

BANCA D'ITALIA

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ANNUAL REPORT

OF THE

GOVERNOR

TO THE

GENERAL MEETING OF THE SHAREHOLDERS

*HELD IN ROME ON MARCH THE 31st, 1926*

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Year 1925

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ROMA

« L'UNIVERSALE » TIPOGRAFIA POLIGLOTTA

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ANNUAL REPORT  
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GOVERNOR OF THE BANCA D'ITALIA  
TO THE

Shareholders of the Bank at the General Meeting  
held in Rome on the 31st March, 1926 (\*)

**Review of General Conditions. The international Market.**

It cannot be denied that in 1925 progress has been made in the task of world reconstruction, especially in the following directions: the balancing of budgets, the improvement of commercial relations among nations, the final settlement of the huge debts which were a legacy from the great war and the completion or the introduction of proper currency systems aiming at eliminating or mitigating the evil effects of inflation on international relations.

In the political field, we have had the Locarno Pact which has been regarded as a striking demonstration of Europe's desire for peace (1).

Among the commercial Agreements concluded during the past year, special importance attaches to the Agreement between Italy and Germany (October 31st), on account of the number of

(\*) Abridged translation of the original document.

(1) In the Report submitted by the Prime Minister to the Senate on the 8th March, 1926, namely, before the last Geneva Meeting, the following statement was included:

"The situation arising from the Peace Treaties which concluded the War, caused a certain amount of uncertainty and nervousness that proved an obstacle to the peaceful development of international intercourse in Europe. Particularly, the Eastern frontier gave rise to anxiety. It was necessary therefore, to complete those treaties with new agreements which should have been freely accepted by all parties so as to offer adequate means of settling future differences thus creating among European nations, a greater sense of peace and security that would have bearing on future political, economic and cultural relations. Such are the aims of the Locarno Pact which is known as the Five Powers Pact, in consideration of the number of its signatories, i. e., Italy, Belgium, France, Germany and Great Britain. It is the elaborate conclusion of long-drawn, complicated and often difficult negotia-

items which it embraces and also of the adoption without reservation of the "most favoured nation" clause for the safeguarding of our important exports, especially of agricultural produce which, prior to the war, found a wide and ready market in Germany (1).

We have already on previous occasions pointed out that Europe, as the outcome of the various Peace Treaties, is divided today into a greater number of States and contains more frontiers than before the war, a state of affairs which is not conducive to international trade. The only means of overcoming the difficulty consists in the establishment of a perfected system of commercial treaties with reasonable tariffs and in the general and proper application of the "most favoured nation" clause. Unfortunately, the time seems scarcely ripe for securing the universal adoption of such an ideal system of commercial intercourse calculated to benefit all alike (2).

tions, which were influenced by the history of European interstate relations during the last years, and Italy participated with a highly practical spirit, which has been unanimously appreciated. The Preamble of the Pact contains a solemn declaration of the necessity of preserving peace in the area which has so often been the field of European wars and expresses the intention of the high contracting parties to offer greater guarantees than those in existence to that effect. In the following articles such guarantees are enumerated and it is agreed that they must remain within the scope of the League of Nations and of existing treaties, and the procedure to be followed whenever application may be necessary is described".

(1) Among the economic Agreements concluded, the most important was the Commercial Treaty with Germany of October 31, 1925. The treaty was based on the lines of those in existence before the war and the requirements of our agriculture have been specially considered, notable cuts on the customs duties fixed by the new German tariff having been secured for agricultural produce. Facilities were also obtained in other directions, in favour of certain manufacturing industries, especially for those that are at their initial stage or in process of consolidation. Further, the following Agreements were concluded:— 31st January, a Protocol and Agreement with Austria, regarding railway tariffs for merchandise; 31st March, an exchange of Notes between Italy and Czechoslovakia concerning the storage right in the Trieste warehouses; 20th July, a Commercial Agreement with Hungary; 25th July, a Commercial Agreement with Latvia; 27th October, a Commercial Agreement with Bulgaria. Other agreements were concluded embracing social questions, and it will be sufficient to mention the Convention signed on November 25th by Italy and Spain for the reciprocal protection and assistance of their respective emigrants on their outward and inward journeys.

(2) The following reference was made on the subject a few days ago by the President of the International Chamber of Commerce, Dr. Walter Leaf (Summary of the Economic Position of Certain Countries):—

"Everywhere, with hardly an exception, there are the same complaints of

With reference to the settlement of war debts, Great Britain, was the first country to come to terms with the United States. In the case of France, no settlement has yet been reached but Belgium and Italy followed the lead of Great Britain and have been successful in removing the economic and financial embarrassment caused by the uncertainty as to the extent of their debts and the method of payment. The terms secured by Italy will be dealt with later in the report. Meanwhile, it is not out of place to mention that as a result of the Reparation payments by Germany and of the payments arising from the war debts already settled or to be settled, transfers of sums amounting to hundreds of millions and on a steadily increasing scale will have to be made annually between European countries and from Europe to the United States; this is bound to have an effect on international trade and on the exchange of the countries concerned.

After the settlement of its debt with the Federal Government of the United States, the British Government, as anticipated in last year's report, overcoming its hesitation abandoned the policy of the so-called "managed currency" and adopted the gold standard. And the result, in spite of certain inevitable difficulties and small set backs, fully justified the anticipations of those who had urged this course. The Rt. Hon. R. McKenna, Chairman of the Midland Bank, made the following statement in his address to the Shareholders of that bank at the General Meeting held on the 26th January ult.: "Our return to the gold standard is the outstanding financial event of the year. Its profound importance to our cur-

the difficulty of finding markets for manufactures. The capacity for production is there, and is generally much larger than in pre-war times; but the products are stagnating, because they are refused, or at least, hampered by foreign tariffs and trade barriers. Hence unemployment, stagnation of industry, and a lamentable waste of potential human energy. The whole standard of living is lowered by the artificial restrictions on human efficacy. A European Trade League would have open markets on at least the same scale as those of the United States, and would thus be able to compete in production on equal terms with that vast area of free trade intercourse. National jealousies force us here to employ in suicidal trade struggles the efforts which should be concentrated on the general advancement of human well-being".

rency and credit system is acknowledged, yet the final step was taken without noticeable disturbance, and our ability to recover and hold a free gold market has been firmly established. Precautionary arrangements were made in order to meet the possibility of an excessive demand upon our stock of gold, but notwithstanding some loss no occasion has arisen for making use of the facilities obtained in the United States" (1).

In the first months after the change took place, probably following the suggestion of the Bank of England authorities, British credits for overseas countries were subject to limitation in order to protect the gold reserves; subsequently, however, the control was relaxed in order that London might be enabled to compete in the international money markets and might proceed cautiously to resume the position which it held in the first years of the twentieth century. Thus, after the dollar which, as a result of the war, achieved what may be described as a financial hegemony, the value of the pound sterling reached and remained at par; so also did the Dutch guilder and the Swedish kronor, both of which benefited by the neutrality maintained during the war by their respective countries.

Apart from Germany where after the annihilation following inflation of its paper currency, a new bank based on the gold mark was created, in accordance with the report of the Dawes Committee, other minor countries under different circumstances and not in every case with successful results, achieved by monetary reforms a rel-

(1) The Chairman of Lloyds Bank, Mr. Beaumont Pease, made the following remarks in his report at the Meeting of the Shareholders of Lloyds Bank held on 5th February, 1926:—

"The removal of the embargo on gold was one of the most momentous events of the year. This has been referred to at all the recent bank meetings and in very similar terms. I do not propose to add to what already has been said on this subject, except to associate myself with the expressions of congratulation which have been made on all sides that the forebodings entertained in some quarters of the dangers attending such a momentous step have not been realised. Though undoubtedly it had a temporarily depressing effect upon our export trade, the most difficult period seems to have been successfully passed without an unduly high bank rate, and we are reaping the benefit of enhanced credit, a steadier exchange, and lower prices".

ative stability in the value of their respective currencies (1). It will be sufficient for us who are old members of the Latin Union to consider briefly what has been done in the case of Belgium.

Belgium had to deal with the economic and financial consequences of that moral tie in business circles called "sympathy" which existed between the Belgian franc and the French franc, to the detriment of her exchange and economic position. The Belgian Government accordingly saw fit to break that tie and to carry out, in agreement with the National Bank, a currency readjustment based on the stabilisation of the franc at a given rate and on the convertibility at sight of banknotes into gold or into currencies which were at a premium on the Belgian (2). In order to achieve these objects, it was necessary to separate the credit of the State from that of the Central Bank and to provide cover for the notes issued by the latter on behalf of the Treasury (Fcs. 5,680 million). Consequently, it was decided to float a foreign loan to an amount of 150 million dollars in order to provide full cover for a nominal amount of 3,000 million francs of the said notes. A further amount of 1,000 million francs was to be provided by the State, which was to be taken from the National Bank itself as a share of the book-keeping profit accruing from the revaluation of the existing gold reserve of the Bank. In this way only a sum of 1680 million francs would remain without cover, which would be gradually redeemed during

(1) In the report of the Bank of Poland for the year 1925, very interesting remarks are contained concerning the Polish currency crisis. See particularly, pp. 13 to 20, of the French edition.

(2) The Finance Minister M. Albert Janssen, made the following declaration before the Belgian Senate on the 30th Dec., ult. :

" J'eus d'abord le sentiment très net que le moment était venu de rompre sans retard le lien qui nous rattachait au franc français, dont je redoutais la baisse prochaine par suite de l'augmentation hebdomadaire du volume de la circulation des billets de la Banque de France.

" Examinant le problème sous tous ses aspects et profitant d'une expérience que j'ai pu acquérir dans d'autres pays, j'acquis la conviction qu'il fallait au plus tôt abandonner le régime dangereux et anormal du cours forcé pour revenir au régime de la convertibilité et séparer désormais le crédit de l'Etat de celui de la Banque Nationale, en créant en même temps rapidement sur tous les marchés étrangers importants une mentalité différente au sujet de la valeur du franc belge ".

the further period of thirty years for which the privilege of issuing notes was granted to the bank. By such means the State would meet its obligations while, for the time being at any rate, the note circulation would not be reduced and the whole of the note issue would remain in the hands of the public for commercial purposes. The rate of stabilisation was to be, if possible, at not more than 105 francs to the pound sterling, though no legal force was given to the decision since it was felt that eventually the value of the currency may further appreciate. In fact the old gold parity of the franc remained unaltered. However the notice given by Belgium to the Latin Union seems to foreshadow the introduction of the gold standard or monometallism in place of the defective bimetallism which is a feature of the Belgian monetary system (1).

It will be observed that the Belgian Government have considered their monetary plan counting more particularly upon Anglo-Saxon financial aid for the provision of the funds required to protect the stability of their currency. We shall see in due course the result of the steps taken by the Belgian Government and will examine them closely for our own guidance.

(1) We draw the following from the report read by the Governor of the National Bank of Belgium, M. Hautain, at the General Meeting of the Shareholders held on the 22nd February ult., with reference to the currency reform which is being adopted by that country :

“ Le plan de stabilisation proposé aux Chambres législatives par le Gouvernement repose sur des principes qui ont reçu, dans ces dernières années, la consécration de multiples expériences en Europe.

“ Tout d'abord, il veut mettre une barrière à toute dépréciation ultérieure du franc, par la voie d'une stabilisation légale. Pour atteindre ce résultat, le projet consacre la nécessité de séparer entièrement le crédit de l'Etat du crédit de la Banque, en d'autres termes, de rendre le billet de banque indépendant du crédit de l'Etat.

“ Dans ce but, l'Etat doit rembourser dès à présent à la Banque, sinon l'intégralité, du moins la majeure partie de la dette contractée pour le retrait des marks. En même temps, il importe d'assurer à la Banque une réserve en métal, ou en devises ou assimilables à du métal, assez importante pour pouvoir faire face à toutes les éventualités. En l'occurrence, on a provisoirement arrêté à 60 % environ le pourcentage d'une telle encaisse métallique.

“ A ces fins, le Gouvernement a décidé de contracter sur les marchés étrangers un emprunt monétaire de l'ordre de 150 millions de dollars. Il est nécessaire, eu effet, de prévoir le cas où — la quantité de billets en circulation en Belgique étant supérieure aux véritables besoins du pays — on en présenterait à l'échange une quan-

For, although it seems easy and almost superfluous to enumerate or dwell upon the consequences of the existence of a currency subject to heavy fluctuations, it is impossible to disregard the difficulties to be overcome in stabilizing at the right level the purchasing power of a currency which has undergone, as in our own case, violent fluctuations over a period of years.

At the same time you all know how difficult it is to decide what point to start from or what to aim at in an attempt to secure stabilization or what dangers be ahead when the chief method of supporting the currency is by means of foreign loans which are a burden at the present time, and will be still heavier in the future. You also know that admitting a note circulation of a substantially smaller value, the stabilization of such a value and the convertibility of notes into gold at a given price amount actually to a devaluation of the paper currency, against which strong and not unfounded objections have been raised in spite of striking precedents and appeals from authoritative quarters in other countries. There is now a vast literature on this and kindred problems to which we may refer without dwelling any further on the subject here (1).

tité assez importante. L'encaisse doit rester largement suffisante pour donner toute sécurité aux porteurs de billets.

“ Une disposition légale levera le cours forcé. La Banque sera tenue de reprendre l'échange à vue de ses billets. Elle le fera, à son choix et suivant les circonstances, contre de l'or ou des chèques, tirés sur les places payant en or, et cela au taux légal de stabilisation.

“ La Banque réévaluera son encaisse métallique actuelle ; la différence accusée par cette réévaluation sera abandonnée par la Banque à l'Etat qui l'emploiera à amortir à due concurrence, sa dette envers l'Institut d'émission.

“ L'Union latine qui avait depuis longtemps cessé de sortir ses effets, a été dénoncée par le Gouvernement ; notre pays aura bientôt retrouvé sa pleine liberté d'action.

“ De tout ce que nous venons d'exposer, il ressort nettement que le plan d'assainissement monétaire exige pour sa réalisation le concours de la Banque Nationale et implique nécessairement le renouvellement, pour une longue période, de son droit d'émission”.

(1) See “La Politica Finanziaria Italiana, Studii sui problemi monetari e finanziari italiani” by Professor Benvenuto Griziotti of the Pavia University (Milano, 1926).

### The Italian Market.

Passing to a consideration of the past year particularly with regard to our own country, it may be said that it has been from certain points of view really favourable but from others not so satisfactory. The happy results achieved by the Government in international and colonial matters of importance and the settlement of the war debts, which latter was only possible owing to the solid basis on which our national finance rests to-day, have certainly done much to smooth the difficult path of our economic progress.

As regards the condition of the country's finances it is sufficient to recall the fact that in the financial year 1924-25, in which a surplus of 178 million lire had been expected, the actual surplus amounted to over 417 million (1). According to the Treasury returns embracing the period from July 1st, 1925, to February 28, 1926, *i. e.* for the first eight months of the present financial year, the surplus already exceeds 337.5 million lire. The total amount of the internal debt during the year 1925 fell from 91,988 to 91,536 million lire, a reduction of 452 million lire (2). There was a note-

(1) The following are the results of the last three budgets :

Financial Year	Actual Deficit	Actual Surplus
1922-23 . . . . .	L. 3,028,834,663	—
1923-24 . . . . .	" 418,429,697	—
1924-25 . . . . .	—	L. 417,243,064

(2) The following are the figures of the deadweight internal national debt outstanding at the end of the years 1924 and 1925 according to the Treasury returns appearing in the Supplements to the *Gazetta Ufficiale del Regno* of January 20th, 1925, and January 20th, 1926 :— (In million lire).

	1924	1925	Increase + or Decrease - in 1925
Pre-War Debt . . . . .	12,511	12,478	— 33
National Loans . . . . .	35,998	35,997	— 1
Treasury Bonds (3-and 5 yrs) . . . . .	3,119	2,048	— 1,071
"    " (7-yrs) . . . . .	4,000	4,000	—
"    " (9-yrs) . . . . .	4,000	6,175	+ 2,175
3 1/2 per cent. Venetian Provinces War damages indemnity bonds . . . . .	695	973	+ 278
4 3/4 per cent. 25-yrs bonds . . . . .	1,285	1,443	+ 158
Treasury Bills . . . . .	20,077	18,307	— 1,770
Currency Notes . . . . .	2,400	2,100	— 300
Advances from note-issuing banks . . . . .	7,243	7,063	— 180
"    from Cassa Depositi e Prestiti . . . . .	660	875	+ 215
"    from National Social Insurance Office . . . . .	—	67	+ 67
4.36 per cent. ex-Austrian Debt . . . . .	—	10	+ 10

worthy reduction of 3,321 million lire in the floating debt and short dated bonds (currency notes, banknotes issued for State account, treasury bills and 3 and 5-years treasury bonds). Against that must be put an increase of 2,175 million lire in 9-year treasury bonds and of 158 million lire in 4.75 per cent. 25-year bonds. It is clear, therefore, that an improvement has been effected in the nature and maturities of our National Debt, although the substantial rise in the rate of interest on treasury bills first of all checked the reduction of the issues and later on increased them until quite recently, when the Treasury, appreciating the economic needs of the country, reduced once more the rates of interest (1).

With reference to our foreign debt, the official statistics on the 31st December, 1925, gave the figure relating to the results of the American debt settlement, taking the agreed payments at their actual value and, included also the new loan for 100 million dollars which was floated in New York with the object of strengthening the bullion reserve of the country and increasing the so-called *masse de manœuvre* held in support of the lira exchange. From a total amount of 23,100 million gold lire, appearing in the books at the end of 1924, the figure on the 31st December, 1925, was reduced to 17,700 million gold lire, accepting the Treasury's calculations of the actual value, on the basis of a 5 per cent. flat rate of interest for the amount of bonds

(1) The following table shows the changes which have taken place in the rates of interest on Treasury Bills:—

Rate of interest p. a.	3 to 5 months bills	6 to 8 months bills	9 to 12 months bills
On January 1, 1925 . . . . .	%	%	%
On June 3rd, " . . . . .	3.75	4.25	4.50
On June 18th, " . . . . .	4.25	4.75	5—
On February 15th, 1926 . . . . .	5.25	5.75	6—
On March 8th, " . . . . .	4.75	5.25	5.50
On March 8th, " . . . . .	4.25	4.75	5—

handed to the United States Government and redeemable in 62 years (1).

A notable reduction of the actual amount of Italy's foreign war debt resulted from the London Agreement at the beginning of the present year. The funding at the gross figure of £276,750,000, payable in 62 years, of our indebtedness to the British Treasury covered hitherto by special Italian Treasury Bonds held by the British Government has reduced to 6,979,635,000 gold lire the figure of 15,287,607,400 gold lire appearing in the official statement for December 31st, ultimo (2).

The amount of notes issued by the three banks of issue together varied in the course of 1925, from 18,114.2 million lire to 19,349.7 million lire: thus an increase of 1,235.5 million lire, accounted for by an increase of 1,414.5 million lire of notes issued for trade requirements and a reduction of 179 million of notes issued on State account. On the other hand, the amount of currency notes issued directly by the Treasury was reduced from 2,400 to 2,100 million lire, *i. e.*, by 300 million.

However, the circulation of notes which are directly or indirectly an obligation of the State still exceeds 9,000 million lire on a

(1) With reference to the settlement of our war debts to the United States and Great Britain, see pp. 29 to 32.

