 Resources available for consumption, including stock movements	98.2	98.8	101.2	101.8	104.3	105.5	107.3	110.2	107.6	108.9	112.1	112.3

1 Provisional estimates.

Source : Italian authorities.

Table C Industrial Production Indices

	1953 = 100						Seasonally adjusted indices (1966 = 100)									
							1967				1968				1969	
	1963	1964	1965	1966	1967	1968	I	II	III	IV	I	II	III	IV	I	II[1]
1 Mining	190	203	197	206	106	117										
2 Manufacturing	246	248	259	291	109	115	107	108	108	111	112	114	115	119	121	
3 Food, drink and tobacco	189	183	187	190	105	110	103	104	104	108	107	110	110	115	118	114
4 Textiles	140	131	116	134	98	98	101	98	95	97	99	99	95	98	103	106
5 Iron and steel	303	292	387	415	117	127	112	118	119	118	124	126	127	129	134	140
6 Engineering goods[2]	204	183	174	192	113	118	112	113	113	115	115	116	121	121	124	126
7 Transport equipment	355	321	328	380	108	111	109	110	105	107	106	111	106	120	123	121
8 Chemicals	364	413	434	504	108	121	103	106	110	114	119	120	123	121	119	130
9 Petroleum products	379	453	546	632	106	116	101	106	108	112	106	120	123	121	119	131
10 Electricity and gas	200	210	226	246	107	114	105	106	106	109	112	112	113	118	120	122
GENERAL INDEX	241	244	255	285	108	115	106	108	108	111	113	114	115	118	122	123
1 Investment goods[3]	231	218	232	250	112	120	109	112	102	115	118	119	120	124	126	129
2 Consumption goods[3]	195	195	194	217	105	110	105	105	104	107	107	110	111	113	118	117
3 Intermediate products	304	342	368	420	107	114	103	106	107	110	113	112	116	116	118	122

1 April-May.
2 Excluding metal structures.
3 Excluding automobiles.

Sources : ISTAT and ISCO.

Table D Price Indices

	1953 = 100			1966 = 100[1]							
	1964	1965	1966	1967	1968	1968				1969	
						I	II	III	IV	I	II
WHOLESALE PRICES:											
Agricultural products	119.7	124.5	126.7	99.2	101.0	101.5	101.4	99.1	102.0	104.4	106.3
Non-agricultural products	108.5	109.5	111.1	100.0	100.0	100.6	99.9	99.5	100.0	100.7	102.0
Investment goods	112.2	111.3	112.3	99.9	101.2	101.6	101.1	101.0	101.3	102.3	105.5
Consumer goods	111.3	114.2	116.2	99.2	99.0	99.2	99.0	98.3	99.5	100.6	101.9
Intermediate goods	103.9	105.3	106.1	103.8	105.1	107.8	105.1	103.4	103.9	103.5	101.5
GENERAL INDEX	110.9	112.7	114.4	99.8	100.2	100.8	100.1	99.4	100.4	101.4	102.8
CONSUMER PRICES:											
Food products	135.1	142.3	145.2	101.7	102.0	102.0	102.2	101.7	102.2	103.1	104.4
Non-food products	121.9	125.1	126.8	102.3	103.1	103.1	103.2	103.1	102.9	103.3	104.1
Services	177.2	185.8	192.7	109.2	113.0	112.1	112.9	113.0	114.0	115.2	116.1
GENERAL INDEX	140.3	146.7	150.1	103.7	105.1	104.8	105.1	104.9	105.3	106.2	107.2
CONSUMER PRICES FOR WORKING-CLASS FAMILIES[2]:	1961 = 100										
Food	119.2	124.9	127.2	101.1	101.5	101.4	101.4	101.4	101.8	102.4	103.5
Clothing	116.8	119.5	121.3	102.1	104.0	103.3	103.9	104.2	104.5	105.2	105.9
Housing	132.0	137.4	141.8	102.9	107.7	105.8	107.0	108.5	109.5	111.3	112.9
GENERAL INDEX	119.7	124.9	127.4	102.0	103.3	103.0	130.2	130.2	103.7	104.4	105.5

1 Because of differences in coverage and classification, the sub-indices are not exactly comparable with the earlier series.
2 Previously "cost-of-living index."
Source: ISTAT.