(2) We compare below the figures, drawn from official statements of the National Foreign Debt, in thousands of gold lire, on the two mentioned dates:—

	December 31, 1924	December 31, 1925
Special Treasury bonds placed abroad . . . . .	14,570,596	—
Credits opened by foreign Governments . . . . .	8,536,816	—
Debt to the British Government . . . . .	—	15,287,607
Actual value, capitalized at 5%, of the bonds handed to the United States Government in settlement of the war debt 100 million dollar loan . . . . .	—	1,864,891
	—	518,260
	23,107,412	17,670,758

total circulation of 21,500 million lire. When we consider that such a debt is not the outcome of the economic needs of the country it is easy to understand its effect on the rates of exchange and on the price levels, notwithstanding the fact that the Treasury has secured, also by means of loans, dollar reserves which cover part of the value. Apart from these considerations, it must be admitted that in the course of last year, the total circulation of notes increased by 935.5 million lire from 20,514.2 to 21,449.7 million lire (1). This increase was the result of a larger demand to meet actual trade requirements and this is all the more evident where we consider that the amount of notes issued in respect of credits of the banks of issue with the Special Independent Section of the Syndicate for Advances against Industrial Securities was reduced during last year from 4082 to 3521 million lire, i. e., by 561 million.

As a matter of fact, the normal assets of the three note-issuing banks together increased by 2,221.2 million lire. From one year to the other, bills discounted rose from 5,109.3 to 6,520.4 million lire ; advances and loans, from 3,157.7 to 3,915.2 and deferred payments at the clearing houses from 463.9 to 516.5 million lire. During the year 1924, the total increase in such ordinary transactions only amounted to 183 million lire. It is clear therefore, that commerce and industry called for an additional 2,000 million lire, or

(1) The following table shows the changes which have taken place in the total circulation of notes from the end of 1923 to the end of 1925 (in million lire) :

	Bank Notes			Treasury Notes	Grand Total
	for Trade	for Treasury account	Total		
31st December 1923 . . . . .	9,492.2	7,754.4	17,246.6	2,427.8	19,674.4
increase+or decrease— in 1924 . . . . .	+ 1,380.5	- 512.9	+ 867.6	- 27.8	+ 839.8
31st December 1924 . . . . .	10,872.7	7,241.5	18,114.2	2,400.0	20,514.2
increase+or decrease— in 1925 . . . . .	+ 1,414.5	- 179.0	+ 1,235.5	- 300.0	+ 935.5
31st December 1925 . . . . .	12,287.2	7,062.5	19,349.7	2,100.0	21,449.7

more, from the note-issuing banks to meet the needs of the increasing economic activities of the nation.

In the circumstances, notwithstanding that with an inconvertible currency the movements in the discount rates are less effective, one can understand the necessity for the rises which took place in the bank rate during 1925 ; on March 7th it rose from 5  $\frac{1}{2}$  to 6 per cent., to 6  $\frac{1}{2}$  per cent. on June 3rd. and to 7 per cent. on June 18th. When the demand for additional money became more insistent, the so-called policy of low rates became absolutely inconsistent with the market conditions.

It should be noted that on May 31st ult. the normal assets of the note-issuing banks stood at 8,020.4 million lire or 710.5 million lire lower than at the end of 1924, whereas the figure rose suddenly in June to 10,104.1 million lire *i. e.* an increase of 2083.7 million in a single month as a result of which the figure for December 31st, 1924 was exceeded by 1,373.2 million lire. In the second half-year, as money was dearer, the rate of progress slowed down and the end of the year shows an increase of 848 million lire as compared with the figure reached on June 30th last. With the new year, 1926, the strain has considerably relaxed and it may be pointed out that the amount of the note circulation and of the note-issuing banks' assets have started falling.

As regards the sudden swelling of last June, which took place subsequent to premonitory symptoms which occurred in March, when prudent measures of restriction had to be taken to deal with the situation, the note-issuing banks were obliged to make larger use of credit in order to facilitate a liquidation which was attended with some difficulties and to avoid a crisis that might have produced an undesirable effect on the general economic position. As soon as that difficult period was passed the outlook brightened somewhat, but it is not yet quite clear.

We feel, for example, the increased lack of proportion between the aims and projects of industry and the means required for meeting the heavier demands for new plant and larger scale

works (1) at a time when savings in Italy have failed to find their way on a corresponding enhanced scale in the coffers of the institutions founded for the purpose (2). Efforts are being made to meet requirements with the help of foreign capital, supplemented by the valuable operations of the "Consorzio di Credito per le Opere pubbliche" (Syndicate for Credits to Public Works), and the "Istituto di Credito per le Imprese di Pubblica Utilità" (Credit Institute for Public Utility Enterprises) (3). Clearly also in this case so far as the use of credit received from abroad is concerned, it is not altogether easy to decide how much to use and how to use it, but we may add, however, that the Government is alert and if necessary exercises a moderating influence.

In any case, the increased requirements of working capital by agricultural and manufacturing enterprise and the resulting dearer money have affected the prices of Government securities. The average monthly price of our 5 per cent. Consols from 97.19 per cent. quoted in December 1924 reached the high level of 97.22 in February 1925, and fell to 89.98 in July, recovered to 92.43 in August and after touching the low level of 88.87 per cent. in October, hardened to 91.98 in the last month of the year. Concurrently, the 3 1/2 per cent. Rentes after closing the year 1924 at 80.41 (December) advanced to 81.08 in the following February, quoting later

(1) It is notable that the total paid up capital of Italian limited companies has risen from 23,421 million lire to 28,261 million lire in 1924 and from the latter figure, to 36,278 million lire in 1925. Therefore in the last two years, the new capital investment amounted to 4,840 and 8,017 million lire respectively. The increase is really exceptional, even accounting for the depreciation of the lira and the higher price level of commodities and services. This fact explains and justifies the provision which has been adopted by the Government in the Royal Decree No. 413 issued on March 11th, 1926, to submit, in a general way, to the approval of the Finance Minister, increases of capital by limited companies.

(2) Taking on the basis of 100 the amount of savings' deposits existing in December 1913, the index number of the deposits with the Post Office Savings Bank moved from 430.65 in December, 1923, to 470.15 in December 1924, and to 489.31 in December, 1925. The index of deposits with the Ordinary Savings Bank moved from 387.80 in December, 1923, to 440.10 in December, 1924, and to 453.96 in December, 1925.

(3) See the clear and interesting report of the Hon. Alberto Beneduce concerning the 1925 balance sheet of the Istituto di Credito per le Imprese di Pubblica Utilità (Institute of Credit for Public Utility Undertakings), (March, 1926).

70.63 in July, 75.18 in August, 69.58 in October and finally 72.76 in December (1). The depression was almost simultaneous with the higher rates of interest paid on treasury bills when the demand for the latter, in the spring, threatened to fall too rapidly.

The above difficulties which attended our home market and reached their climax at the beginning of the second half-year, coincided with a fall of the lira exchange. The adverse trend reached its height in July and was followed by a recovery in August, and in September the exchange became relatively stable at a less unfavourable rate, thanks to the effective intervention of the Treasury which was actively supported by the Banks. As will be seen in the statistics and notes referred to elsewhere in this report, the highest rate for the dollar was equal to 576.80 per cent. and the lowest to 455.40 per cent., which compares with a high level of 470 per cent. and a low level of 429.30 per cent. reached in 1924. For the pound sterling, the rates were respectively 574.60 and 444.57 per cent. in 1925 against 448.93 and 377.40 per cent. in 1924. For the Swiss franc, 579.28 and 455.70 per cent. in 1925 against 465.91 and 388.06 per cent. in 1924. The special features affecting the rate of the French franc on the various markets are well known (2). In 1924, the highest rate quoted in Italy was 149.38 per cent. and the lowest, 86.68 per cent. In 1925, the high mark was 134.58 per cent. and the low mark 89.15 per cent. Whereas in 1924 the

(1) Concerning Italian variable dividend securities, the index numbers of the quotations compiled by Prof. Bachì, show an almost parallel course, being as follows :— (December 1913 = 100) :

December 1924 . . . . .	163.4	August 1925 . . . . .	165.5
February 1925 . . . . .	183.1	October » . . . . .	146.2
April » . . . . .	160.1	November » . . . . .	156.1
May » . . . . .	172.6	December » . . . . .	153.9
July » . . . . .	155.3		

(2) In the report of the Governor of the Bank of France, Mr. Georges Robinet, submitted to the General Meeting of the Shareholders of the Bank held on the 16th January, ult., we find the following passage (p. 10):—

« L'extension progressive de nos avances à l'Etat et l'accroissement de la circulation fiduciaire qu'elle a entraîné n'ont pas manqué d'avoir les plus sérieuses conséquences sur le marché des changes. Une dépréciation de notre monnaie s'est poursuivie, d'une façon presque continue, pendant tout le cours de l'exercice et s'est très sensiblement aggravée vers la fin de l'année ».

weakness of the French exchange was only temporary, during the months of February and March, the depression which started in September last year, grew worse in December and persists at this very moment (1).

Reverting to our own position, it is obvious that the exchange affected our foreign trade according to the appreciation or depreciation of the rates. It should be observed however that in the second halfyear the excellent harvest reduced the amount of Italy's payments abroad. Between 1924 and 1925, the value of imports grew from 19,380 to 26,173 million lire, an increase of about 35 per cent., while exports increased from 14,371 to 18,276 million lire or by over 27 per cent. Thus an increase in the adverse balance of visible trade from 5,009 to 7,897 million lire (2). It is unnecessary to repeat that these figures should not be

(1) See other tables on pp. 52-55 of this Report. It will be sufficient to compare below the lowest, average and highest rates of the leading exchanges against the lira in the last two years :—

	1924			1925		
	Lowest	Average	Highest	Lowest	Average	Highest
Gold . . . . .	429.05	443.43	470.11	455.25	484.25	576.60
New York . . . .	22.24	22.98	24.36	23.59	25.08	29.88
London . . . .	95.19	101.47	113.22	112.12	121.17	144.92
Switzerland . . .	388.06	418.47	465.91	455.70	484.96	579.28
Paris . . . . .	86.68	119.97	149.38	89.15	119.62	134.58

(2) In the first two months of the present year, the deficit of our balance of visible trade has increased. The following table compares the final results of our foreign trade in the last two years (in million lire) :—

	1925	1924	Increase + or
			Decrease — in 1925
<b>1st HALF YEAR.</b>			
Imports . . . . .	14,425	9,447	+ 4,978
Exports . . . . .	8,569	6,677	+ 1,892
Adverse balance . . .	5,856	2,770	+ 3,086
<b>2nd HALF YEAR.</b>			
Imports . . . . .	11,748	9,933	+ 1,815
Exports . . . . .	9,707	7,694	+ 2,013
Adverse balance . . .	2,041	2,239	- 198
<b>FULL YEAR.</b>			
Imports . . . . .	26,173	19,380	+ 6,793
Exports . . . . .	18,276	14,371	+ 3,905
Adverse balance . . .	7,897	5,009	+ 2,888

regarded in a general way as absolute, but should be taken rather as an indication of the approximate dislocation of our foreign trade, bearing in mind the old and new methods adopted in drawing up customs returns. On the other hand, there is reason to believe that the heavier adverse balance of visible trade may have found compensation, to some extent, in other items affecting our international payments (1). However, there is no doubt that in our case, especially now that we have assumed definite obligations on the other side of the Channel and across the Atlantic, to transfer large amounts which previously had not been required, the international payments account, the changes of which are reflected on the rates of exchange and affect primarily the balance of our monetary system, must be closely watched. All that helps to move in the right direction the balance of our international payments and to restrain the circulation of uncovered bank and treasury notes must be constantly and patiently pursued.

#### **Industrial Results.**

Meanwhile it may be said that on the whole in the past year there was considerable expansion in Italian manufacturing trades due to a quickening of the spirit of enterprise among manufacturers and to the tendency towards amalgamation of and co-operation between undertakings, fostered by the Government, which aimed at promoting greater discipline in every branch of Italy's economic life.

The progress can be summarized under the following items :  
(a) Larger exports of manufactured goods ; (b) Increase of railway and maritime traffic ; (c) Reduced unemployment and, in

(1) Apart from the influence upon the yearly balance of payments arising from borrowing on foreign markets, we may note the increase of the expenditure of tourists in Italy during 1925, owing to the larger influx in view of the Holy Year. In certain months of last year, a considerable reduction took place in the foreign balances held with Italian banks, which affected somewhat the exchange rates and the local circulation of notes.

certain cases even lack of qualified labour (1); (d) Larger imports of raw materials and fuel; (e) Extension of plants and larger use of motor power; (f) Keener demand for new capital which at times may have even been indiscriminate (2).

The relations between capital and labour remained constantly good. Strikes were very few and were almost in every case isolated and short lived. Wage adjustments, which were necessary owing to the higher cost of living, were effected without creating bitterness between the parties and in no case was actual strife recorded (3).

Foreign capital, especially American, is becoming more interested in Italian enterprise. Many arrangements in various forms have been or are being concluded, either in the form of participation in the share capital of Italian Limited Companies, or as loans from foreign banks to individual concerns or to industrial groups, thus affording greater credit facilities to our industries in their present stage of active expansion.

On the other hand, some dissatisfaction is felt at the instability of the prices of raw materials, the dearer money rates, the alleged restrictions of credit, the high railway tariffs, which are regarded as excessive for certain classes of goods and, last but not least, the heavy burdens of taxation. Nor can we disregard some signs of uncertainty and a slowing down of the rate of progress which are noticeable here and there. Certain industries may have grown too rapidly, and may find it convenient at the present

(1) The number of unemployed, including agricultural labour, amounted to 122,000 at the end of 1925, as compared with 150,449 at the end of 1924. Also the number of persons working short-time has diminished from 9,488 at the end of 1924, to 8,843 at the end of 1925.

(2) According to Prof. Bresciani-Turroni, one of the features of the economic conditions in countries where the currency has been stabilised after a more or less extensive period of inflation is the lack of working capital for enterprise. Such a lack may be said to resume the crisis of currency stabilisation.

(3) According to competent students of the subject, an improvement has taken place in the conditions ruling wages in relation to the cost of living for working classes which has risen owing to the depreciation of the currency. See article of Sig. Raimondo Targetti "Il cambio e la situazione monetaria dell'Italia.", published in the "Rivista di politica economica", January, 1926.

time to consolidate their position. In any case, it can safely be said that on the whole, Italian industry has made good progress in 1925. This will appear more clearly from the following brief survey of the course of our leading industries in the past year.

#### Silk.

Owing to the changes in the weather, the last year's production of cocoons was inferior to that of 1924 both in quantity and quality. The supply of the raw material to the spinners during the period of greatest depression of the Italian exchange proved considerably more expensive than in the previous year, and consequently made the spinning of the silk less profitable owing to the difficulty of adjusting the prices of the yarn to the higher cost of the raw material. The textile mills worked at full and benefited by the larger home and foreign demand for silk material. Exports were satisfactory notwithstanding the introduction of customs duties in Great Britain and the heavy French competition due to the fall of the French exchange and also to the growing competition from Asia especially on the American market. A further and notable development took place in 1925 in the production of artificial silk. Old and new plants have made large profits in spite of the slight reduction in the sale price of that commodity. Exports have grown, the Italian product being preferred in certain markets to that manufactured by foreign competitors (1).

#### Cotton.

The cotton industry developed considerably during the last year, and was assisted, by the constant demand for cotton goods in Italy and abroad. The output of the factories was only limited by the available supply of skilled labour. Exports to our

(1) Italy has now reached the second place after the United States of America among producing countries. It is reckoned that Italian production of artificial silk in 1925 was equal to one-sixth of the total world production. In the last year, there was a new departure in the production of artificial wool which seems to have the best of prospects.

old customers increased and new markets have been found for Italian cotton manufactures. The prices of raw cotton which were steady during the greater part of the year, fell considerably in the last quarter, as soon as the yield of the American crop, which was considered to be exceptional, was known (1).

### **Wool.**

For the wool industry the year was altogether satisfactory, but the spinning mills were less active during the summer period owing to the heavy fall in the prices of the raw material which took place in the first half-year. The reduction in the prices of raw wool, which was partly counteracted by the adverse trend of the lira exchange, caused the spinners to restrict their purchases to the lowest possible level compatible with their requirements. The weaving industry was fully occupied in spite of the smaller home demand, especially for higher grade textiles. However, the larger output was profitably placed in eastern Europe, in India and in South America, in spite of foreign competition on those markets (2).

### **Hemp, Flax and Jute.**

Hemp and flax mills were less active in 1925 as the demand for manufactures was smaller. The spinners and weavers were therefore obliged to reduce their working days (3). Raw hemp which mostly was of inferior quality, commanded better prices so far as the higher grades were concerned after a temporary fall in the months preceding the crop.

The jute industry developed under favourable circumstances and the home and foreign demand has advanced the prices of manufactures to highly remunerative levels.

(1) 15,603,000 bales in 1925-26, against 13,628,000 in 1924-25, and 11,290,000 in 1923-24.

(2) The export of manufactures is reckoned to be equal in value to over one-third of the total output.

(3) Competition from Belgium has become keener, especially for linen yarn.

### Mining, Iron, Steel and Engineering.

Mining activities were keen throughout 1925. Fresh impulse was given to the production of metallic minerals and particularly to the extraction of iron and copper pirites (1). There was a larger output of marble and alabaster especially for export (2). On the other hand, the production of sulphur suffered a set back.

Apart from a slight falling off in the last months, the iron and steel industries were intensely active during the year (3) owing to the larger requirements of the mechanical, electric and building trades. New blast furnaces were put in action in spite of the difficulties arising from the keener French competition and from the restrictions placed in France on the supply of raw material. According to current reports, the steel output reached a higher level than in the period of greatest production during the war (4).

Also as regards engineering, progress was recorded, particularly in the auxiliary branches connected with railway, naval and motor car construction. A promising revival is noticeable in the manufacture of agricultural machinery and implements. Larger orders have been placed by the administration of the State Railways for the renewal and the construction of additional rolling stock

### Shipping and Naval Construction.

For the Italian shipping on the whole the year 1925 may be regarded as good (5) in spite of the fact that freights were scarcely

(1) Good hopes are entertained for the new industry exploiting leucitic ore containing elements for the production of aluminium and of nitrates.

(2) Especially to England, the United States, France, Germany, Austria and Belgium.

(3) The imports of iron ore, of scrap iron and pig iron were in 1925, almost double the amount of 1924.

(4) It is estimated that the output for 1925 exceed 1  $\frac{1}{2}$  million metric tons, with an increase of about 250,000 tons over the 1917 output which was the highest in the war period.

(5) Ships laying idle in the Italian ports at the beginning of the year included thirty ships of gross tonnage of 32,521 tons, equal to 1.12 per cent. of the gross tonnage of the Italian mercantile marine.

remunerative in view of the higher running costs (1). Naval construction (2) made great strides during the year owing to the policy of replacing the more obsolete ships by new and more efficient units (3). The greater intensity of naval construction was enhanced by the agreement come to with regard to subsidized maritime lines, which enabled the companies to extend their services from Italian ports. At the same time, from the administrative and technical point of view, the yards and workshops have been enlarged and provided with modern and powerful machinery.

#### **Motor and Air-Craft.**

In 1925 the motorcar industry progressed favourably and was able to dispose of a large number of cars at home, but more especially abroad (4). Greater difficulty has been encountered in selling Italian cars in France owing to the customs tariffs and to the adverse rate of exchange. On other markets also, both in and outside Europe, the fierce competition of American cars is felt by the Italian makes. However, there was a revival of exports to Russia, to some Balkan States and to other overseas countries.

There was great activity in aircraft construction to meet the larger needs of military aviation and also of civil aviation, which is shortly to be developed and properly organized (5). There was appreciable output of new types of aeroplanes and motors.

(1) The index number of freights which was 99.5 in December, 1924, rose to 103.4 in February, 1925, but declined to 84.3 in June, to close the year somewhat better, at 94.

(2) According to the figures of Lloyds Register of Shipping, Italy appeared on 31st December ult., to occupy the second place after Great Britain for tonnage under construction, which amounted altogether to 309,578 tons.

(3) Shipbuilding has been very keen in the Venetian Provinces, especially in the line of motor-boats, which seem to answer better the requirements of high-class shipping.

(4) There is a growing tendency to standardize cars, especially in the line of small touring cars.

(5) The first regular air services across the Peninsula will be shortly started and other international air lines are being contemplated.