Table E Wages and Salaries

	Excluding family allowances						Including family allowances				
	1938 = 1			1966 = 100			1938 = 1		1966 = 100		
	1964	1965	1966	1967	1968	1969 Jan.-May	1963	1966	1967	1968	1969 Jan.-May
I INDICES OF WAGES AND SALARIES:											
A MINIMUM CONTRACTUAL WAGE RATES:											
1 Agriculture	168.9	183.6	194.7	109.2	114.8	121.7	158.2	199.9	108.0	112.9	118.4
2 Industry	133.7	144.9	150.2	105.0	109.0	113.8	121.2	155.3	104.2	107.8	112.1
of which : Manufacturing	132.1	143.3	148.8	105.2	109.0	113.4	117.0	144.7	104.4	107.6	111.4
Construction	147.1	159.5	164.6	104.6	109.2	114.8	130.2	183.5	103.9	108.2	113.3
3 Transport	112.8	119.2	122.4	102.3	105.9	107.8	115.4	145.5	101.9	105.0	106.6
4 Commerce	116.5	129.9	133.7	102.7	107.6	111.4	119.2	149.8	102.2	106.5	109.7
B MINIMUM CONTRACTUAL SALARIES:											
1 Industry	104.7	112.4	116.7	105.1	108.3	111.4	94.7	118.7	104.6	107.5	110.3
2 Commerce	111.7	123.6	129.3	102.7	107.4	111.5	103.2	131.7	102.4	106.6	110.2
3 Public administration	117.7	123.8	130.2	101.8	105.0	106.6	109.9	124.3	101.5	104.3	105.5

	1964	1965	1966	1967	1968
II HOURLY WAGE EARNINGS (in lire):					
Industry[1]	507	547	559	589	616
of which : Construction		571	587	604	637

1 Firms covered by the Ministry of Labour survey.

Sources : ISTAT and Relazione Generale 1968.

Table F **Public Sector Accounts**

National accounts concepts — Cash basis

(*a*) Central Government[1]

		Billion lire			Per cent increases		
		1966	1967	1968	1966	1967	1968
1	Tax revenue	6 619	7 383	8 050	12.1	11.5	9.0
2	Other current receipts	390	472	469	. .	. .	. .
3	Total current receipts	7 009	7 855	8 519	13.4	12.1	8.5
4	Current expenditure on goods and services	3 624	3 747	4 093	6.8	3.4	9.2
5	Current subsidies and transfers	2 941	2 686	3 553	9.8	—8.7	32.3
6	Total current expenditure	6 565	6 433	7 646	9.1	—2.0	18.9
7	Net current saving	444	1 422	873	. .	. .	. .
8	Depreciation allowances and capital account receipts	73	78	84	. .	. .	. .
9	Gross investment	192	236	301	—	22.9	27.5
10	Capital transfers	1 110	1 068	1 286	11.9	—3.8	20.4
11	Financing needs: overall surplus = (—)	785	—196	630	. .	. .	. .

1 Excluding central autonomous institutions.

Source : Relazione Generale 1968.

(*b*) General Government Consolidated Account

		Billion lire				Per cent increases		
		1965	1966	1967	1968	1966	1967	1968
1	Direct taxes	10 572	2 592	2 925	3 177	6.9	12.8	8.6
2	Indirect taxes		4 820	5 504	5 880		14.2	6.8
3	Social Security contributions		3 889	4 593	5 188		18.1	12.9
4	Other current receipts	977	1 134	1 250	1 268	16.1	10.2	1.4
5	Total current revenue	11 549	12 435	14 272	15 513	7.7	14.8	8.7
6	Current expenditure on goods and services	5 176	5 521	5 780	6 313	6.7	4.7	9.2
7	Current subsidies and transfers	6 129	6 797	7 604	8 545	10.9	11.9	12.4
8	Total current expenditure	11 305	12 318	13 384	14 858	9.0	8.7	11.0
9	Net current saving	244	117	888	655	. .	. .	. .
10	Depreciation allowances and capital account receipts	124	133	142	146	. .	. .	. .
11	Gross investment	938	1 014	963	1 187	8.1	—5.0	23.3
12	Capital transfers	588	548	760	779	—6.8	38.6	2.5
13	Financing needs	1 158	1 312	693	1 165	. .	. .	. .
	Expansionary or contractionary impact of General Government[1]					0.3	—1.6	1.0
	Domestic demand (% change in volume)					5.4	7.5	3.9

1 Absolute change in net borrowing as percentage of the previous year's GNP.

Source : Relazione Generale 1968.

Table G Money and Banking

Billion lire, end of period

	1964	1965	1966	1967	1968				1969
					I	II	III	IV	May
I Money:									
1 Monetary circulation[1]	3 846	4 189	4 567	5 053	4 563	4 785	4 756	5 260[2]	
2 Sight deposits	8 471	10 110	11 633	13 617	13 354	13 933	14 486	15 614[2]	
3 Money supply	12 317	14 299	16 200	18 670	17 917	18 718	19 242	20 874[2]	
4 Saving deposits	9 341	10 825	12 492	14 059	14 265	14 497	14 864	15 733	15 844
5 Post office savings	3 252	3 628	4 011	4 358	4 420	4 441	4 476	4 697	
II Central Bank:									
1 Credit to Treasury	2 447	2 740	2 661	2 520	2 602	2 671	2 921	3 020	3 128
2 Credit to banking sector	675	487	1 015	1 712	973	1 400	853	1 880	1 525
III Other Banks:									
1 Total deposits	17 451	20 542	23 678	27 124	27 145	27 947	28 868	30 793	31 643
2 Credit[3]	13 073	14 018	16 073	18 591	18 256	18 932	19 189	20 589	21 056
3 Government securities	2 373	2 722	3 143	3 271	3 528	3 623	3 671	3 818	3 874
4 Shares and debentures	2 449	3 462	4 472	5 340	5 507	5 819	6 019	6 403	6 625
IV Special Institutions for Medium and Long-term Credit:									
Credit to private sector[3]	7 244	8 053	9 135	10 606	11 063	11 412	11 927	12 435	12 894[4]
V Capital Market (per cent yields)									
1 Government bonds	5.62	5.42	5.61	5.61	5.59	5.66	5.64	5.62	5.64
2 Other bonds	6.90	6.51	6.40	6.51	6.50	6.55	6.51	6.52	6.50
3 Shares	4.76	4.28	3.85	4.16	4.29	4.38	4.32	4.41	3.85

1 In the hands of the non-bank public.
2 Provisional estimates.
3 As from 1967, bank credit includes operations of the "Banco di Sardegna" previously recorded in Special Credit Institutions.
4 March.

Source: Bank of Italy.

Table G **Money and Banking** *(Continued)*
Billion lire, end of period

	1964	1965	1966	1967	1968
ANNUAL CAPITAL MARKET ISSUES (net)					
A By issuer and type of security					
1 Government bonds	227	679	1 568	1 012	1 297
2 Special credit institutions	721	647	861	986	1 189
3 ENEL, ENI, IRI	469	557	314	246	403
4 Business companies	33	89	3	157	113
5 Foreign bonds	12	13	81	21	44
6 Total bonds[1]	1 462	1 985	2 847	2 430	3 092
7 Shares	581	406	470	396	473
8 Total capital market issues	2 043	2 391	3 317	2 826	3 565
B By subscriber and type of security					
1 Non-banks	860	1 126	1 713	1 561	1 667
bonds	275	753	1 264	1 208	1 204
shares	585	373	449	353	463
2 Banks and other financial institutions	1 183	1 265	1 604	1 265	1 898
bonds	1 187	1 231	1 583	1 222	1 888
shares	—4	33	21	43	10