### Electric Industries.

Assisted by normal climatic conditions, the production and distribution of electric power was further increased in 1925 (1). Almost everywhere a greater demand for power was recorded, particularly for industrial uses (2). Such demand was met by increasing the output of the existing hydro-electric and thermic plants (3) and by speeding up the completion and the working of new plants (4).

### Building Trade.

The building trade was very active, especially in the larger cities. The activity of the trade which had been stimulated by the approaching of the time limit fixed for the 25 years fiscal exemption (applied to buildings completed by the 31st December, 1926), was somewhat checked by the Decree No. 1548 issued on 30th August ult (5). Since then, the work was confined to the completion of buildings already under construction.

The industries connected with cement and building material

(1) It is estimated that the consumption of electric power throughout Italy has increased in the financial year 1924-25 to over 7,000 million Kilowat-hours, which is about 900 million Kw-hrs more than the amount used in the previous financial year ; at the end of the year 1925, the consumption had reached 7,600 million Kw-hrs.

(2) Approximately 83 per cent. of the electric power is used for industrial purposes, about 8 per cent. for traction, and 9 per cent. for lighting.

(3) It is estimated that the power produced by the existing hydro-electric and thermic plants totalled in 1925, 2,370,000 HP, as against 2,110,000 produced in 1924. High tension lines for transmission of power, including the electrified railways, cover at present about 45,000 kilometres.

(4) The new plants under construction at the end of 1925, are calculated to produce additional power to an amount of over one million horse-power. As a result of this expansion, the share capital of power generating concerns was increased during the past year by over 1,700 million lire, which is over one-fifth of the total amount of new investments in 1925. A portion of the capital which was required has been obtained by issuing bonds both on the home market and in foreign markets (U. S.), and the issues were made either directly by the companies, or through the Institute of Credit for Public Utility Undertakings.

(5) The Royal Decree referred to, in order to restrain the present rush on building, limits the exemptions from the property tax to the buildings which were started not later than the 25th August, 1925, provided that they are completed within the 31st December, 1928.

were extremely busy particularly in the first half-year. There has been a keen demand for cement also for the construction of hydro-electric plants and motor roads, and its price has been constantly rising. The demand which at times was far in excess of the available supply, was due to a great extent to the speeding up of building as indicated above. Later, however, sales decreased somewhat, owing to the subsequent slackening in building activity.

#### **Chemical Industry.**

Among the leading products of our chemical industry, sulphuric acid and its by-products had a larger output owing to the increased demand for fertilisers. There was also a notable increase in the output of synthetic nitrates, of hypochlorites and electrolytic soda. The dyestuffs industry is becoming stronger thanks to the development of the textile manufactures, in spite of some technical difficulties and of the growing foreign competition especially from Germany.

#### **China and Glass.**

While in the first half-year the pottery and china industries were very active, certain branches were subject to a subsequent falling off owing to the appearance of cheaper foreign goods on the home market. The glass industry improved, thanks to the adoption of new machinery and to the fact that manual labour is being gradually replaced by mechanical appliances.

#### **Paper.**

For the paper industry 1925 was a very favourable year. The demand became keener in the second half year and in the case of certain mills exceeded their normal productive capacity, thus keeping prices up to the high level reached during the depression of the lira exchange.

### **Tanning and Shoes.**

Here also the year was quite satisfactory and almost everywhere factories worked at full speed and sales were good in spite of the higher prices for tanned hides, arising from the exchange depreciation. The boot and shoe factories were very active, especially in the first half-year, and notable progress has been made both in the quality and appearance which is making our products saleable even outside Italy.

### **Milling and Rice.**

The work of the milling industries was remarkable, although the frequent and considerable fluctuations in the prices of wheat during 1925 produced financial results not always favourable to the mills, especially in view of the fact that large stocks had been accumulated at the beginning of the year at heavily inflated prices owing to the false reports of a poor harvest in the Argentine. A heavy fall in the price of wheat which followed the abundant harvest in Italy and elsewhere was subsequently checked and, in fact, developed into a substantial rise.

Farinaceous foods factories were busy but exports found, as usual, great difficulty due to high customs duties. The rice industry had a less favourable time for the scarcity and the high prices of the grain which is exported in large quantities to countries where, like France and Switzerland, a very low customs duty is applied to the raw product.

### **Sugar.**

The sugar industry was faced in 1925 with even greater difficulties than in 1924. Many of the factories remained closed owing to the very poor crop of beetroot which, however, was partly compensated for by the better quality and higher sugar content of the beet. More serious competition came from foreign countries where

crops were abundant and where sugar exports could be artificially stimulated by dumping.

With the object of relieving the industry from such difficulties, the Government have gradually increased the duty on imported sugar.

**Wine.**

Last year's vintage was comparatively abundant, but generally, the grade of the wine was somewhat lower. However, prices were well maintained owing to a considerable demand from the home market through which the stocks left over from the previous vintage were easily absorbed. The export of ordinary table wines to France and Switzerland shows a considerable reduction, and this is only slightly counteracted by larger sales on the Austrian and Brazilian markets. However, there is now a tendency to develop the export of our finer bottled wines.

**Agriculture.**

The 1925 crops were abundant for almost every product. As a matter of fact, they constituted a record since 1909 for wheat, rye, barley, oats, rice, potatoes and hemp. Moreover, as regards maize, beans, flax, fodder and grapes, the results were considerably above the average and higher than those for 1924. On the other hand, the crops of vegetables and cocoons were smaller than in 1924, although above the average and only in the case of beetroot oil and fruit were the crops below the average.

The very successful wheat harvest, which yielded 6,554,800 metric tons as against 4,630,600 in 1924 and an average of 4,710,900 had a favourable bearing on the trade balance. In fact, whereas in the first eight months of the financial year 1924-25, 1,601,900 metric tons had been imported, in the corresponding period of the financial year 1925-26, the figure was reduced to 727,600 which means a net reduction of wheat imports of 874,300 tons.

As regards prospects for the current year it can be reckoned

that the acreage sown covers 4,850,000 hectares, which is approximately 130,000 hectares more than last year. Apart from the larger area under wheat cultivation, it should be recorded that, as a result of the Government measures for the so-called "battle of the grain", a considerable improvement in the method of cultivation has taken place, so that we may confidently expect a steady and continuous increase of the home production. Further, we should mention the constant increase of the production of rice which is due to the substitution of permanent plantations by alternate sowings and also to improved methods of cultivation. Last year's crop of rice amounted to 641,600 metric tons, which represents 25 per cent. more than the yearly average for the last ten years. As already stated record crops were harvested in 1925 also in the case of potatoes, with 2,155,700 metric tons as against 1,958,000 in 1924, and an average of 1,535,500; and of hemp, with 123,900 metric tons compared to 74,000 in 1924 and 81,100 on average (1).

The wine production amounted to 45,367,000 hectolitres *i. e.*, slightly more than in 1924 when 44,714,000 hectolitres were produced but was considerably above the average of 38,659,000 hectolitres.

On the other hand the production of olive oil was very low and although the final results are not yet available, it is believed that the total yield will not exceed 1,500,000 hectolitres against a production of 2,320,000 hectolitres in 1924 and an average of 2,049,000. The fruit crop, including chestnuts, was also less satisfactory, totalling 1,124,600 metric tons, as compared with 1,440,700 tons in 1924, and an average of 1,227,700.

The initiative of the Prime Minister aiming at the expansion of the wheat production took effect in a number of legislative mea-

(1) The greater production of hemp was due to the larger acreage under hemp cultivation which increased from 70,200 hectares in 1924 to 111,500 hectares in 1925. As a matter of fact, hemp replaced the greater part of the land formerly under beet cultivation which declined from 124,000 hectares in 1924 to about 57,000 hectares in 1925, so that the beet crop from 3,720,000 metric tons in 1924 fell to 1,600,000 metric tons in 1925.

sures affecting agriculture. Besides reinstating the pre-war duty on imported wheat at the rate of 75 gold lire per metric ton, increased provision was made for agricultural schools, field demonstrations, experiments and propaganda. Moreover, these measures encourage the production of selected seeds, the adoption of machinery for ploughing areas suitable for wheat cultivation but so far uncultivated owing to scarcity of labour. Further stimulus has been given by national and provincial competitions endowed with prizes in cash, and finally, by larger subventions for agricultural credit. The initiative of the Government found an eager welcome from farmers throughout Italy and it can be said that they received the Prime Minister's appeal with enthusiasm.

#### **Settlement of Foreign War Debts.**

Ever since June 1925, on the initiative of the Prime Minister, Italy opened negotiations with her former Associates and Allies of the war, the United States and Great Britain, for the settlement of her war debts. These negotiations were concluded with the Agreements signed in Washington on 14th November, 1925, and in London on 27th January, 1926. In each case they were conducted fairly and amicably and were based on Italy's present and future capacity to pay. Therefore it has been rightly observed that the Agreements which have been concluded constitute a just and honourable adjustment of our war debt.

As regards the United States, the settlement of the debt took the form which had been previously adopted by the American Government in dealing with Great Britain and Belgium. Up to June 15, 1925, the indebtedness to the United States Treasury, including interest, amounted to 2,042.2 million dollars. \$200,000 were paid in cash and the balance of 2042 million dollars was funded, the terms being that the principal should be repaid in 62 annuities, starting at \$5,000,000 per annum for five years from 1925 to 1930, rising to \$12,100,000 in 1931 and then annually

to \$79,400,000 for the last instalment to be paid in 1987. No interest is payable for the first five years, but will subsequently be paid at rates increasing every ten years from a minimum of one eighth of one per cent. to a maximum of two per cent. in the last period (1).

The debt to Great Britain which was secured by special Italian sterling treasury bills for £610,840,000, including principal and accrued interest, was actually funded at £276,750,000 to be repaid without interest in 62 years, by half-yearly instalments increasing in the first seven years and remaining equal for the following 55 years, leaving a half-year instalment to be paid on balance in the financial year 1987-88 (2).

(1) We give below the funding plan agreed with the United States of America (in thousand dollars) :—

15th June, of Years	Annuities		Total of Principal	Interest per annum
	Amount	Number		
1926 to 1930 . . . . .	5,000	5	25,000	(nil)
1931 to 1940 . . . . .	from 12,100 to 15,800	10	135,500	1/8 %
1941 to 1950 . . . . .	from 16,400 to 22,000	10	191,700	1/4 %
1951 to 1960 . . . . .	from 23,000 to 31,500	10	270,900	1/2 %
1961 to 1970 . . . . .	from 32,500 to 44,500	10	379,500	3/4 %
1971 to 1980 . . . . .	from 46,000 to 62,000	10	537,000	1 %
1981 to 1987 . . . . .	from 64,000 to 79,400	7	502,400	2 %
		62	2,042,000	

(2) The British Government adopted the principle of requiring from the allied debtor countries the repayment of an aggregate sum which, together with the amounts recovered from German Reparations would be sufficient to meet the British payments in respect of their war debt to the United States of America. Moreover the reduced amount required would be assigned to each debtor according to their respective capacity to pay. In the case of Italy, the British Treasury have also taken into consideration the gold which was sent by our Government to London during the war, as a non-interest-bearing deposit, apart from the fact that the quota of German Reparations assigned to Italy, is only 10 per cent. of the total.

The annuities to be paid by Italy to Great Britain in half-yearly instalments, in respect of the War Debt, are the following (in thousands of pounds) :—

Financial Years	Annuities		Total Amounts
	Amount	Number	
1925-26 . . . . .	2,000	1	2,000
1926-27 to 1927-28 . . . . .	4,000	2	8,000
1928-29 to 1931-32 . . . . .	4,250	4	17,000
1932-33 to 1986-87 . . . . .	4,500	55	247,500
1987-88 . . . . .	2,250	(balance)	2,250
		62	276,750

The obligation which our Government have undertaken by the abovementioned Agreements do not seem to be beyond Italy's capacity if her credit for German Reparations is taken into account. The method of repayment by increasing instalments is also just and reasonable : it avoids the necessity of imposing too great a burden on the generation which bore the brunt of the war and which has suffered most from its direct and indirect consequences.

As the Finance Minister, Count Volpi, declared in the Senate, during the first five years the instalments to be paid to the two creditors are more than covered by the amounts which should be received by the Treasury on account of German Reparations, in accordance with the Dawes Plan. Also for the following years the whole of the payments laid down in two Agreements, should not be inferior to the amounts due from Germany and in spite of the doubts entertained in some quarters, we trust that the latter will meet her obligations honestly (1). Thus Italy, after having provided for the reconstruction of her invaded and devastated areas out of her own resources, and not from war indemnities, has now devoted all that she is owed as Reparations from Germany to meet an obligation incurred when she took the field in the cause of Liberty and contributed largely to the common victory. From this victory all the Allies benefited, whether they emerged from the struggle as creditors or debtors. It is well to remember that the Agreement with the British Government was based on the principle embodied in the Balfour Note according to which the United Kingdom expressed its readiness to reduce the payments due from her former allies to the amount which was necessary to meet her own war debt. In fact, a reduction of the Italian annuity is contemplated,

(1) According to the official report, in the first six months of the second year of application of the Dawes Plan (September 1925 to February, 1926) the payments made on behalf of Germany amounted to 551.7 million gold marks, of which 486.8 million were assigned to the creditor countries. Out of the latter amount, Italy received 29.7 million gold marks, in the form the coal and transport thereof (for 25.5 million gold marks) and the balance in dyes, chemicals and other commodities. From the 1st September, 1924, to 28th February, 1926, Italy received as reparations from Germany, deliveries in kind to an amount of 93,475,000 gold marks.

should the payments received by the British Treasury in respect of reparations and inter-allied debts exceed the amounts paid by that Treasury to the American Treasury in respect of war debts. On the other hand, if the British Treasury should have to meet a deficit, there would be no question of increasing the annuity due by Italy except for such amounts as may have been credited to her under the above clause (i).

The London Agreement carries the final decision on the gold deposited in London by the Italian Treasury when the advances from the British Government were granted. The gold will be returned by degrees in half-yearly instalments pari passu with the payments of annuities by Italy. So, out of the £22,200,000 of gold deposited in England in the years 1915 and 1916, £1,000,000 will be repaid in eight half-yearly instalments from 15th September 1928, to 15th March, 1932, and the balance of £21,200,000 in equal half-yearly instalments until 1987. Thus from an economic and juridical point of view the status of that reserve, which is held as cover against our circulation of notes, remains unaltered.

#### Legislation.

No changes took place during the past year with regard to the circulation of notes issued for trade account. Concerning the notes issued on State account, the Finance Minister provided

(i) With the object of keeping in a separate account the entries concerning the funded war Debts and the receipts arising from Reparations, a Royal Decree, No. 332, issued on 3rd March, 1926, created within the "Cassa Depositi e Prestiti" a special independent department (Cassa di ammortamento autonoma) which must provide for the service of the United States and British War Debts. The above department will receive all the amounts in respect of Reparations as from the 1st July, 1925. The commodities received as deliveries in kind, will be sold by the Government to public or private enterprise for ready cash. An initial sum of 150 million lire was paid into the department in respect of Reparations receipts accrued to the State during the first year of the working of the Dawes Plan. The balances held by the department after meeting the obligations arising from the Washington and London Agreements, must be invested at the rate of 5 per cent. and whenever that rate of interest cannot be realized, the Treasury undertake to make up the difference.

to further reducing the amount of extraordinary advances and supplies of notes made to the Treasury by the three note-issuing banks. So during the past year the extraordinary advances for the exchange of Austro-Hungarian notes were reduced by 175,000,000 lire and the supply of notes to the Treasury for the Cassa Depositi e Prestiti was reduced by 4.4 million lire (of the said amounts 116.7 million and 4.4 million respectively, referred to the Banca d'Italia). The advances of the note-issuing banks to various concerns on Treasury account, and for supply services show a slight increase of 300,000 lire arising from an increase of altogether 1.3 million lire in the amounts advanced by the Banco di Napoli & Banco di Sicilia and a reduction of one million in those advanced by the Banca d'Italia (1). With reference to such advan-

(1) The following table gives the figures of the circulation of notes in respect of advances to the Treasury by the three note-issuing banks together, and by the Banca d'Italia separately, at the end of 1924 and 1925 (in million lire):—

	Total for three Banks of Issue		Banca d'Italia		Increase + or Decrease —	
	31 Dec. 1924	31 Dec. 1925	31 Dec. 1924	31 Dec. 1925	Three Banks	Banca d'Italia
Ordinary Advances . . . .	485.0	485.0	360.0	360.0	—	—
Extraordinary Advances:						
for general purposes . .	4,515.0	4,515.0	3,346.7	3,346.7	—	—
for redemption of Treasury Bills . . . . .	1,000.0	1,000.0	924.0	924.0	—	—
for exchange of Austro-Hungarian currency . .	450.0	275.0	300.0	183.3	— 175.0	— 116.7
	5,965.0	5,790.0	4,570.7	4,454.0	— 175.0	— 116.7
Statutory deliveries to Cassa Depositi e Prestiti . . .	586.1	581.7	432.8	428.4	— 4.4	— 4.4
Advances to third parties for Treasury account . .	205.5	205.8	136.6	135.6	+ 0.3	— 0.1
TOTAL . . .	7,241.6	7,062.5	5,500.1	5,378.0	— 179.1	— 122.1

ces we shall recall the Royal Decree No. 1056 issued June 26th, 1925, which enacts that considering the desirability that the Treasury should repay by its own means the notes issued for advances of that kind, the Finance Minister was authorised to pay the full amount to the Banca d'Italia which would in its turn reimburse the Banco di Napoli and the Banco di Sicilia. As soon as the repayment will be completed, the accounts of the said advances will be definitely closed. (1).

Further, a Decree No. 835 issued on 4th June, 1925, provided for the conclusion of a new Convention between the Treasury and the Bank, transferring to the latter all the services hitherto performed by the Treasury Delegations. For that purpose the fund held in respect of Treasury services performed by the Bank was strengthened by the allocation of gold currency and equivalent assets belonging to the Treasury. The amount thus transferred to the Bank was of 180 million gold lire and can be raised to a maximum of 270 million gold lire.

(1) The following are the changes of payments and receipts on behalf of the Treasury (in million lire) :—

NOTES ISSUED FOR ADVANCES	Total for three Banks of Issue		Banca d'Italia	
	31 Dec. 1924	31 Dec. 1925	31 Dec. 1924	31 Dec. 1925
of various kinds in favour of agriculture . . . . .	204.4	205.7	—	—
to Istituto nazionale di credito per la cooperazione . . . . .	4.1	3.1	4.1	3.1
to Istituto federale di credito per le Venezie . . . . .	320.0	—	320.0	—
to the State for sulphur supplies . . . . .	56.5	56.6	—	—
»    »    » wheat   » . . . . .	—	161.5	—	161.5
Total (payments) . . . . .	585.0	426.9	324.1	164.6
Credit balance in favour of the Treasury (receipts) . . . . .	379.5	221.1	187.5	29.0
Notes outstanding . . . . .	205.5	205.8	136.6	135.6

**Syndicate for Advances against Industrial Securities.**

*Ordinary Sections.*

The operations of this Section were somewhat reduced from a total of 621 million lire outstanding at the end of 1924 to 610 million at the close of 1925, remaining thus well below the authorized maximum of 800 million lire.

In accordance with the spirit of the Royal Decree No. 2103 of 30th December, 1924, requiring that the note circulation in respect of such operations should be gradually redeemed, bills rediscounted with the note-issuing banks were restricted to a total of 591 million.

This was achieved by disposing of treasury bills included among the investments of the Section. Net profits for the year 1925 amounted to Lit. 11,175,873.65 and the Board assigned Lit. 2,742,333.65 to the Guarantee Fund and the balance of Lit. 8,433,540 as dividend to the members at the rate of 6.75 per cent. on the invested capital. The Guarantee Fund was increased by the above mentioned assignment and the accrued interest on the existing funds, invested in Treasury bills and bonds, from 51 1/2 million lire at the end of 1924 to 59 1/2 million lire on the 31st December, 1925, and at the latter figure it is equivalent to about 48 per cent. of the paid up capital.