1 Including local authorities bonds.
Source: Bank of Italy.

Table H **Balance of Payments**
Million dollars

		1965	1966	1967	1968
A	CURRENT ITEMS:				
1	Imports, f.o.b.	6 418	7 595	8 626	9 044
2	Exports	7 104	7 929	8 605	10 095
3	Trade balance	686	334	—21	1 051
4	Foreign travel credit	1 288	1 460	1 424	1 476
5	Foreign travel debit	226	261	298	363
6	Foreign travel balance	1 062	1 199	1 126	1 113
7	Workers' earnings	421	472	412	449
8	Freight on international shipments	—342	—349	—399	—353
9	Other services	40	71	118	45
10	Balance on goods and services	1 867	1 727	1 236	2 305
11	Private transfers	408	437	427	488
12	Public transfers	—65	—48	—64	—149
13	Current balance	2 209	2 116	1 599	2 644
B	CAPITAL MOVEMENTS NON-MONETARY SECTORS:				
1	Direct investment credit	387	384	434	529
2	Direct investment debit	278	130	407	424
3	Direct investment balance	109	254	27	105
4	Trade credits	—371	—543	26	—411
5	Others	55	—442	—173	—230
6	Total private	—208	—731	—120	—536
7	Public	67	—70	—100	—62
8	Repatriation of Italian banknotes	—314	—559	—801	—1 127
9	Total	—455	—1 360	—1 021	—1 725
C	ERRORS AND OMISSIONS	—160	—60	—254	—292
D	MONETARY MOVEMENTS[1]:				
1	Total official settlements	—960	—288	—519	61
	(*a*) Gold and convertible currencies	—189	165	—118	—62
	(*b*) I.M.F. position	—338	—85	38	133
	(*c*) Other net reserves	—281	—195[2]	—479	289
	(*d*) Medium- and long-term position	—152	—173	40	—299
2	Commercial banks	—634	—408	195	—688
3	Total	—1 594	—696	—324	—627

1 Increase in assets = (—).
2 Including special loan of $ 250 million to the I.M.F.
Source : Bank of Italy.

Table I **Foreign Trade and Reserves**
Million dollars

	1964	1965	1966	1967	1968	1967	1968				1969	
						IV	I	II	III	IV	I	II
FOREIGN TRADE *(customs basis), monthly rate :*												
1 Imports, total	603	612	714	819	854	883	773	859	846	941	965	1 047
non-food	478	464	547	636	673	693	638	661	654	740	764	..
non-food, excluding crude oil	413	387	461	525	554	536	534	537	539	608	633	..
2 Exports, total	497	599	669	725	849	773	790	832	827	938	941	1 039
non-food	436	526	596	648	774	685	728	756	753	860	868	
3 Trade balance	—106	—13	—45	—83	5	—110	17	—27	—19	—3	—24	—8
Seasonally adjusted :												
1 Imports	—	—	—	—	—	871	747	852	891	925	945	1 038
2 Exports	—	—	—	—	—	758	792	832	844	917	955	1 037
3 Trade balance	—	—	—	—	—	—113	45	—20	—47	—8	10	—1
4 Imports: non-food	—	—	—	—	—	690	611	655	687	734	742	..
5 Exports: non-food	—	—	—	—	—	670	724	751	779	840	874	..
FOREIGN RESERVES, *end of period :*												
1 Official reserves												
Gold	2 107	2 404	2 414	2 400	2 923	2 400	2 376	2 673	2 784	2 923	2 924	2 937
Convertible currencies	1 567	1 464	1 288	1 419	958	1 419	1 414	1 029	1 244	958	774	925
I.M.F. position	141	479	565	527	393	527	579	561	568	393	333	272
Other	—63	219	413	890	604	890	734	821	592	604	461	380
Total[1]	3 752	4 566	4 679	5 236	4 878	5 236	5 103	5 084	5 188	4 878	4 492	4 514
2 Commercial banks:												
Net foreign position	—812	—178	230	35	723	35	16	109	498	723	749	189

1 Excluding medium- and long-term assets of the monetary authorities.
Sources : OECD Main Economic Indicators, ISCO and Bank of Italy.

Table J **Relative Performance of Italian Exports**

(*a*) TOTAL EXPORTS BY MAIN MARKETS

Annual increases, per cent

Markets	EEC			Other OECD Europe			United States			Total OECD			Develop. countries			Total non-OECD			World		
Years	A	B	C	A	B	C	A	B	C	A	B	C	A	B	C	A	B	C	A	B	C
Average 1960-63	13.8	27.0	13.2	9.5	10.5	1.0	2.9	8.3	5.4	10.5	16.1	5.6	4.3	10.3	6.0	5.3	11.9	6.6	9.1	14.9	5.8
Average 1964-67	9.7	17.0	7.3	9.4	8.6	—0.8	13.1	15.9	2.8	10.0	15.2	5.2	6.2	12.0	5.8	9.1	13.1	4.0	9.6	14.4	4.8
1966	7.7	12.8	5.1	5.6	8.0	2.4	16.8	20.3	3.5	8.9	12.6	3.7	8.5	10.8	2.3	9.7	9.0	—0.7	9.5	11.7	2.2
1967	1.8	3.4	1.6	7.4	7.6	0.2	4.9	16.0	11.1	3.4	6.4	3.0	2.8	11.7	8.9	6.5	15.1	8.6	5.9	8.3	4.4
1968	17.9	20.9	3.5	7.5	5.6	—1.9	25.6	26.3	20.7	15.4	17.1	1.7	14.3	19.4	5.1	10.8	18.0	7.2	13.8	17.0	3.2