*Special Independent Section.*

As mentioned, in our previous report, the operations of the Section on the 31st December, 1924, amounted to 4081 million lire which represented the total liabilities of the Section to the note-issuing banks. In that figure were included 358 million of realized assets which had been re-invested in Treasury bills, therefore the net amount outstanding was of 3,724 million lire. During 1925, the fresh transactions which the Section was authorized to carry out in accordance with the Decree No. 5 of January 1st, 1924,

(ruling that only business entered into before the end of 1923 could be undertaken, subject to the approval of the Finance Minister). amounted to 208 million lire. Thus, the grand total of the Section's operations, reached 4,289 million lire.

On the other hand, the assets realized in the course of 1925 amounted to 431 million lire which added to 358 million realized up to December 31st, 1924, made a total of realized assets of 789 million lire. Therefore, the net amount of outstanding transactions on the 31st December, 1925, was reduced to 3,500 million lire. The credit of the note-issuing banks was thus of 3,500 million in respect of the said transactions, and of 21 million lire for assets realized in the last three weeks of the year but not actually paid for (1). So the total credit was of 3,521 million lire and such was the amount of bank notes in circulation for account of the Section.

As mentioned on previous occasions when dealing with the provisions made by the Government with regard to the Section, a special reserve fund was set up, in order to meet possible losses which may arise on the final winding up. The reserve fund is made up of the following items : 1) the net profits derived from the working of the Section ; 2) the excess profits of the note-issuing banks according to Royal Decree No. 2158 of the 27th September 1923 ; 3) the interest on the Government securities in which a part of the reserve is invested (2) and finally, the interest at the rate of 4.50 per cent. which the Treasury has undertaken to pay to the Section in respect of Government securities redeemed from the said reserve. The reserve fund amounted at the end of 1924 to Lit. 220,321,000, was increased by Lit. 112,832,000 in 1925, totalling Lit. 333,153,000 on 31st December, 1925. Over and above the reserve administered by the Section, the note-issuing banks set aside three-quarters of the tax on notes in circulation, according to the terms of Article 5 of the already mentioned Royal Decree of the 27th September, 1923. The amounts thus set aside were altogether of Lit. 557,235,000 on Decem-

(1) The amount was reimbursed on 9th February, 1926.

(2) Nine-year Premium Treasury Bonds and 4.75 per cent. 25-year bonds.

ber 31, 1924, and increased to Lit. 729,340,000 on December 31, 1925, in the following proportions:—

Banca d'Italia . . . . .	Lit.	562,288,000
Banco di Napoli . . . . .	"	157,769,000
Banco di Sicilia . . . . .	"	9,283,000
Total . . .	Lit.	<u>729,340,000</u>

It will be seen that against operations amounting to 3,500 million lire, there existed reserves totalling 1,062 million of which 333 million were held by the Special Independent Section and 729 million were held by the note-issuing banks. The above figures do not include the amounts set aside in respect of the tax on the notes in circulation for the second half-year 1925, for which the final accounts are closed during the month of January. The Banca d'Italia alone added in the month of January a further sum of 144.3 million lire as proceeds of the said item and the Southern Banks increased their holdings by 21.6 million. Moreover, the special reserve fund will be increased by the excess profits which the note-issuing banks will have to pay, after the final approval of their 1925 balance sheets. In the case of the Banca d'Italia, the amount will be of Lit. 48,700,000.

We may add that during the month of January further assets were realized to an amount of Lit. 67,500,000 and moreover a sum of 281,500,000 may be classed among the assets which have been realized but the payment of which is agreed to be made at deferred maturities. So we can consider that at the present moment, out of the transactions amounting altogether to 4,289 million lire, the realized assets already paid, or to be paid for, amount to 1,138 million lire. So the frozen assets to be liquidated are reduced to 3,151 million lire. Against the latter figure the total reserve collected up to the end of 1925, or to be collected in connection with that year, amounts to 1,277 million lire, therefore the amount still to be realized or not covered by reserves is of 1,874 million lire.

The above figures show that the anything but easy liquidation is taking place in accordance with the ideas and desires of the thoughtful and provident founders of the Special Independent Section.

**Italian National Institute of Exchange.**

Also in the past year the Italian National Institute of Exchange co-operated with the Government Departments to provide funds for payments abroad. In 1925, it was prominent for its control and support of the lira exchange both on the home and foreign markets.

The activity of the Institute in conjunction with the Royal Treasury was almost continuous in checking speculation whenever the latter, originating either in the home markets, or abroad, endeavoured to depreciate the currency over and above the limits of the normal demand and supply. In meeting these requirements the Institute utilised, in addition to its own funds, other amounts placed at its disposal by first-class foreign banks and a portion of a credit opened by Messrs. J. P. Morgan & Co. of New York. As a matter of fact, in order to safeguard effectively the rate of exchange, the three note-issuing banks were able to arrange jointly with Messrs. Morgan & Co., a revolving credit of 50 million dollars in favour of the Italian National Institute of Exchange on June 1st, 1925. This credit had as its precise object to provide the means of preventing, if necessary, wide fluctuations in the lira exchange (1). This credit which was arranged under the auspices of the Banca d'Italia has been subsequently paid off since the Government floated the loan of 100 million dollars in New York last November.

The good results achieved by the action which has been undertaken in support of the lira are proved by the changes which followed in the lira exchange from the high marks reached at the be-

(1) Previously to that, i. e., towards the end of January, 1925, the Institute arranged through the Banca d'Italia a credit with Messrs. J. P. Morgan & Co. of New York to an amount of five million dollars, for a period of three months, renewable, if necessary, for further three months.

ginning of July, down to the rate prevailing when the depreciation started, which was reached in September. The action conducted by the initiative and under the personal guidance of the Finance Minister, Count Volpi, enabled our country to overcome in a relatively short time, the worst phase of last year's exchange depression.

We recall that on the 25th August the Italian Cabinet in order to facilitate the fulfilment of the above mentioned action in support of the lira, decided to establish a general control of the exchange market, which was embodied in a number of regulations and recommendations, having as object the curtailment of speculative transactions (1). These regulations must be observed by the banks, and are enforced by the Royal Treasury which acts as supreme regulator of the money market.

By the Royal Decree No. 1508 issued on the 29th August, 1925, the Government was empowered to enact by Royal Decree regulations having force of law concerning foreign exchange transactions.

#### **Branches in the Colonies.**

While the work of our branches in the Italian Colonies has expanded on the lines recorded in last year's report, it is noteworthy that since July 1925 the lira has been introduced in Italian Somaliland.

(1) With reference to the above resolution, the Finance Minister has forbidden all banks and bankers acting in the Kingdom, until further order : *a)* To open lire credits in favour of banks or firms residing abroad, even if these are of Italian nationality ; *b)* To discount lire bills drawn by foreign firms on their agencies or representatives in Italy, even when endorsed by third parties ; *c)* To discount any other bills that may appear to be drawn as a means for supplying lire balances to foreign firms ; *d)* To pay on behalf of foreign banks or firms letters of credit in lire when the equivalent amount in foreign currencies is not actually available ; *e)* To purchase foreign currencies in order to create balances abroad ; *f)* To effect purchases or sales of foreign exchanges for spot or forward delivery unless the equivalent amount in lire is immediately placed at their disposal by the customers.

Special rules must be followed regarding the discount of lire bills drawn by Italian firms on foreign firms. At first, it was allowed by the Finance Minister whenever that mode of payment appeared to be customary (subject to the authorisation of the local branch of the Banca d'Italia). Subsequently, these operations have been subject to further restrictions. An extension until further notice has been given for the discount of bills drawn on countries with depreciated currencies ; until the 31st March, 1926, for bills drawn on countries with appreciating currencies, except for the whole of South America, where the extension is granted until the 31st May, the State of Ecuador being allowed a special extension up to June 30th, 1926. After these dates, the discount of such bills will also be forbidden.

land in lieu of the rupee. The new currency has been favourably received and the exchange, at the rates fixed by the Government, is taking place very smoothly. So thanks to the provident action of the Government, the currency system existing in Italy is extended to all our Colonies.

#### Clearing Houses.

The aggregate total of the bank's clearing returns in the cities of Florence, Genoa, Milan, Rome, Trieste and Venice, amounted to 1,031,600 million lire, while the cash paid on balance amounted to 32,200 million lire, or 3.12 per cent. of the total. The net clearings amounted thus to over 999,000 million lire (1).

#### Cash Displacements and Reserves.

The general cash turnover in 1925 exceeded the grand total of 677,000 million lire as against 579,500 million lire in the previous year.

Receipts amounted to. . . . . L. 338,882,625,567  
and Payments, to . . . . . L. 338,230,274,055

At the end of 1925, the bank held 976.8 million lire in specie, which is 2.9 million more than the amount held at the end of 1924. The change is due to an increase of 1.1 million lire in the specie belonging to the Treasury and of 1.8 million lire in the specie be-

(1) The following are the clearing returns for Florence, Genoa, Rome, Trieste and Venice, from 1920 to 1925. (The Trieste Clearing House started in March 1921, and the Venice Clearing House in March 1923). (in million lire) :—

Year	Total returns	Sums cleared	Cash used	Percentage of cash to clearings
1920 . . . . .	519,916.6	510,009.9	9,906.7	1.92
1921 . . . . .	649,481.8	637,612.4	11,869.3	1.82
1922 . . . . .	577,916.1	565,959.6	11,956.5	2.06
1923 . . . . .	805,741.9	793,687.8	12,054.1	1.48
1924 . . . . .	872,785.4	854,040.0	18,745.4	2.14
1925 . . . . .	1,031,649.7	999,445.6	32,204.0	3.12

longing to the Bank. The Reserve at the end of 1925 consisted of the following items (in million gold lire).

Gold . . . . .	891.9
Silver 5 lire coin . . . . .	72.4
" other coin . . . . .	<u>12.5</u>
	84.9
Total gold and silver :	<u>976.8</u>
Certificates of gold deposited abroad . .	380.4
Certificates of silver deposited abroad . .	1.0
Balances abroad . . . . .	137.1
Foreign Treasury Bills . . . . .	11.8
Italian Treasury Gold Certificate (1) . .	180.0
Foreign Bank Notes . . . . .	0.1
Total other balances . . . . .	<u>710.4</u>
Total Reserve . . . . .	<u>1,687.2</u>

The following table shows the changes in the Reserve at the end of each of the years from 1918 to 1925 :—

(in million lire)

	1918	1919	1920	1921	1922	1923	1924	1925
Gold holdings . . . . .	817.8	804.8	819.3	850.0	883.9	875.7	889.6	891.9
Silver holdings . . . . .	77.1	75.1	75.0	74.3	75.8	85.3	84.3	84.9
Total coin and bullion . .	894.9	879.9	894.3	924.3	959.7	961.0	973.9	976.8
Balances abroad:								
Certificates of gold de- posits abroad . . . . .	384.8	394.8	380.4	380.4	380.4	380.4	380.4	380.4
Certificates of silver de- posits abroad . . . . .	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Credit certificates . . . .	310.4	347.9	381.8	296.8	320.1	113.1	90.7	137.1
Other currencies . . . . .	350.6	33.3	27.7	16.2	9.6	15.7	18.2	11.9
Treasury gold certificate.	—	—	—	—	—	—	—	180.0
Total balances abroad . .	1,046.8	777.0	790.9	694.4	711.1	510.2	490.3	710.4
Grand total . . .	1,941.7	1,656.9	1,685.2	1,618.7	1,670.8	1,471.2	1,464.2	1,687.2

(1) Including 18.6 million lire in gold coin and bullion. See what is said at p. 34 regarding this amount.

It will be seen that in the past year, in addition to a slight increase in the holding of specie, there has been a considerable increase in the holdings of other balances by no less than 223 million gold lire. This is partly due to the gold certificate paid in by the Treasury, and partly to the greater amount of balances abroad arising from the connection existing between the Banca d'Italia and the Italian National Institute of Exchange.

The ratio (per cent.) of Reserve to the notes in circulation requiring a statutory reserve cover, shows the following changes at the end of each year from 1918 to 1925 :—

1918	1919	1920	1921	1922	1923	1924	1925
36.40	25.91	18.53	18.39	20.45	19.91	16.55	16.50

It is unnecessary to recall the fact that the above ratio is between a gold reserve calculated at par and a circulation of notes expressed in paper lire. The following table shows the amount of gold and silver included in the reserve which is the property of the Bank, and the certificates in respect of gold belonging to the Bank which was remitted abroad for Treasury account during the war (in million gold lire).

31 December	1918	1919	1920	1921	1922	1923	1924	1925
Specie held . . . . .	868.8	855.0	869.3	868.6	869.9	855.7	854.5	856.3
Certificates . . . . .	113.7	123.7	109.3	109.3	109.3	109.3	109.3	109.3

### Deposits.

The turnover of current accounts, namely the debit and credit entries passed in our books in 1925, aggregated, 77,910,825,323 lire which compares with 62,421,742,593 lire during the previous year. The balance of deposits at the end of the year was of 619,210,865 lire or 135,065,299 lire less than at the end of 1924 (1).

(1) The following figures show the changes in the first month of 1926 :—

January 31 . . . . .	656.7	million lire
February 28 . . . . .	625.6	" "
March 10 . . . . .	640.6	" "

The average amount of deposits during the year was of 754,353,764 lire as against 1,057,742,444 in the year 1924. The maximum was reached on February 20th with deposits totalling 1,134.2 million lire, and the minimum was of 602.2 million lire on September 10th. In the first six months the average amount of deposits was 809.9 million lire and in the second half-year, 698.8 million.

#### **Discounts.**

The average amount of bills discounted in 1925 was of 4,390.3 million lire, as against 3,254.7 million in 1924. The highest level was reached on October 31st with 5,346.0 million and the lowest on February 10th with 3,603.4 million (1).

The liabilities of the Special Independent Section of the Syndicate for Advances against Industrial Securities which, at the end of 1924 stood at 3,147 million lire, amounted to 2,697 million lire at the end of 1925, *i. e.* a reduction of 450 million.

During 1925 2,100,665 bills were discounted, for an aggregate amount of 20,560,334,806 lire with an increase of 530,335 in the number of bills discounted and of 6,560,990,619 in the amount compared with the previous year. The said total includes 1,412.1 million lire re-discounted on behalf of the Ordinary Section of the Syndicate for Advances against Industrial Securities, 16.6 discounted for supplies on Treasury account and 736.3 million discounted to agricultural banks. Moreover, securities and coupons discounted amounted to 456.7 million lire. Bills discounted below the Bank rate were in the proportion of 10.45 per cent. of the total discounts as against a ratio of 17.05 per cent in the previous year. The average discount rate was last year 6.44 per cent. as against 5.29 per cent. in 1924, and 4.95 per cent in 1923. The year's discounts

(1) The following are the figures relating to the present year:—

31st January 1926 . . . . .	5,088.5	million lire
28th February » . . . . .	4,837.9	» »
10th March » . . . . .	4,664.4	» »

can be classified as follows, according to the rates of interest applied thereto:

Discounts at normal Bank rate	5.50 % . . . L.	2,441,015,944	or 11.87 % of the total
6 — " . . . "	3,504,656,541	"	17.05 % " " "
6.50 " . . . "	662,075,087	"	3.22 % " " "
7 — " . . . "	11,520,150,614	"	56.03 % " " "
Discs. below Bank rate	" 2,148,382,069	"	10.45 % " " "
" at different rates			
in the Colonies. . . "		284,054,551	" 1.38 % " " "
Total . . . L. 20,560,334,806			
		" 100.00	" " " "

The minimum rate of 5.50 per cent. was charged to the Ordinary Section of the Syndicate and a 6 per cent. rate was charged to agricultural banks. The bank rate which had remained unchanged all through 1924, at 5.50 per cent., remained at that level until March 8th 1925 and was raised to 6 per cent. from March 9th to June 2nd, to 6.50 per cent. from June 3rd, to June 17th, and to 7 per cent., as from June 18th (1).

(1) The following are the changes which have taken place during the year in the bank rate of the leading European markets.

(Per cent)

	Amsterdam	Berne	Berlin	Brussels	Copenhagen	London	Madrid	Paris	Vienna
31 December 1924. . . .	4 1/2	4	10 gold	5 1/2	7	4	5	7	13
14 January 1925. . . .	4	—	—	—	—	—	—	—	—
26 February " . . . .	—	—	9	—	—	—	5	—	—
5 March " . . . .	—	—	—	—	—	—	—	—	—
24 April " . . . .	—	—	—	—	—	—	—	—	11
9 July " . . . .	—	—	—	—	—	—	—	6	—
23 " " . . . .	—	—	—	—	—	—	—	—	10
6 August " . . . .	—	—	—	—	—	—	4 1/2	—	—
24 " " . . . .	—	—	—	—	—	—	5 1/2	—	—
2 September " . . . .	—	—	—	—	—	—	—	—	9
14 " " . . . .	—	—	—	—	—	—	5	—	—
1 October " . . . .	—	—	—	—	—	—	4	—	—
3 " " . . . .	3 1/2	—	—	—	—	—	—	—	—
22 " " . . . .	—	3 1/2	—	—	—	—	—	—	—
5 November " . . . .	—	—	—	6 1/2	—	—	—	—	—
3 December " . . . .	—	—	—	7	—	—	5	—	—
12 January 1926. . . .	—	—	8	—	—	—	—	—	—
27 " " . . . .	—	—	—	—	—	—	—	—	8
11 March " . . . .	—	—	—	7 1/2	—	—	—	—	—

**Advances.**

In 1925, loans and advances amounted altogether to 26,705,705,884 lire or 6,142,464.336 lire more than in 1924. The figure does not include deferred payments at the Clearing Houses.

The average amount of advances was of 2,699,032,042 in 1925, as against 2,056,571,454 lire in 1924. The highest level for 1925 was reached at the end of the year with 3,380 million lire, and the lowest, on February 10th, with 1,800.7 million lire. The former figure is by 647 million lire higher than the corresponding figure outstanding at the end of 1924 (1).

The following table shows the average discounts, advances and deferred payments at the Clearing Houses for the last ten years: (in million lire).

(*in million lire*)

YEARS	Inland Bills	Advances	Deferred Payments at the Clearing Houses	Total	Credit against Special Independent Section of Syndicate for A. a. I. S.	Grand Total
1916 . . . . .	466.6	245.3	5.2	717.1	—	717.1
1917 . . . . .	600.4	399.0	65.6	1065.0	—	1065.0
1918 . . . . .	768.3	626.0	59.7	1454.0	—	1454.0
1919 . . . . .	862.5	782.0	86.2	1730.7	—	1730.7
1920 . . . . .	2423.6	2079.4	244.0	4747.0	—	4747.0
1921 . . . . .	3189.3	2401.1	261.3	5851.7	—	5851.7
1922 . . . . .	4440.7	2841.3	201.7	7483.7	—	7483.7
1923 . . . . .	4954.4	2162.2	300.4	7417.0	—	7417.0
1924 . . . . .	3254.1	2056.6	262.4	5573.1	3049.4	8622.5
1925 . . . . .	4390.3	2699.0	313.2	7402.5	2854.3	10256.8

(1) In the new year, the figures have moved as follows:—

31st January 1926 . . . . . 2,668.2 million lire  
28th February " . . . . . 3,510.1 " "  
10th March " . . . . . 3,285.0 " "

Moreover the monthly figures relating to the year 1925 are given below :

(in million lire)

1925	Inland Bills	Advances	Deferred Payments at the Clearing Houses	Total	Credit against Special Independent Section of Syndicate for A. a. I. S.	Grand Total
31 January . . . . .	3685.2	2169.6	205.0	6059.8	3172.4	9232.2
28 February . . . . .	3741.9	2407.6	248.2	6397.7	3177.1	9574.8
31 March . . . . .	3915.3	2508.6	232.4	6656.3	2880.4	9536.7
30 April . . . . .	3866.1	2597.2	160.5	6623.8	2804.3	9428.1
31 May . . . . .	3882.6	2236.0	181.0	6299.6	2812.0	9111.6
30 June . . . . .	4509.6	3352.6	403.3	8265.5	2823.7	11089.2
31 July . . . . .	4671.8	3248.4	415.2	8335.4	2777.7	11113.1
31 August . . . . .	5285.1	3231.6	522.1	9038.8	2758.8	11797.6
30 September . . . . .	5284.1	3260.2	410.9	8955.2	2742.3	11697.5
31 October . . . . .	5346.0	3333.9	349.9	9029.8	2709.9	11739.7
30 November . . . . .	5064.5	2712.9	386.4	8163.8	2711.3	10875.1
31 December . . . . .	5177.8	3380.0	494.2	9052.0	2697.0	11749.0

At the end of the year, the amount of discounts, advances, and deferred payments, apart from the liabilities of the Sp. Independent Section of the Syndicate for Advances against Industrial Securities, was altogether of 9,052 million lire or 2,130.9 million more than at the same date of the previous year. Considering separately the two half-years of 1925, it will be noted that the increase of these assets was of 1,344.4 million lire in the first half-year and of 786.5 million, in the second half-year.