A The growth which would have occurred in Italian exports if they had exactly maintained their share in total OECD exports to each market.

$$An = \frac{\sum_{i=1}^{i=K} \left[\frac{Xin}{Xi\ (n-1)} \quad xi\ (n-1) \right]}{\sum_{i=1}^{i=K} xi\ (n-1)}$$

where: Xin = OECD exports to country "i", in year "n".
xin = Italian exports to country "i", in year "n".

B Per cent increases of Italian exports.
C Relative export performance (= B—A).

Source : OECD Foreign Trade statistics.

Table J Relative Performance of Italian Exports

(*b*) The Share of Italian Exports in World Markets
In % of OECD exports by selected commodity groups, 1963-1968*

Year	Mach. & equip. (World) [1]	Household machinery (World) [2]	Road motor veh. (World) [3]	Other manuf. (World) [4]	Total manufactures: World	EEC	Other OECD Europe	USA	Total OECD	Dev. countries	Total non-OECD
1963	5.2	5.8	6.0	6.2	5.9	7.7	6.1	6.6	6.3	5.4	5.5
1964	5.2	7.3	6.0	6.6	6.1	8.7	6.4	5.9	6.7	5.7	5.6
1965	5.6	11.1	5.9	7.2	6.6	9.6	6.7	6.0	7.1	5.7	5.8
1966	5.9	12.4	6.7	7.3	6.9	10.1	7.0	6.1	7.4	5.8	5.9
1967	6.3	13.7	7.5	7.2	7.1	10.1	7.0	6.7	7.5	6.1	6.4
1968	6.5	14.8	7.9	7.6	7.5	10.7	6.8	6.2	7.8	6.6	6.8

* As from 1965 adjusted for the effects to the Ottawa Agreement on cars between US and Canada.
1 SITC 691, 692, 695, 71 (-719.4), 722, 723, 724.9, 731, 726, 861.7, 861.8 and 861.9.
2 SITC 724.1, 724.2, 725, 719.4.
3 SITC 732.
4 Rest of manufactures, minus SITC = 2 (-22), 3 and 68.
Source : OECD Foreign Trade statistics.

Table K Commodity Breakdown of Foreign Trade

Billion lire

		1965	1966	1967	1968	Jan.-April 1969
				(i) Imports		
1	Food, drink and tobacco	1 087	1 216	1 305	1 297	382
2	Crude oil	581	654	830	889	327
3	Metals, ores and scrap	598	738	846	822	314
4	Textile materials and products	378	482	476	464	193
5	Wood and products	193	211	230	240	80
6	Automobiles and spares	115	143	172	214	94
7	Other engineering products	667	752	967	1 074	422
8	Chemical products	377	452	528	605	227
9	Paper and cardboard	115	124	137	144	52
10	Other imports	481	596	651	658	340
11	Total Imports	4 592	5 368	6 142	6 407	2 431
				(ii) Exports		
1	Food, drink and tobacco	537	541	567	552	183
2	Metals, ores and scrap	318	294	289	387	138
3	Textile materials and products	592	645	629	793	296
4	Clothing and shoes	265	319	354	442	197
5	Automobiles and spares	301	373	427	553	245
6	Other means of transport	193	183	168	220	84
7	Other engineering products	1 073	1 308	1 532	1 723	648
8	Chemical products	643	719	775	885	305
9	Other exports	570	642	700	810	313
10	Total Exports	4 492	5 024	5 441	6 365	2 409

Source : ISTAT.

OCDE SALES AGENTS
DÉPOSITAIRES DES PUBLICATIONS DE L'OCDE

ARGENTINE - ARGENTINE
Editorial Sudamericana S.A.,
Humberto 1° 545, BUENOS AIRES.