Among the inland bills held by the Bank at the end of the year 443.5 million lire were discounted to the Ordinary Section of the Syndicate for Advances against Industrial Securities, the amount being 25.7 million lower than on December 31, 1924.

As we have already mentioned, the liabilities of the Special Independent Section of the Syndicate were reduced in the course

of 1925 by 450 million lire, thus it is clear that the increase of the circulation was due to an expansion of the normal business of the bank. Comparing the totals of the above mentioned assets with the notes issued and circulating for trade requirements and for special purposes in the periods when the greater changes took place, we have the following results : (in million lire)

	Total assets	Notes in circulation		Other liabilities	
		per cent.	per cent.	per cent.	per cent.
1924					
31 December . . . . .	10,068.1	100.0	8,486.8	100.0	2,909.8
1925					
31 May . . . . .	9,111.6	90.5	8,406.7	99.1	1,793.9
31 August . . . . .	11,797.6	117.3	10,033.9	118.1	2,551.9
30 September . . . . .	11,697.6	116.1	9,977.3	117.5	2,464.6
31 October . . . . .	11,739.7	116.6	10,059.0	118.5	2,574.3
30 November . . . . .	10,875.1	108.0	9,755.8	115.0	2,030.3
31 December . . . . .	11,749.0	116.6	9,863.6	116.2	3,090.8
Increase for year . . .	1,680.9	16.6	1,376.8	16.2	181.0
					6.2

It will be seen that the circulation of notes for trade requirements moved concurrently with the above mentioned assets and was affected by the funds placed at the disposal of the bank apart from the issue of notes (deposits, drafts and Treasury balances with the bank).

#### Circulation.

The circulation of Banca d'Italia notes which in 1924 averaged 13,011,168,484 lire rose in 1925 to an average of 14,439,570,872

lige i. e., an increase of 1,428.4 million lire. The following table shows the ratio of the reserve to the note circulation :—

(in million lire)

	Reserve cover		Without cover	Total
	40 %	33.3 %		
Within normal limits	according to art. 6 of the Bank Act.	660.0	—	660.0
	according to Royal Decrees No. 791 and 825 (year 1914) . . . . .	440.0	—	440.0
	according to Royal Decree No. 1284 (year 1914) . . . . .	220.0	—	220.0
Over normal limits	up to 70 million . . . . .	70.0	—	70.0
	over 70 and up to 140 million . . .	70.0	—	70.0
	over 140 and up to 210 million . . .	70.0	—	70.0
	over 210 million . . . . .	1,807.2	—	1,807.2
	without cover . . . . .	—	—	2,112.4
Bills re-discounted on behalf of the Syndicate for advances against I. S. or other Institu- tions . . . . .				
Ordinary Advances to the Treasury . . . . .				
Extra-ordinary Advances to the Treasury . . .				
Advances for State account . . . . .				
Statutory deliveries to the Treasury . . . . .				
	3,569.0	360.0	10,510.6	14,439.6

It will be seen that of the said total, 5,391.8 million lire of notes were issued on account of the Treasury and of these 5031.8 did not require a statutory reserve cover.

The following are the changes in the amounts of notes outstanding on Treasury account as compared with the year 1924 :—

	31 December		Increase + or Decrease —
	1924	1925	
Ordinary Advances . . . . .	360,000,000.00	360,000,000.00	—
Extraordinary advances . . .	3,346,652,566.45	3,346,652,566.45	—
Statutory deliveries . . . . .	432,803,081.28	428,367,732.96	— 4,435,348.32
Advances for State account to various Institutions or for supplies . . . . .	136,640,741.76	135,621,136.66	— 1,019,605.10
Advances for the exchange of Austro-Hungarian No- tes . . . . .	300,000,000.00	183,333,333.34	— 116,666,666.66
Advances for the redemp- tion of Treasury Bills . .	924,000,000.00	924,000,000.00	—
	5,500,096,389.49	5,377,974,769.41	— 122,121,620.08

So it will be noticed that the circulation of these particular notes has been reduced by 122.1 million lire in the course of the year. Also in 1925 the circulation of notes issued for trade account exceeded the legal limits on average by 3,241.4 million lire in the first half-year and by 5,017.7 million lire in the second half-year, the yearly average excess over legal limits being thus of 4,129.6 million lire. The following table shows the average monthly circulation of Banca d'Italia notes in the last eight years :—

(in million lire)

Months	1918	1919	1920	1921	1922	1923	1924	1925
January . . . . .	6,562.3	9,079.9	12,150.8	15,038.9	14,609.1	13,537.0	12,485.3	13,667.2
February . . . . .	6,628.9	8,952.4	11,757.1	14,037.6	14,173.0	13,158.6	12,307.7	13,407.9
March . . . . .	6,872.6	9,027.1	11,868.4	14,466.9	13,955.1	12,971.7	12,382.0	13,477.9
April . . . . .	7,170.5	9,352.3	12,292.8	14,115.5	13,709.6	12,720.1	12,610.0	13,634.5
May . . . . .	7,365.6	9,293.1	12,726.3	13,803.9	13,328.3	12,236.5	12,366.1	13,648.7
June . . . . .	7,652.2	9,375.5	13,454.6	13,729.0	13,599.5	12,509.5	12,831.9	14,288.1
July . . . . .	7,968.2	9,938.8	13,819.7	13,934.7	14,056.8	13,115.7	13,234.6	15,102.8
August . . . . .	8,007.2	10,288.5	13,903.4	13,813.9	13,844.3	12,920.7	13,211.1	15,257.7
September . . . . .	8,369.0	10,768.5	14,498.3	14,098.4	13,799.8	12,835.0	13,310.9	15,226.8
October . . . . .	8,834.1	11,704.2	15,227.4	14,295.1	14,070.8	12,950.9	13,788.9	15,353.1
November . . . . .	9,082.2	12,155.6	15,369.0	14,015.5	14,042.5	12,736.8	13,842.7	15,187.0
December . . . . .	9,184.3	12,420.5	15,298.3	13,954.7	13,769.9	12,645.1	13,762.8	15,023.1

On average, the circulation in the first half-year exceeded the corresponding figure for the same period of 1924 by 1,190.2 million lire and in the second half-year, by 1,666.6 million lire. The highest and lowest marks of the note circulation for 1925 are given below with due reference to the separate classes of notes outstanding for trade and for Treasury account (in million lire) :—

Total Circulation : { Highest . . . L. 15,437 31st October.  
                      { Lowest. . . . » 13,246 20th February.

Circulation for tra- { Highest. . . . » 10,059 31st October.  
de account.      { Lowest. . . . » 7,813 20th February.

Circulation for Tre- { Highest. . . . » 5,433 January-February.  
asury account.    { Lowest. . . . » 5,377 20th August.

In the following table we give the figures of the separate clas-

ses of Banca d'Italia notes outstanding at the end of each month for the last five years :—

**Banca d'Italia Notes in circulation.**

(in million lire).

	For Trade account					For Treasury account				
	1921	1922	1923	1924	1925	1921	1922	1923	1924	1925
31 January . . . . .	7052.8	8045.8	7346.0	6635.9	8217.0	7866.7	6501.0	6091.8	5837.9	5433.4
28-29 February . . .	6951.3	7529.9	7059.7	6522.9	8005.5	7697.5	6582.3	6074.7	5837.7	5433.4
31 March . . . . .	7004.7	7575.4	7000.4	6836.4	8312.1	7478.7	6474.3	6065.3	5746.7	5383.3
30 April . . . . .	6900.5	7258.4	6553.0	6934.9	8318.1	7126.1	6350.0	6058.4	5701.2	5383.2
31 May . . . . .	6989.9	7219.0	6353.4	6745.9	8406.7	6773.5	6107.5	5832.5	5667.7	5383.2
30 June . . . . .	7490.9	7785.1	7234.2	7703.5	9673.9	6436.1	6147.3	5834.9	5651.9	5378.7
31 July . . . . .	7643.1	7912.8	7321.4	7687.7	9882.7	6362.0	6151.6	5833.9	5633.9	5378.5
31 August . . . . .	7519.6	7716.5	7051.0	7596.0	10033.9	6358.9	6088.8	5833.8	5600.4	5378.4
30 September . . . .	7780.4	7885.8	7089.8	8036.2	9977.3	6542.3	6101.5	5839.7	5567.0	5378.3
31 October . . . . .	7665.1	8125.9	7136.2	8433.1	10059.0	6661.0	6105.4	5839.1	5533.4	5378.2
30 November . . . .	7312.2	7850.0	6866.7	8285.5	9755.8	6580.0	6108.2	5839.0	5500.1	5378.1
31 December . . . .	8439.9	7809.7	7029.2	8486.8	9863.6	6407.5	6111.9	5838.6	5500.1	5378.0

We also give below a table showing the amount of demand drafts (money orders) issued, of private deposits and of public deposits (Treasury balances) at the end of each month of the past year :—

(in million lire)

1925	Drafts (Money orders)	Deposits	Treasury Balances	Total
31 January . . . . .	922.8	874.2	586.3	2383.3
29 February . . . . .	977.7	845.1	1092.7	2915.5
31 March . . . . .	969.7	758.5	690.4	2418.6
30 April . . . . .	959.3	814.0	730.7	2504.0
31 May . . . . .	873.7	696.8	223.4	1793.9
30 June . . . . .	1201.8	640.2	236.2	2078.2
31 July . . . . .	973.9	759.9	257.7	1991.5
31 August . . . . .	909.9	641.2	1000.8	2551.9
30 September . . . .	949.1	620.6	894.9	2464.6
31 October . . . . .	905.0	655.8	1013.5	2574.3
30 November . . . .	847.6	650.1	532.6	2030.3
31 December . . . .	921.4	619.2	1550.2	3090.8

Altogether, the resources which these items represent increased in the period January-December by about 707 million lire but the average amount available in the course of the year was lower in 1925 than in 1924, having declined from 2,792 to about 2,400 million lire. This element has affected the issue of notes required for the bank's business.

As in previous reports, the following table shows the monthly changes in the circulation of our notes in connection with the reserve funds held in cover thereof :

(in million lire)

Date	Circulation for trade account			Circulation for Treasury account					
	within normal limits	over normal limits	advances to various institutions	with 33.3 % cover	without cover				
	with 40 % cover	with 40 % cover	insufficiently covered	with 40 % cover	without cover	ordinary advances to the Treasury	extraordinary advances to the Treasury		
31 December 1924 . . .	1320.0	1719.7	1443.9	320.7	3682.5	360.0	3346.7	1360.6	432.8
31 January 1925 . . .	1320.0	1751.0	1152.5	287.5	3706.0	360.0	3346.7	1293.9	432.8
28 February " . . .	1320.0	1712.9	1006.8	258.6	3707.2	360.0	3346.7	1293.9	432.8
31 March " . . .	1320.0	1734.2	1640.2	228.4	3389.3	360.0	3346.7	1243.8	432.8
30 April " . . .	1320.0	1748.1	1728.8	212.5	3308.7	360.0	3346.7	1243.8	432.8
31 May " . . .	1320.0	1722.9	1823.6	212.2	3328.0	360.0	3346.7	1243.7	432.8
30 June " . . .	1320.0	1718.4	3079.2	217.3	3339.0	360.0	3346.7	1243.6	428.4
31 July " . . .	1320.0	2249.0	2840.7	210.0	3263.0	360.0	3346.7	1243.5	428.4
31 August " . . .	1320.0	2293.4	2922.3	217.9	3280.3	360.0	3346.7	1243.3	428.4
30 September " . . .	1320.0	2284.0	2911.0	220.7	3241.5	360.0	3346.7	1243.2	428.4
31 October " . . .	1320.0	2309.7	2996.8	240.2	3192.3	360.0	3346.7	1243.1	428.4
30 November " . . .	1320.0	2421.3	2534.4	246.2	3233.9	360.0	3346.7	1243.0	428.4
31 December " . . .	1320.0	2366.5	2730.2	231.4	3215.5	360.0	3346.7	1242.9	428.4

#### Foreign Business.

The total amount of foreign exchange transactions for the year 1925 was of 75,850,524 lire with an increase of 12,032,654 lire over the figure for 1924. On December 31st, 1925, the balances of the bank abroad amounted to 153,551,575 lire or 39,999,945

lire more than the figure outstanding at the end of 1924. The balances abroad at the end of 1925 were as follows:

- a) Bills and credits abroad not included in the reserve . . . . . L. 4,620,618  
b) Credit certificates and foreign Treasury Bills included in the reserve . . . . . L. 148,930,957

In the following tables we show as usual the movements which have taken place in the foreign exchange market. In the first table, the changes in the rate of the French franc against the lira in the last three years are recorded. The second table shows the changes in the rates of pounds, dollars, Swiss francs and gold, as from December 1921, and the third gives the rates of the leading European exchanges quoted in New York as from December, 1923:

**Exchange rates of lire to 100 French francs.**

	1923			1924			1925		
	Highest	Lowest	Average	Highest	Lowest	Average	Highest	Lowest	Average
January . . . . .	144.30	125.28	136.70	117.28	100.54	107.79	132.88	127.63	129.79
February . . . . .	133.19	125.13	127.66	107.46	96.81	101.99	130.23	127.04	128.68
March . . . . .	137.96	126.46	130.42	128.39	86.68	109.10	129.69	124.45	127.30
April . . . . .	137.87	130.27	134.49	149.38	126.66	138.40	127.96	125.35	126.59
May . . . . .	139.49	135.33	137.41	145.23	117.40	130.98	127.85	125.98	127.07
June . . . . .	139.49	136.79	137.95	128.46	113.69	121.07	128.62	119.56	124.59
July . . . . .	137.78	134.52	136.56	121.65	115.44	119.07	134.58	125.51	128.60
August . . . . .	133.93	129.74	132.16	124.83	116.90	122.23	129.81	124.51	127.60
September . . . . .	136.80	128.46	132.10	122.59	119.79	121.13	123.89	111.82	116.34
October . . . . .	134.17	129.90	132.14	120.98	118.45	120.25	117.10	102.47	111.89
November . . . . .	129.76	123.31	126.52	123.12	120.43	121.92	102.03	93.05	98.77
December . . . . .	124.93	115.71	121.23	129.30	124.12	125.65	98.92	89.15	92.86

**Exchange rates of the pounds, dollars, Swiss francs and gold lire on the Italian markets (a)**

(Lire to 1 £., to 1 \$., to 100 Swiss francs and to 100 gold lire).

MONTHS	LONDON			NEW YORK			SWITZERLAND			GOLD LIRE		
	Highest	Lowest	Average	Highest	Lowest	Average	Highest	Lowest	Average	Highest	Lowest	Average
December . . . 1921	98.30	90.46	93.91	23.99	21.58	22.70	462.41	419.00	440.18	462.89	416.30	437.93
" . . . 1922	93.48	90.43	91.54	20.70	19.44	19.89	386.87	370.17	374.54	399.41	372.22	383.55
" . . . 1923	101.13	100.09	100.62	23.22	22.95	23.08	404.06	401.10	402.47	447.94	442.89	445.37
January . . . 1924	100.23	95.19	98.09	23.51	22.47	23.05	407.46	388.06	398.84	453.56	433.57	444.69
February . . . "	100.34	98.05	99.18	23.40	22.76	23.04	404.23	396.18	399.76	451.59	439.14	444.59
March . . . "	103.67	98.56	100.51	24.36	22.94	23.43	418.04	398.84	404.53	470.11	442.60	452.05
April . . . "	98.76	98.84	98.01	22.94	22.33	22.55	398.71	394.09	396.63	442.65	430.84	435.04
May . . . "	99.09	97.60	98.27	23.06	22.24	22.54	404.83	396.02	399.20	444.87	429.05	434.75
June . . . "	100.71	99.06	99.73	23.22	22.97	23.04	412.34	404.03	407.07	447.98	443.21	445.44
July . . . "	102.12	100.44	101.58	23.50	23.11	23.27	429.05	413.12	422.30	453.38	445.91	448.95
August . . . "	102.02	100.84	101.49	23.13	22.27	22.64	429.80	419.33	425.20	446.22	429.76	436.95
September . . . "	102.05	101.41	101.83	22.99	22.57	22.81	437.43	424.25	430.64	443.73	435.51	440.18
October . . . "	104.52	101.89	103.13	23.30	22.83	22.99	446.81	434.68	440.85	449.50	440.59	443.71
November . . . "	107.34	104.62	106.59	23.31	23.01	23.10	449.52	443.19	445.35	449.70	443.97	445.73
December . . . "	113.22	106.64	109.22	23.92	23.00	23.27	465.91	444.14	450.80	461.58	443.79	449.07
January . . . 1925	117.53	112.12	115.05	24.55	23.59	24.06	473.06	458.59	464.77	473.78	455.25	464.25
February . . . "	118.27	114.86	116.18	24.85	23.94	24.34	477.74	462.17	468.75	479.41	461.97	469.69
March . . . "	119.57	115.42	117.41	25.13	24.16	24.58	482.43	465.95	473.62	484.85	466.12	474.28
April . . . "	118.36	115.82	116.98	24.46	24.24	24.39	474.30	467.43	471.53	471.92	467.72	470.61
May . . . "	122.80	117.68	119.56	25.25	24.29	24.62	488.73	470.14	476.54	487.24	468.59	475.03
June . . . "	138.47	119.83	126.77	28.49	24.77	26.10	553.82	478.41	506.68	549.68	477.98	503.73
July . . . "	144.92	128.85	133.25	29.88	26.47	27.43	579.28	513.18	532.57	576.60	510.65	529.10
August . . . "	133.81	128.28	131.57	27.53	26.42	27.08	534.89	512.39	525.60	531.22	513.06	522.80
September . . . "	127.93	115.07	119.48	26.36	23.71	24.65	510.11	455.70	476.37	508.60	457.43	475.61
October . . . "	123.41	118.71	121.50	25.49	24.72	25.11	491.19	475.86	483.79	491.78	476.94	484.47
November . . . "	123.27	119.55	121.02	25.42	24.68	24.98	489.40	476.07	481.12	490.52	476.27	481.97
December . . . "	120.46	119.95	120.18	24.85	24.78	24.80	479.18	477.70	478.76	479.49	478.08	478.54

(a) From the average rates published by the Ministry of National Economy.