AUSTRALIA - AUSTRALIE
B.C.N. Agencies Pty, Ltd.,
178 Collins Street, MELBOURNE, 3000.

AUSTRIA - AUTRICHE
Gerold & Co., Graben 31, WIEN 1.
Sub-Agent : GRAZ : Buchhandlung Jos. A. Kienreich, Sackstrasse 6.

BELGIUM - BELGIQUE
Librairie des Sciences
76-78, Coudenberg, BRUXELLES 1.
Standaard Wetenschappelijke Uitgeverij
Belgiëlei 147, ANVERS.

CANADA
Queen's Printer - L'Imprimeur de la Reine.
OTTAWA.

DENMARK - DANEMARK
Munksgaard Boghandel, Ltd., Nörregade 6
KOBENHAVN K.

FINLAND - FINLANDE
Akateeminen Kirjakauppa, Keskuskatu 2,
HELSINKI.

FORMOSA - FORMOSE
Books and Scientific Supplies Services, Ltd.
P.O.B. 83, TAIPEI,
TAIWAN.

FRANCE
Bureau des Publications de l'OCDE
2 rue André-Pascal, 75 PARIS 16°
Principaux sous-dépositaires :
PARIS : Presses Universitaires de France,
49 bd Saint-Michel, 5°
Sciences Politiques (Lib.). 30 rue Saint-Guillaume, 7°
13 AIX-EN-PROVENCE : Librairie de l'Université.
38 GRENOBLE : Arthaud
67 STRASBOURG : Berger-Levrault.

GERMANY - ALLEMAGNE
Deutscher Bundes-Verlag G.m.b.H.
Postfach 9380, 53 BONN.
Sub-Agents : BERLIN 62 : Elwert & Meurer.
HAMBURG : Reuter-Klöckner ; und in den massgebenden Buchhandlungen Deutschlands.

GREECE - GRECE
Librairie Kauffmann, 28, rue du Stade,
ATHÈNES-132.
Librairie Internationale Jean Mihalopoulos
33, rue Sainte-Sophie, THESSALONIKI.

ICELAND - ISLANDE
Snæbjörn Jónsson & Co., h.f., Hafnarstræti 9,
P.O. Box 1131, REYKJAVIK.

INDIA - INDE
Oxford Book and Stationery Co. :
NEW DELHI, Scindia House.
CALCUTTA, 17 Park Street.

IRELAND - IRLANDE
Eason & Son, 40-41 Lower O'Connell Street,
P.O.B. 42 DUBLIN 1.

ISRAEL
Emanuel Brown,
35 Allenby Road, and 48 Nahlath Benjamin St.,
TEL-AVIV.

ITALY - ITALIE
Libreria Commissionaria Sansoni
Via Lamarmora 45, 50 121 FIRENZE.
Via P. Mercuri 19/B, 00 193 ROMA.
Sous-dépositaires :
Libreria Hoepli, Via Hoepli 5, 20 121 MILANO.
Libreria Lattes, Via Garibaldi 3, 10 122 TORINO.
La diffusione delle edizioni OCDE è inoltre assicurata dalle migliori librerie nelle città più importanti.

JAPAN - JAPON
Maruzen Company Ltd.,
6 Tori-Nichome Nihonbashi, TOKYO 103.
P.O.B. 5050, Tokyo International 100-21.

LEBANON - LIBAN
Redico
Immeuble Edison, Rue Bliss, B.P. 5641
BEYROUTH.

LUXEMBOURG
Librairie Paul Bruck, 22, Grand'Rue,
LUXEMBOURG.

MALTA - MALTE
Labour Book Shop, Workers' Memorial Building,
Old Bakery Street, VALLETTA.

THE NETHERLANDS - PAYS-BAS
W.P. Van Stockum
Buitenhof 36, DEN HAAG.
Sub-Agents : AMSTERDAM C : Scheltema & Holkema, N.V., Rokin 74-76. ROTTERDAM : De Wester Boekhandel, Nieuwe Binnenweg 331.