## New York rates on:

DATE	ITALY	PARIS	BELGIUM	SWITZER-LAND	SPAIN	HOLLAND	LONDON
	Dollars to 100 lire	Dollars to 100 Francs	Dollars to 100 Francs	Dollars to 100 Francs	Dollars to 100 Pesetas	Dollars to 100 Guilder	Dollars to the £
<i>Par of exchange . . . . .</i>	<i>19.30</i>	<i>19.30</i>	<i>19.30</i>	<i>19.30</i>	<i>19.30</i>	<i>40.20</i>	<i>4.8665</i>
<b>1923</b>							
Dec. 31 . . . . .	4.32	5.10	4.48	17.46	12.90	37.93	4.3187
<b>1924</b>							
Dec. 31 . . . . .	4.25	5.43	4.99	19.48	13.98	40.52	4.73
<b>1925</b>							
Jan. 31 . . . . .	4.18	5.43	5.20	19.30	14.32	40.28	4.80
Feb. 28 . . . . .	4.03 <sup>1</sup> / <sub>2</sub>	5.13	5.02	19.21 <sup>1</sup> / <sub>2</sub>	14.20	40.01	4.76 <sup>1</sup> / <sub>4</sub>
Mar. 31 . . . . .	4.12	5.25 <sup>1</sup> / <sub>2</sub>	5.11	19.28	14.28	39.83	4.77 <sup>3</sup> / <sub>4</sub>
Apr. 30 . . . . .	4.10 <sup>1</sup> / <sub>2</sub>	5.23	5.07	19.38	14.46	40.12	4.84 <sup>1</sup> / <sub>2</sub>
May 31 . . . . .	3.99	5.02	4.90	19.35 <sup>1</sup> / <sub>2</sub>	14.53 <sup>1</sup> / <sub>2</sub>	40.17	4.86 <sup>1</sup> / <sub>4</sub>
Jun. 30 . . . . .	3.51 <sup>1</sup> / <sub>2</sub>	4.51	4.48	19.42 <sup>1</sup> / <sub>2</sub>	14.53	40.05 <sup>1</sup> / <sub>2</sub>	4.86 <sup>1</sup> / <sub>4</sub>
Jul. 31 . . . . .	3.67	4.745	4.61	19.42 <sup>1</sup> / <sub>2</sub>	14.46	40.14 <sup>1</sup> / <sub>4</sub>	4.85 <sup>11</sup> / <sub>16</sub>
Aug. 31 . . . . .	3.77	4.69 <sup>1</sup> / <sub>2</sub>	4.50	19.37	14.29 <sup>1</sup> / <sub>2</sub>	40.29	4.85 <sup>7</sup> / <sub>16</sub>
Sep. 30 . . . . .	4.06 <sup>1</sup> / <sub>2</sub>	4.73	4.46	19.30	14.34 <sup>1</sup> / <sub>2</sub>	40.20	4.84 <sup>3</sup> / <sub>4</sub>
Oct. 31 . . . . .	3.96	4.21	4.52	19.27 <sup>1</sup> / <sub>2</sub>	14.32	40.25	4.84 <sup>1</sup> / <sub>2</sub>
Nov. 30 . . . . .	4.04 <sup>1</sup> / <sub>2</sub>	4.00	4.53	19.28	14.18	40.21	4.84 <sup>1</sup> / <sub>2</sub>
Dec. 31 . . . . .	4.04	3.75	4.52 <sup>1</sup> / <sub>4</sub>	19.33 <sup>1</sup> / <sub>2</sub>	14.13	40.25	4.85 <sup>3</sup> / <sub>16</sub>
<b>1926</b>							
Jan. 31 . . . . .	4.03 <sup>1</sup> / <sub>4</sub>	3.78	4.54 <sup>3</sup> / <sub>4</sub>	19.28	14.13 <sup>1</sup> / <sub>2</sub>	40.11	4.86 <sup>1</sup> / <sub>2</sub>
Feb. 28 . . . . .	4.01 <sup>7</sup> / <sub>8</sub>	3.67 <sup>1</sup> / <sub>2</sub>	4.54 <sup>1</sup> / <sub>2</sub>	19.24	14.08	40.04	4.86 <sup>1</sup> / <sub>16</sub>

It seems unnecessary to dwell upon the reasons which caused during the past year an almost constant depreciation of the French franc from the highest level quoted in January to the lowest touched in December. From January to December, the average rate of the French exchange has fallen from 129.79 per cent to 92.86 per cent. The unfavourable conditions of the circulation of notes issued by the Bank of France, the insecure financial position and the parliamentary difficulties existing in the Republic are sufficient to explain why in the first quarter of the present year the French exchange has suffered a further set back.

But in spite of the considerable improvement of the lira as compared to the French franc, the value of our currency has

also depreciated in 1925 in terms of sterling, dollars and Swiss francs. The depreciation reached an almost alarming stage during the months of June, July and August: but thanks to the effective action of the Government, it was possible to put a stop to the fall and to go back to the rate prevailing prior to the month of June, and what is more, the rates have remained stable within certain margins, with considerable benefit to our trade and international traffic. The price of the gold lira moved from 464.25 per cent. in January to 478.54 per cent. in December, and no changes have taken place in the first months of 1926.

We compare in the following table, the monthly changes in the index numbers of the wholesale prices for the last two years in Italy, Great Britain and the United States:—

**Index Numbers of Wholesale Prices.**

1913 Average = 100	ITALY (Bachij)		GREAT BRITAIN (Statist.)		UNITED STATES OF AMERICA (Labour Bureau)	
	1924	1925	1924	1925	1924	1925
January . . . . .	570.8	657.8	161.4	170.4	151	160
February . . . . .	572.8	660.1	163.3	168.4	152	161
March . . . . .	578.7	659.0	161.2	164.8	150	161
April . . . . .	578.7	658.1	160.9	161.8	148	156
May . . . . .	570.7	659.8	160.5	159.6	147	155
June . . . . .	566.1	682.6	160.4	154.4	145	157
July . . . . .	567.4	707.2	162.8	158.0	147	160
August . . . . .	572.3	730.7	162.4	158.0	150	160
September . . . . .	580.1	720.8	166.2	156.1	149	160
October . . . . .	601.7	716.4	171.9	153.2	152	158
November . . . . .	620.5	711.7	171.2	156.5	153	158
December . . . . .	639.8	718.8	173.8	153.4	157	156

The above figures show that the price level in Italy was affected by the adverse rates of exchange but it is noticeable that also in Great Britain and the United States, both of which have the gold standard, there is no decided tendency towards a definite fall in the cost of living (1).

(1) It is said that the value of gold measured in commodities is diminishing, and consequently there is talk of a gold inflation especially in the United States of America, as the largest holders of the precious metal.

**Profits.**

The gross profits for the year 1925 amounted to L. 601,194,065 which is L. 164,720,068. — more than in 1924. The gross income from discounts was of L. 265,227,960 or L. 96,677,640 more than in the previous year. The profit arising from advances was also considerably higher at 197,641,985 lire against 131,240,850 lire in 1924. Deferred payments at the Clearing Houses produced L. 21,061,113 as against L. 14,141,631 in 1924. The profits from foreign business decreased from the previous year by 1,056,292 lire, amounting to 3,063,252 lire. Other services yielded 20,773,597 lire, including commissions for 3,205,107 lire. The interest on investments amounted altogether to 41,666,190 lire of which 31,923,251 were interest on our capital invested in Government securities. Moreover, the following items must be added to the profits of the year :—

- a) A sum of 35 million lire written off against bad or doubtful debts by the resolution of our last General Meeting.
- b) The tax on notes in circulation paid by the bank in respect of notes issued on behalf of the Special Independent Section of the Syndicate for Advances against Industrial Securities viz., 6.8 million lire, which are charged to the latter's account.

**Expenditure and Taxes.**

Total expenditure in 1925 amounted to L. 515,088,556. or L. 154,937,098 more than in 1924. Administration costs amounted to 86,183,570 lire, exceeding by 14,074,452 the 1924 figure. The inclusive salaries of the staff have risen from 56.6 million lire in 1924 to 65.7 million in 1925. The printing of notes involved an expenditure of 4,587,324 lire or 746,000 more than in 1924. The outlay for taxes amounted to L. 256,748,842, thus exceeding by

131,944,000 the figure of the previous year (1). The tax on the notes in circulation alone amounted to 241,227,000 lire which is about 135.5 million more than the amount charged for 1924. Such an increase was due to the larger amount of notes issued, which has been recorded elsewhere. Of the said 241.2 million lire, 64.1 million were paid to the Treasury, 176.1 million lire were placed in the Reserve Fund of the Special Independent Section of the Syndicate for Advances against Industrial Securities and invested in Treasury bills, and the balance of one million lire was allocated to a Special Fund for Co-operation. Interest on private deposits amounted to L. 21,090,615 which is 7,159,000 lire less than the sum required in the previous year. Interest on public deposits accounted for L. 7,391,097 and interest paid on the balances of the Italian National Institute of Exchange held with our bank aggregated L. 55,225,371. The amount set aside for ordinary depreciation against bad or doubtful bills, is of L. 17,839,479 or L. 1,852,000 less than in the previous year in view of the amounts recovered in 1925 in respect of bills inscribed to loss. Also in the present balance sheet we have written off from our assets a round sum of 30 million lire, which compares with 35 million written off last year, against depreciation or possible losses.

**Dividend.**

We have therefore gross profits of . . . . . L. 601,194,065.48  
and gross expenditure of . . . . . » 515,088,556.32  
leaving a net profit of . . . . . L. 86,105,509.16  
an increase of L. 9,782,970 over the results for 1924.

Having received the report of our Auditors and in considera-

(1) The amount of L. 256,749,000 is made up as follows (in thousands of lire) :

Tax on notes in circulation . . . . .	241,227
» money orders in circulation . . . . .	2,652
Income tax . . . . .	9,573
Land tax . . . . .	937
Other taxes . . . . .	2,360

tion of the provisions of the Royal Decree dated September 27, 1923; on the results of the Profit and Loss Account for the year 1925, the distribution of the net profit shall be as follows:—

To the Treasury as participation in equal measure to what was assigned in the years 1922 to 1924 . . . L. 13,874,116.26

To the Shareholders, a dividend equal to the one distributed for the years 1922 to 1924 at the rate of 10 per cent. on the paid-up capital, which is equivalent to 60 lire per share on 300,000 shares or . . . . . » 18,000,000 — and to be added to the Special Reserve which is the property of the Shareholders . . . . . » 5,193,056.26

To the Reserve Fund of the Credito Fon- diario the usual sum of . . . . . » 281,060 —

To the Reserve Fund of the Special Independent Section of the Syndicate for Advances against Industrial Securities (in accordance with Art. 3 and 4 of the above mentioned Decree) the balance of . . . . . » 48,757,276.64

Total . . . L. 86,105,509.16

The amount of the latter allocation must be regarded as out of the ordinary, and altogether the results of the past year were out of the ordinary as business expanded very considerably in spite of restricted credit and of the bank rate at the high level of 7 %. It may be that the consequences of the war are not yet entirely wiped out in the credit world, so prudence is advisable. Moreover some change in the conditions which enabled us to achieve last year's results may be expected, and this must not be overlooked when considering our future prosperity that is dependant on the improvement of the general economic welfare of the country for which greater credit facilities to the productive forces of Italy are needed.

**Conclusion.**

Gentlemen,

The year 1925 completed a period of 25 years during which the speaker has been responsible for the direction of the affairs of the Banca d'Italia. You know the conditions in which he took charge at the end of 1900 ; the various phases through which the affairs of the bank passed, first in the years of compulsory liquidation and later in the years of revival ; in the flourishing pre-war days, when our currency notes were at a premium on gold, and in the war years which called for strong and decisive action, finally in the troublesome and critical period after the war, where the chief need was to repair by silent and patient endeavour the material and moral ravages inflicted by the long struggle. To-day we are on the outlet of such period but in some ways we still feel the effects of the past, in spite of the strong and efficient measures carried out by the National Government which has restored order and discipline at home, balanced the budget and secured for Italy a position of influence and honour among the nations of the world.

By an act which may be regarded as a contract between the Government and the banks of issue, the privilege of issuing notes has been extended from the end of 1925 to the 31st December, 1930, taking into consideration the juridical condition existing at the time of the stipulation. But the Banca d'Italia cannot fail to see that some of the regulations under which she is placed require to be revised in the light of economic and financial events which have taken place or which are likely to take place in the future. For example, it is clear that the capital should be more proportionate to the present magnitude of its liabilities, that the reserve held as cover for the notes issued should not be indefinitely accounted for in the balance sheet at gold parity while the liability represented by the notes in circulation is expressed in paper currency value; that the absolute and relative limits placed upon the issue of notes

should be fairly reconsidered bearing in mind the exceptional conditions arising from the war and post-war periods. And other sides of the problem should also be reviewed and settled on a basis that would take account of the changes to which the activities of the bank have been subject.

The Banca d'Italia has always been ready to fulfil her duties as regulator of credit or any other which fell to her to perform in the country's interest. The directors of the bank and the shareholders (for we, as the largest banks of the same kind in the civilized world, are a private institution founded on private share capital) are always happy to collaborate in every possible way with the State authorities for furthering and improving public economy which is closely interlocked with the private and general welfare.

BALANCE-SHEET

*December 31<sup>st</sup> 1925*

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PROFIT AND LOSS ACCOUNT

## BANCA

PAID UP CAPITAL

## BALANCE-SHEET

## ASSETS

	Total Cash holdings	Gold and silver . . . . .	L. 976,768,158.39	976,768,158.39	
		Certificates of gold deposited abroad, Certificates of credits abroad, foreign Treasury bills, and foreign Bank-notes . . . . .	" 710,392.512.16		
		TOTAL RESERVE . . . . .	L. 1,687,160,670.55		
		Currency Notes . . . . .	L. 224,951,050.00	1,613,622,060.99	
		Notes and sight drafts of other Note-issuing Banks . . . . .	" 330,108,285.68		
		Foreign Bank-notes . . . . .	" 161,509.56		
		Postal orders etc . . . . .	" 37,924,168.40		
		Silver coin . . . . .	" 934,896.81		
		Copper and nickel coin . . . . .	" 41,698,399.03		
		Silver rupees . . . . .	" 1,075,593.12		
	Inland Bills . . . . .			L. 5,177,807,290.64	
	Foreign Bills . . . . .			" 11,965,763.90	
	Bills for collection . . . . .			" 31,024,905.24	
	Loans and Advances . . . . .			" 3,379,987,246.22	
	Liabilities of the Special Independent Section of the Syndicate for Advances against Industrial Securities:				
	Unrealised . . . . .		L. 2,679,749,737.16		
	Realised . . . . .		" 17,236,595.27	2,696,986,332.43	
	Advances to the Treasury . . . . .				
	Ordinary . . . . .		" 360,000,000.00		
	Extra-ordinary . . . . .		" 3,346,652,566.45		
	For statutory deliveries . . . . .		" 428,367,732.96	5,377,974,769.41	
	For redemption of Treasury bills . . . . .		" 924,000,000.00		
	For redemption of Austro-Hungarian Notes . . . . .		" 183,333,333.34		
	To third parties for Treasury account . . . . .		" 135,621,136.66		
	Securities . . . . .				
	Free Fund . . . . .		" 23,761,431.50		
	Partial investment of Statutory Reserve . . . . .		" 10,276,939.45		
	Guarantee for Treasury Services . . . . .		" 110,310,615.58	362,371,986.53	
	Investment of other Reserves . . . . .		" 4,860,000.00		
	Against issue of money orders . . . . .		" 213,163,000.00		
	Cr. Bankers' accounts { In Italy . . . . .		" 656,707,071.39		
	{ In Foreign Countries . . . . .		" 522,969,511.98	I,179,676,583.37	
	Liability of the Shareholders in Respect of unpaid Balance of Subscribed Capital . . . . .		L. 60,000,000.00		
	Buildings for Bank Premises . . . . .		" "	88,090,836.44	
	Operations for State Account . . . . .		" "	4,040,918.37	
	Other Assets . . . . .				
	Treasury gold certificate (1) . . . . .		L. 180,000,000.00		
	" Credito Fondiario " Fund . . . . .		" 30,000,000.00		
	Colonial Branches Reserve . . . . .		" 8,000,000.00		
	Participation to the Capital of the " Credito Agrario per il Lazio " . . . . .		" 500,000.00		
	Participation to the Capital of the Italian National Institute of Exchange . . . . .		" 7,200,000.00		
	Liabilities of the " Società pel Risanamento di Napoli " . . . . .		" 78,519.35		
	Interest paid by the Treasury on redeemed Investments of Special Independent Section of S. f. A. a. I. S. . . . .		" 30,122,065.50	2,533,302,339.81	
	Liabilities of other note issuing Banks . . . . .		" 7,384,884.47		
	Special Reserve, which is the property of the Shareholders . . . . .		" 107,625,000.00		
	Investment of extraordinary Reserve . . . . .		" 12,025,000.00		
	Investment of the Banca d'Italia Pensions fund . . . . .		" 147,730,678.76		
	Bills receivable . . . . .		" 28,792,587.55		
	Treasury Bills and Bonds in respect of Special Reserve Fund (D. 27 September 1923, No. 2158) . . . . .		" 733,938,076.97		
	Other debtors . . . . .		" 1,239,905,527.21		
	By Securities deposited . . . . .	(in custody as collateral pledged . . . . .	L. 11,276,022,353.25 " 14,300,088,197.73 " 71,531,960.00 " 13,170,259,454.61 " 694,638,646.84	22,516,851,033.35 39,512,540,612.43	
	for Treasury account for the Bank's account . . . . .				
	By Amounts written off in past Years . . . . .			L. 62,029,391,645.78 94,230,509.76	
				TOTAL . . . . . L. 62,123,622,175.54	

(1) Including L. 18,600,000 in gold coin and bullion.

## D' ITALIA

THIRTYSECOND YEAR

L. 180,000,000

DECEMBER 31st, 1925

## LIABILITIES

<b>Capital and Statutory Reserve</b>	Subscribed Capital . . . . .	L.	240,000,000.00	
	Statutory ordinary Reserve . . . . .	"	48,000,000.00	300,025,412.33
	Extra-ordinary Reserve . . . . .	"	12,025,412.33	
<b>Notes in Circulation</b>		L.		15,241,578,950.00
<b>Sight Drafts</b>		"		921,406,194.98
<b>Current and Deposit Accounts</b>		"		619,210,865.98
<b>Other Accounts</b>		"		141,775,095.08
<b>Services for Treasury and Provin- cial Account</b>	Treasury balances . . . . .	L.	1,550,161,797.51	
	Other Treasury accounts . . . . .	"	3,233,552.67	1,642,306,215.91
	Current account for certificates to order in respect of customs duties . . . . .	"	86,633,706.85	
	Provincial Inland Revenue departments . . . . .	"	2,277,158.88	
	Miscellaneous contingency funds . . . . .	"	6,039,408.80	
	Securities depreciation fund . . . . .	"	5,539,779.49	
	"Credito Fondiario" cash service . . . . .	"	65.99	
	Funds for communal and other services . . . . .	"	101,238,421.36	
	To Special Independent Section of Syndicate for Advances against Industrial Securities: Under the terms art. 3 and 4 of the Decree of 27th September 1923 n. 2158 L. 171,650,555.00			
	Under the terms of art. 5 of the said Decree . . . . .	"	562,287,521.97	733,938,076.97
<b>Other Liabilities</b>	Own Reserve account . . . . .	L.	80,381,465.54	
	Interest from Treasury as per contra . . . . .	"	30,122,065.50	3,564,442,789.91
	To other Note-issuing Banks . . . . .	"	7,627,686.19	
	Employees pensions fund . . . . .	"	149,462,642.42	
	Colonial Branches Reserve . . . . .	"	8,000,000.00	
	Special Reserve which is the property of the shareholders . . . . .	"	107,268,168.88	
	Inland Bills discount profits carried forward . . . . .	"	49,161,503.62	
	Bills depreciation fund . . . . .	"	21,542,587.55	
	Special fund from the Reserve which is the property of the Shareholders for building and purchasing new premises . . . . .	"	25,800,000.00	
	Other creditors . . . . .	"	2,238,320,827.60	
<b>Net Profit for the Year</b>		L.		86,105,509.16
				22,516,851,033.35
<b>To Securities deposited</b>		"		39,512,540,612.43
<b>To Amounts written off in past Years</b>		"		62,029,391,645.78 94,230,529.76
	<b>TOTAL</b>	L.		62,123,622,175.54

# PROFIT AND

Year

Expenditure	D r.
Expenses in respect of:	
Administration . . . . .	L. 86,183,570.60
Board of Directors etc. . . . .	" 1,825,204.36
Transport of specie, notes and other valuables . . . . .	" 2,164,708.80
Notes printing . . . . .	" 4,587,324.41
Buildings which are the property of the Bank . . . . .	" 1,201,545.55
Stamps and commissions on foreign business . . . . .	" 155,958.45
Tax on notes in circulation . . . . .	" 241,226,593.10
Tax on money orders and sight drafts in circulation . . . . .	" 2,651,781.51
Income tax . . . . .	" 9,572,914.71
Land tax . . . . .	" 937,470.38
Bank shares transfer tax . . . . .	" 1,117,200.00
Weights and measures control tax . . . . .	" 5,293.00
Stamp duties . . . . .	" 225,788.00
Contribution for Government supervision . . . . .	" 162,500.00
Other tributes . . . . .	" 849,301.59
	352,867,154.46
Taxes	
Unpaid bills . . . . .	L. 12,695,884.65
Amounts written off . . . . .	" 17,839,478.55
Interests and annuities . . . . .	" 94,439,401.66
Benevolent contributions . . . . .	" 1,487,207.00
Contribution to Employees Pension Fund . . . . .	" 5,759,430.00
To bills depreciation fund . . . . .	" 30,000,000.00
	515,088,556.32
Net profit to be divided . . . . .	" 86,105,509.16
	<hr/> TOTAL . . . L. 601,194,065.48

## DISTRIBUTION

Dividend on No. 300,000 shares at the rate of L. 60 per share . . . . .  
 Annual contribution to the Reserve Fund of the " Credito Fondiario " . . . . .  
 Treasury participation . . . . .  
 To Special Reserve which is the property of the Shareholders . . . . .  
 To the Special Independent Section of the Syndicate for Advances art. 4 of the Decree 27th September 1923, No. 2158 . . . . .

Rome, 31st March 1926.

**VITTORIO ARTOM**  
**GIUSEPPE CORNAGLIOTTO**  
**EMANUELE RAVANO**  
**DOMENICO MAROCCHI**  
**LEOPOLDO VIALI**  
*Auditors.*

**ALESSANDRO RIPETTI**  
*Chief Accountant.*

## LOSS ACCOUNT

1925.

C r.			
<b>Profits from the Year's Business</b>	By Balance from last account	L.	28,108,013.76
	Year's discounts . . . . .	"	286,281,539.77
	less: discounts carried forward	L.	314,389,553.53
		"	49,161,593.62
	Interest on Advances . . . . .	L.	265,227,959.91
	Interest on current & deposit accounts . . . . .	"	197,641,985.52
	Commissions . . . . .	"	31,018,674.38
	Interests, discounts, and exchange profits on foreign business, less re-discount charges . . . . .	"	3,205,107.50
	Other profits . . . . .	"	3,063,252.61
			17,568,489.14
<hr/>			
<b>Profits from Investments</b>	Interest etc. on Government Securities . . . . .	L.	31,923,251.42
	Interest on the "Credito Fondiario" Fund . . . . .	"	1,165,120.00
	Interest on liability of the "Società per il Risanamento di Napoli" . . . . .	"	12,890.92
	Revenue of House property . . . . .	"	5,011,653.54
	Interest on the Colonial Branches Fund . . . . .	"	370,687.95
	Profits arising from the liquidation of late notes issuing Banks . . . . .	"	3,182,585.97
			<hr/>
	By special bills depreciation fund adopted for the year 1923 and carried forward as profit for the year 1924 . . . . .	L.	41,666,189.80
<hr/>			
Amount of the tax on notes in circulation charged to the Special Independent Section of the Syndicate for Advances against Industrial Securities . . . . .			
<hr/>			
TOTAL . . . L.			
<hr/>			
601,194,065.48			

## OF NET PROFIT

against Industrial Securities, under the terms of	L.	18,000,000.00
	»	281,060.00
	»	13,874,116.26
	»	5,193,056.26
	»	48,757,276.64
<b>TOTAL PROFIT TO BE DIVIDED . . .</b>	<b>L.</b>	<b>86,105,509.16</b>

BONALDO STRINGHER

**Governor.**



## **D I A G R A M S**

## EQUIVALENT IN ENGLISH OF ITALIAN HEADINGS

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### FIRST TABLE:

Corsi mensili al netto degli interessi . . . = Monthly prices without interest.

Consolidato 5 % . . . . . = 5 % Consols.

Rendita Italiana 3,50 % (ex 3,75 %) . . . = 3 ½ % Rentes.

### SECOND TABLE:

Circolazione bancaria e di Stato e riserve = Bank-notes and currency notes in circulation and reserve against notes per i biglietti (Situazione a fine mese). (at the end of each month).

Circolazione dei tre Istituti (Totale) . . . = Notes' circulation of the three note-issuing banks (Total).

Id. p. c. del Commercio . . . . . = Ditto for trade account.

Totale dei tre Istituti e di Stato . . . = Total of the three note-issuing banks, and currency notes.

Riserva dei tre Istituti . . . . . = Reserve of the three note-issuing banks.

Id. totale dei tre Istituti e di Stato . . . = Total reserve of the three note-issuing banks and of the Treasury.

### THIRD TABLE:

Vaglia cambiari . . . . . = Drafts (money orders).

Biglietti per conto dello Stato. . . . . = Notes in circulation for Treasury account.

Biglietti per conto del Commercio . . . . = Notes in circulation for trade account.

Circolazione dei biglietti . . . . . = Bank notes in circulation.

Circolazione totale dei biglietti e dei vaglia cambiari . . . . . = Total circulation of notes and drafts.

### FOURTH TABLE:

Debiti a vista e depositi in c/c (Situazione a fine mese) = Drafts and current accounts (at the end of each month).

Istituti di emissione . . . . . = Three note-issuing banks.

### FIFTH TABLE:

Corso medio mensile del cambio . . . . = Average monthly exchange rates.

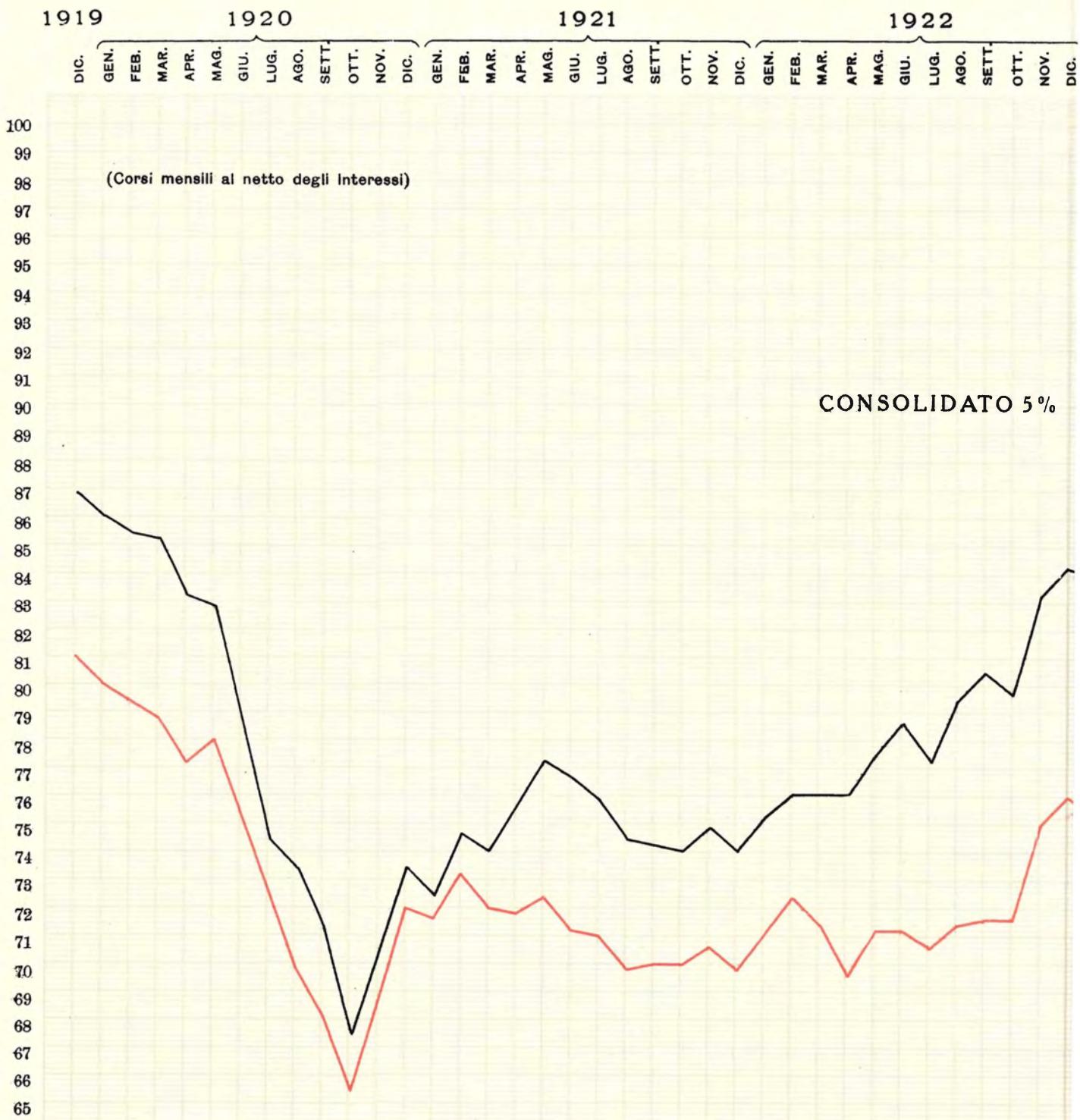
su Francia . . . . . = on France.

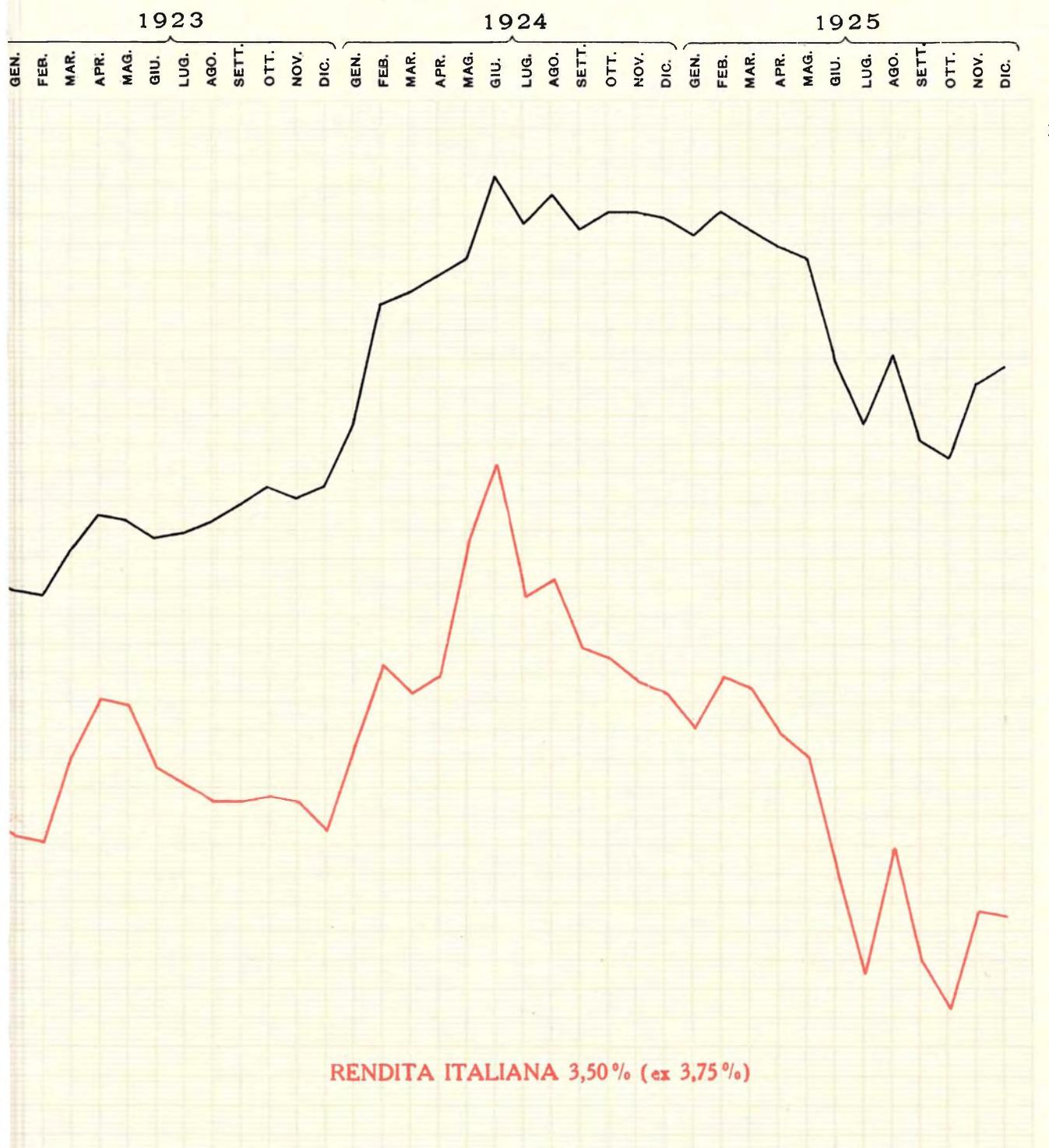
su Svizzera . . . . . = on Switzerland.

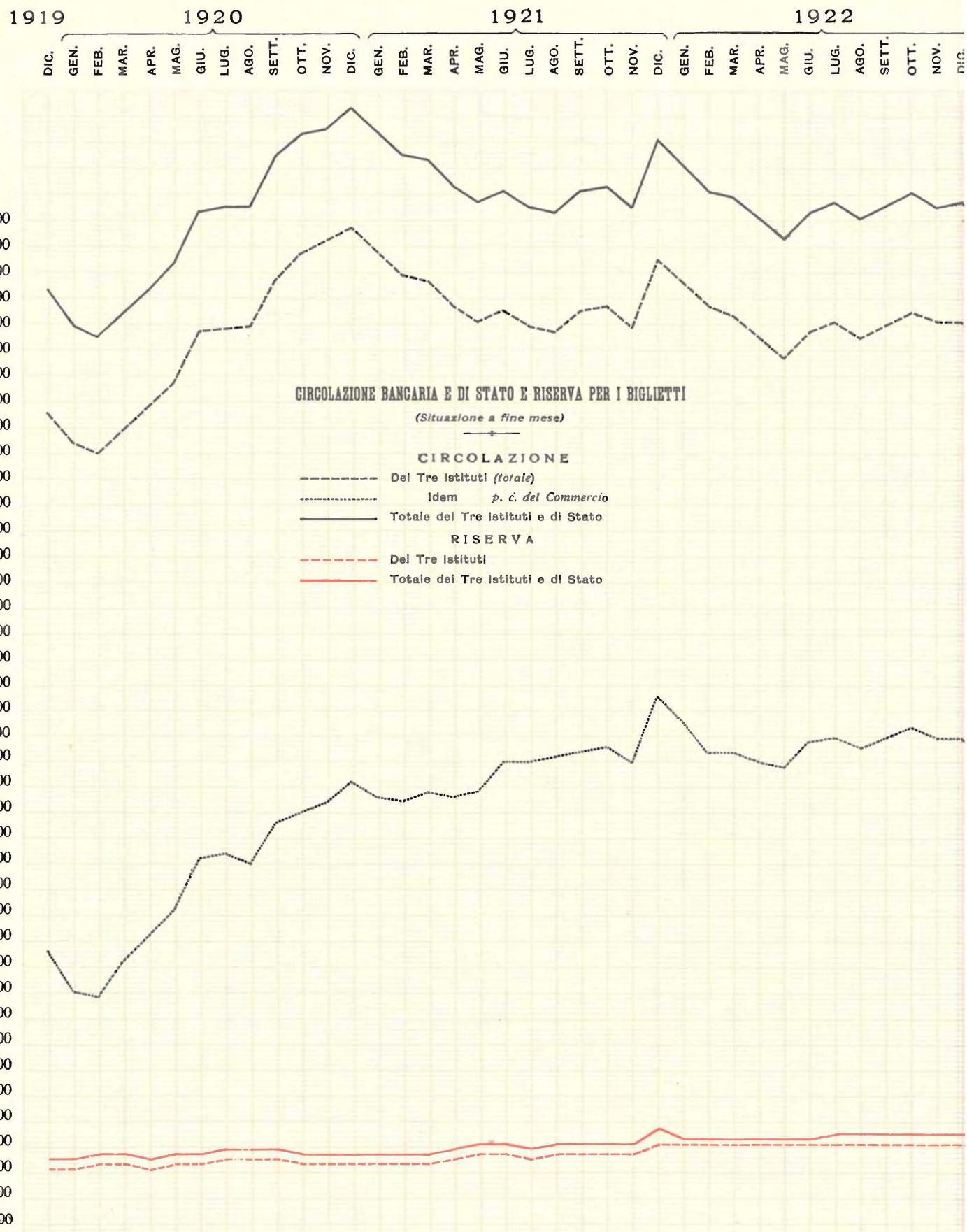
su Londra (in ragione percentuale) . . . . = on London (percentage over par).

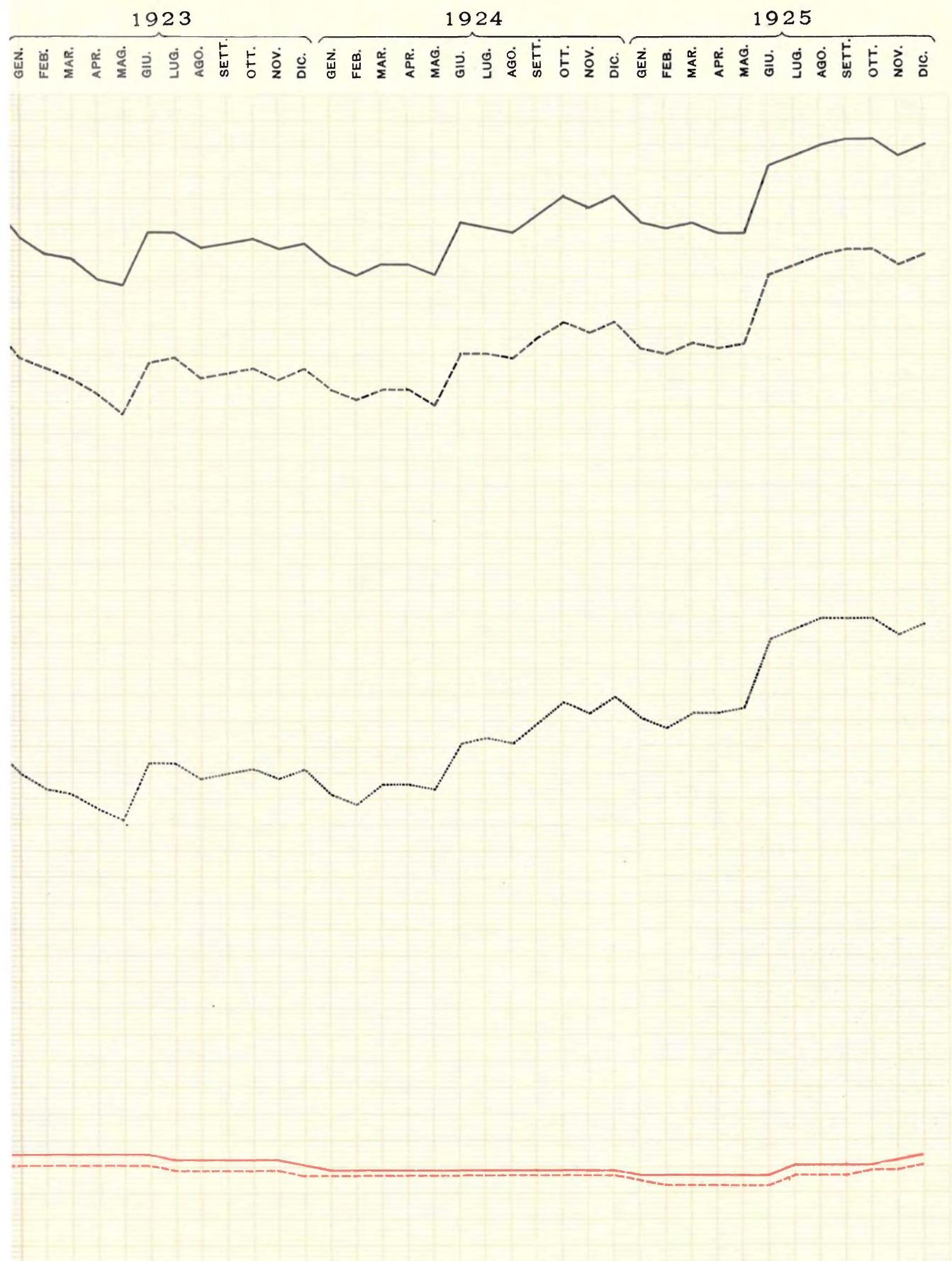
su New York (do. do.) . . . . = on New York (do. do.)