NEW ZEALAND - NOUVELLE-ZELANDE
Government Printing Office,
Mulgrave Street (Private Bag), WELLINGTON
and Government Bookshops at
AUCKLAND (P.O.B. 5344)
CHRISTCHURCH (P.O.B. 1721)
HAMILTON (P.O.B. 857)
DUNEDIN (P.O.B. 1104).

NORWAY - NORVEGE
A/S Bokhjörnet, Akersgt. 41, OSLO 1.

PAKISTAN
Mirza Book Agency, 65, Shahrah Quaid-E-Azam,
LAHORE 3.

PORTUGAL
Livraria Portugal, Rua do Carmo 70, LISBOA.

SPAIN - ESPAGNE
Mundi Prensa, Castelló 37, MADRID 1.
Libreria Bastinos de José Bosch, Pelayo 52,
BARCELONA 1.

SWEDEN - SUEDE
Fritzes, Kungl. Hovbokhandel,
Fredsgatan 2, STOCKHOLM 16.

SWITZERLAND - SUISSE
Librairie Payot, 6, rue Grenus, 1211 GENÈVE, 11
et à LAUSANNE, NEUCHATEL, VEVEY, MONTREUX, BERNE, BALE, ZURICH.

TURKEY - TURQUIE
Librairie Hachette, 469 Istiklal Caddesi, Beyoglu,
ISTANBUL et 12 Ziya Gókalp Caddesi, ANKARA.

UNITED KINGDOM - ROYAUME-UNI
H.M. Stationery Office, P.O. Box 569, LONDON,
S.E.1.
Branches at : EDINBURGH, BIRMINGHAM, BRISTOL, MANCHESTER, CARDIFF, BELFAST.

UNITED STATES OF AMERICA
OECD Publications Center, Suite 1305,
1750 Pennsylvania Ave, N. W.
WASHINGTON, D.C. 20006. Tel : (202) 298-8755.

VENEZUELA
Libreria del Este, Avda. F. Miranda, 52,
Edificio Galipan, CARACAS.

YUGOSLAVIA - YOUGOSLAVIE
Jugoslovenska Knjiga, Terazije 27, P.O.B. 36,
BEOGRAD.

Les commandes provenant de pays où l'OCDE n'a pas encore désigné de dépositaire peuvent être adressées à :
OCDE, Bureau des Publications, 2 rue André-Pascal, 75 Paris 16°.
Orders and inquiries from countries where sales agents have not yet been appointed may be sent to OECD, Publications Office, 2 rue André-Pascal, 75 Paris 16°.

OECD PUBLICATIONS 2, rue André-Pascal, Paris XVI° No. 26,037. 1969.

PRINTED IN SWITZERLAND

OTHER PUBLICATIONS

Department of Economics and Statistics, OECD

BASIC STATISTICS

LABOUR FORCE STATISTICS 1956-67

(1969)

	DM	FF/SF	$	£
Price	10.80	13.00	3.20	22s. 6d.

STATISTICS OF ENERGY 1953-67

(1969)

	DM	FF/SF	$	£
Price	19.20	23.00	5.80	40s.

FOOD CONSUMPTION IN OECD COUNTRIES 1954-66

(1968)

PERIODICALS

MAIN ECONOMIC INDICATORS

(monthly)

	DM	FF/SF	$	£
Per issue	5.00	6.00	1.50	10s.
Annual Subscription	60.00	72.00	18.00	120s.

OECD ECONOMIC OUTLOOK

(July and December)

	DM	FF/SF	$	£
Per issue	12.50	15.00	3.80	26s.
Annual Subscription	20.00	24.00	6.00	41s.
America and Far East (by air mail)		32.00	7.50	55s.

OECD

Department of Economics and Statistics

ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT

ANNUAL ECONOMIC SURVEYS

Detailed surveys of development and prospects in each OECD country

Per country	F 3	$0.80	5/6	DM 2.50
Subscription for series	F 42	$10	72/-	DM 35

ORGANISATION DE COOPÉRATION ET DE DÉVELOPPEMENT ÉCONOMIQUES

OECD ECONOMIC OUTLOOK

Each July and December the OECD ECONOMIC OUTLOOK surveys the latest economic developments in the OECD area and, by means of an integrated set of quantitative forecasts, assesses future prospects. In addition, there are frequently special studies designed to assist the interpretation of economic trends.

Prices of this and other publications are overleaf.