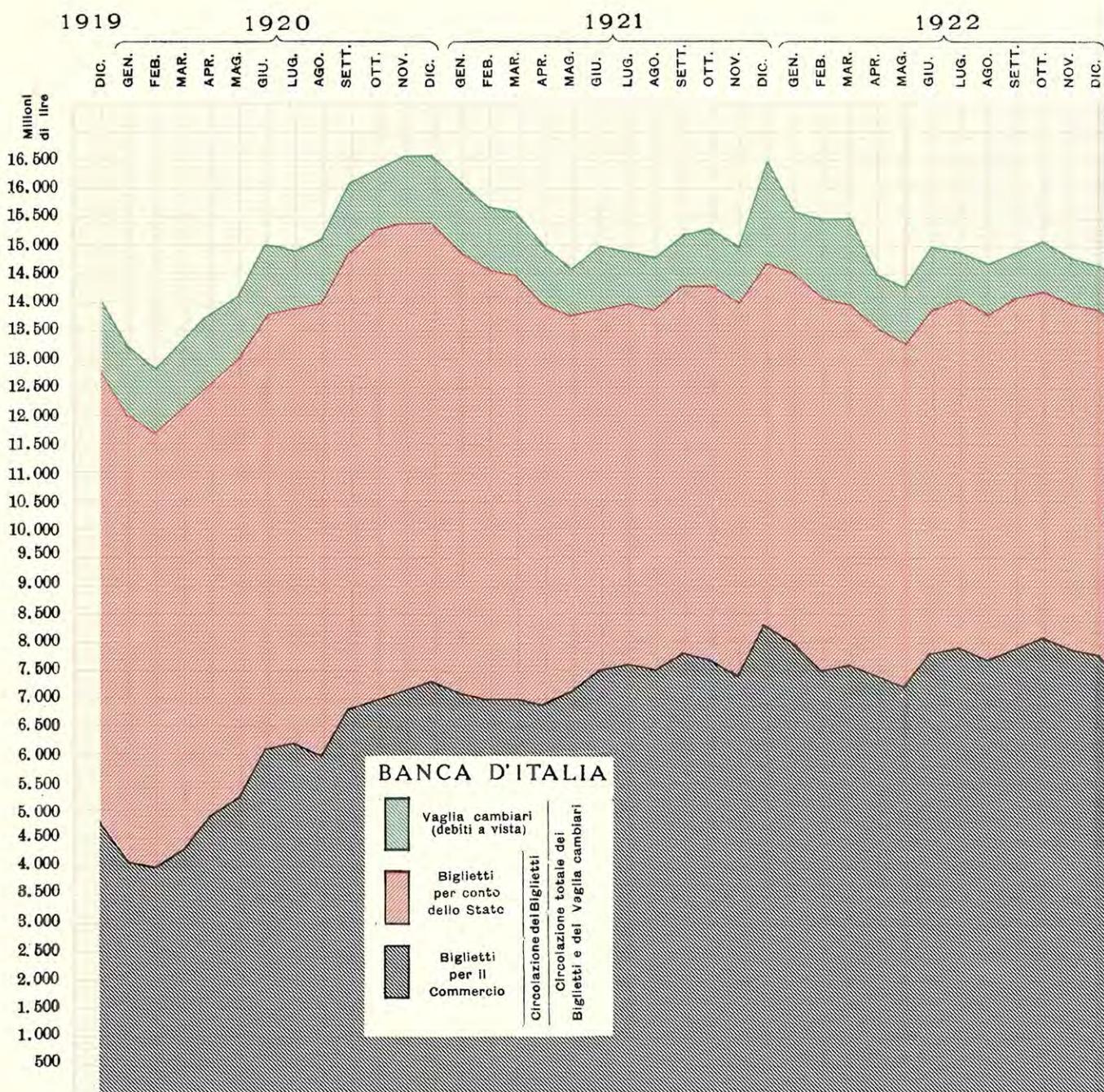
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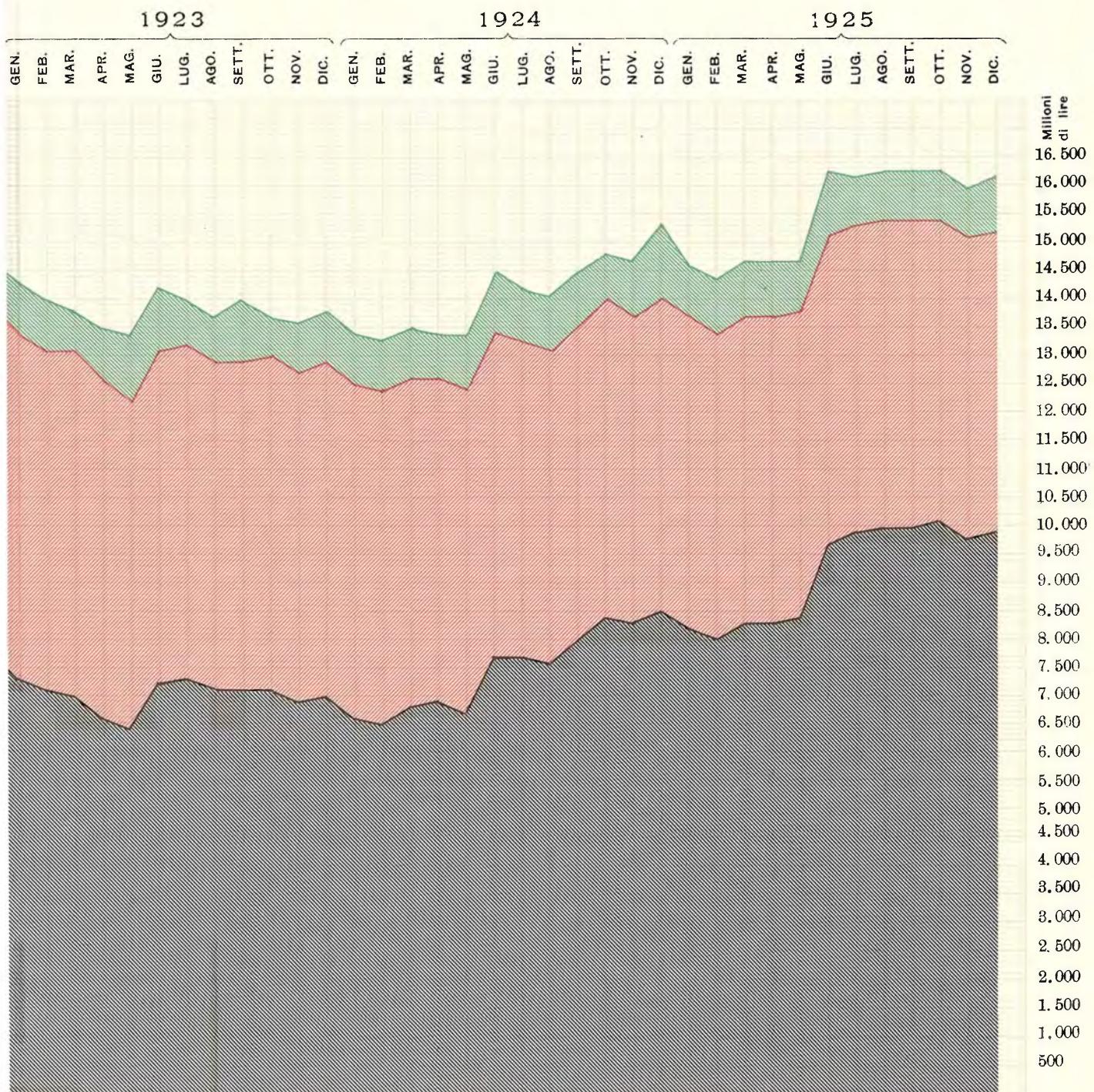


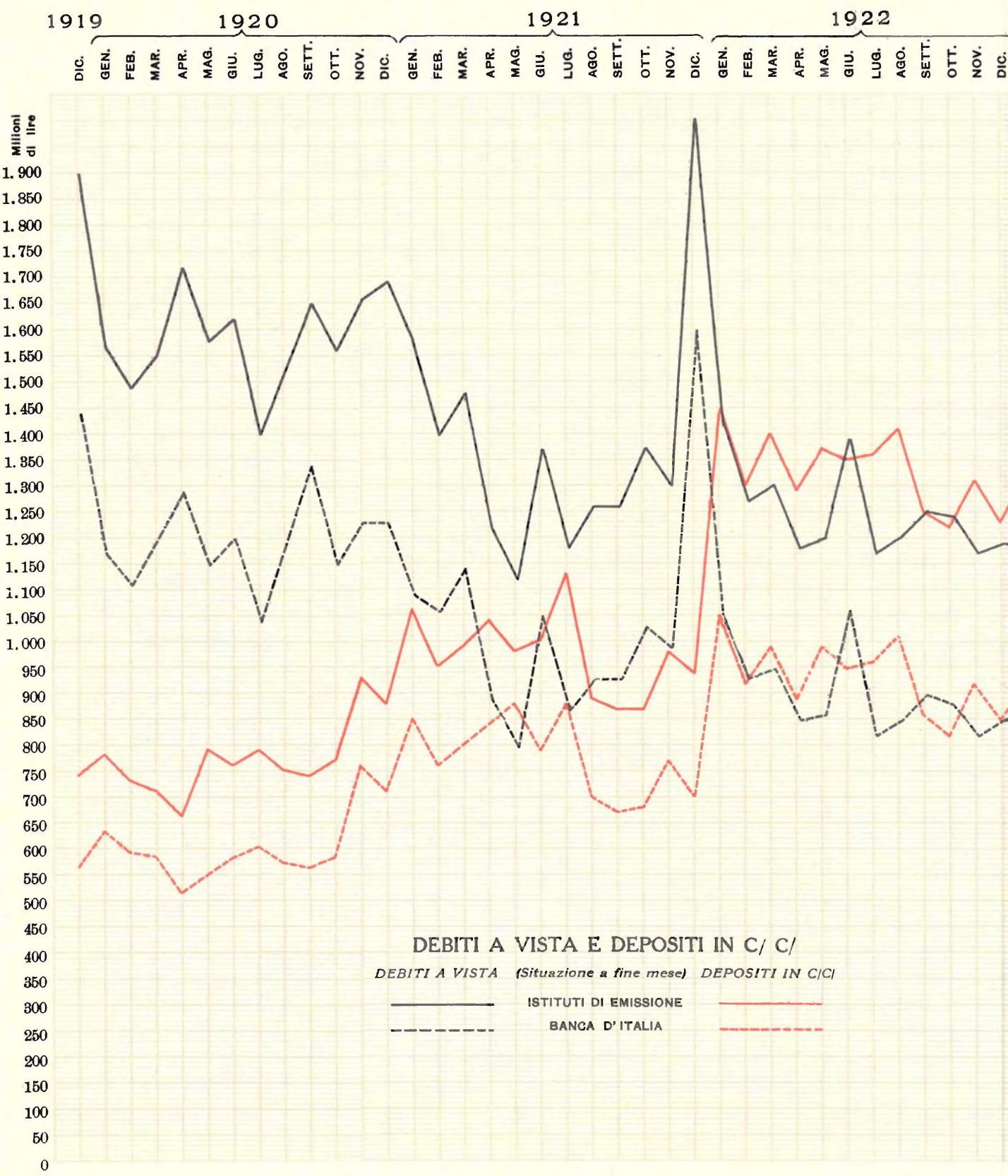


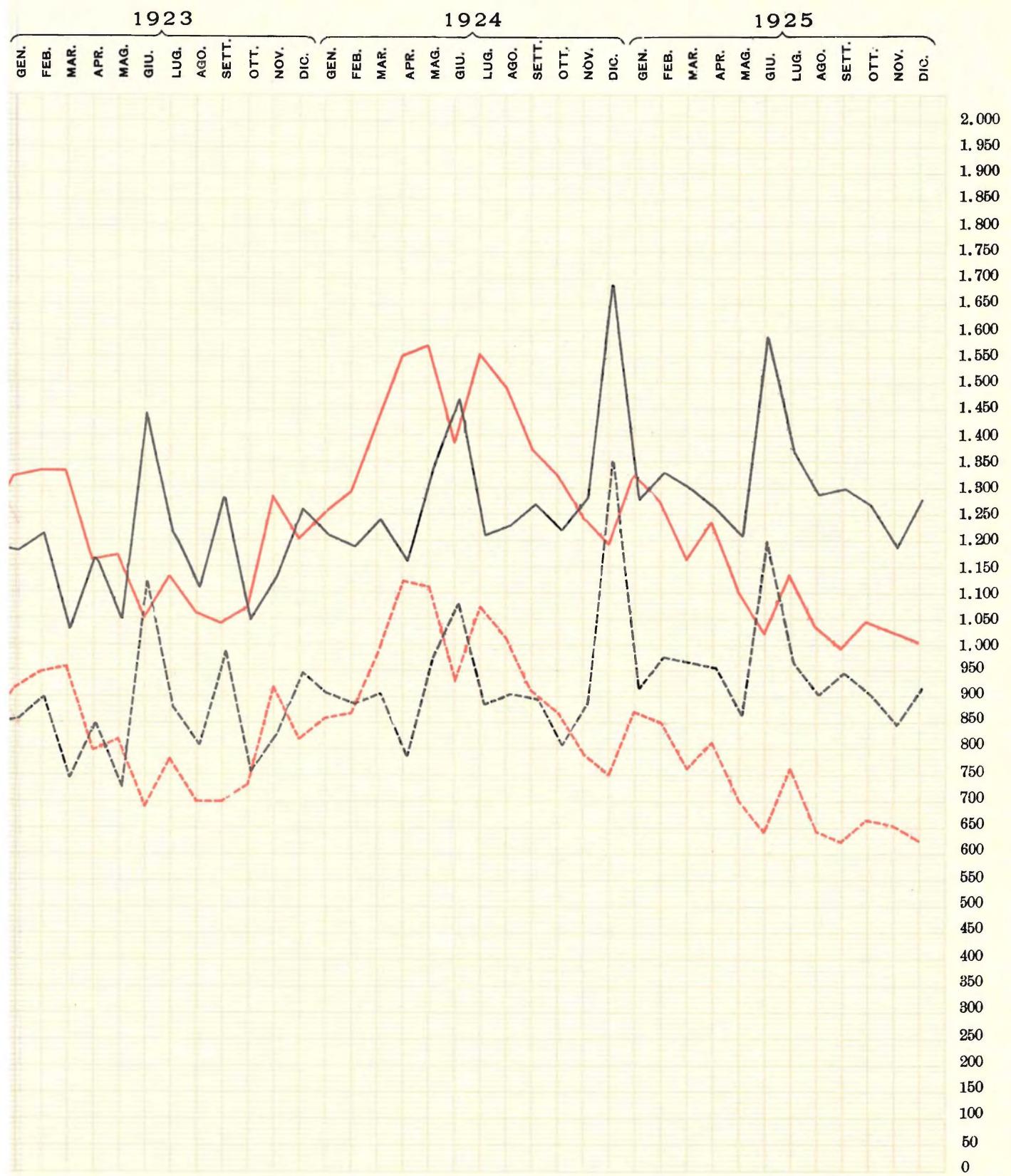


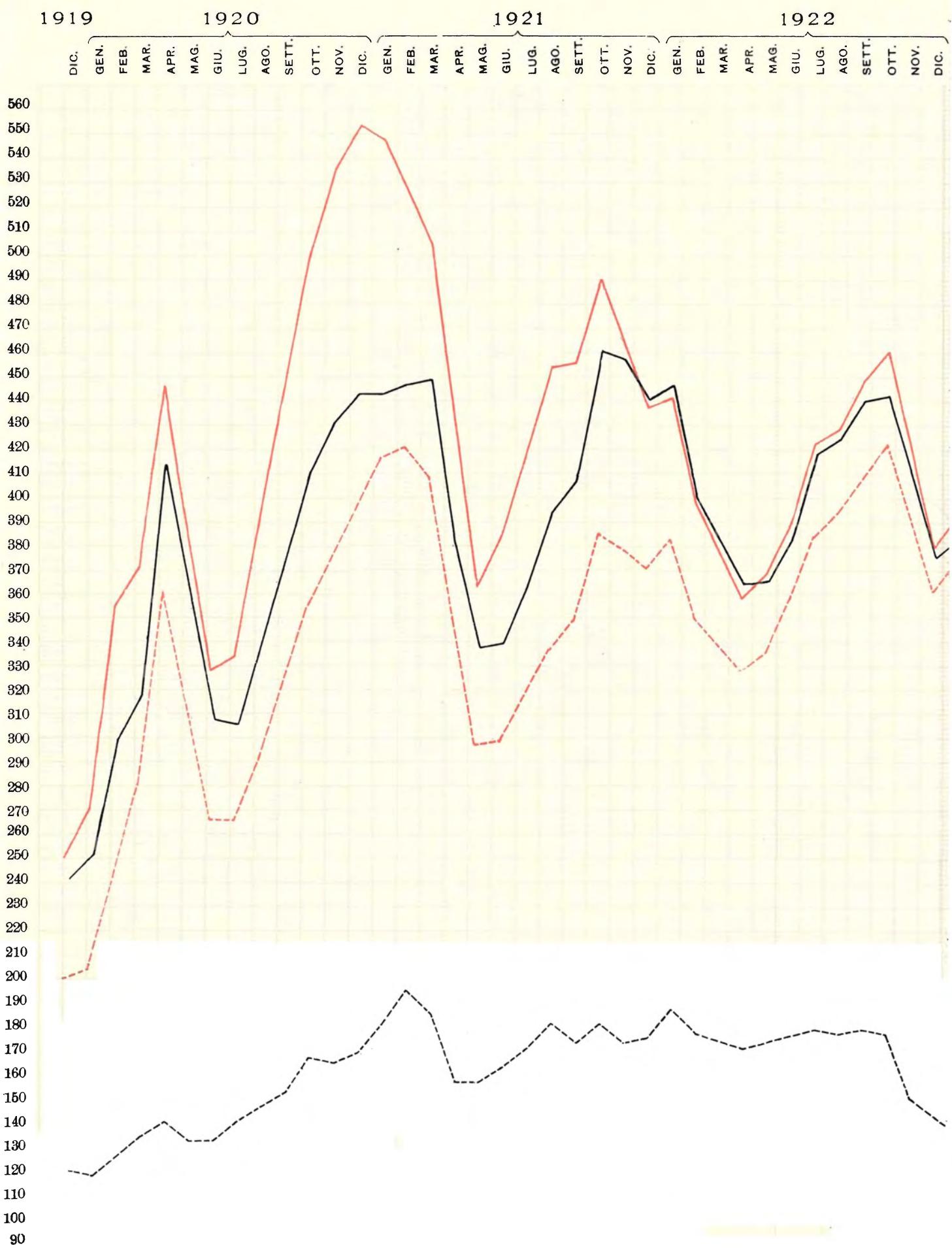


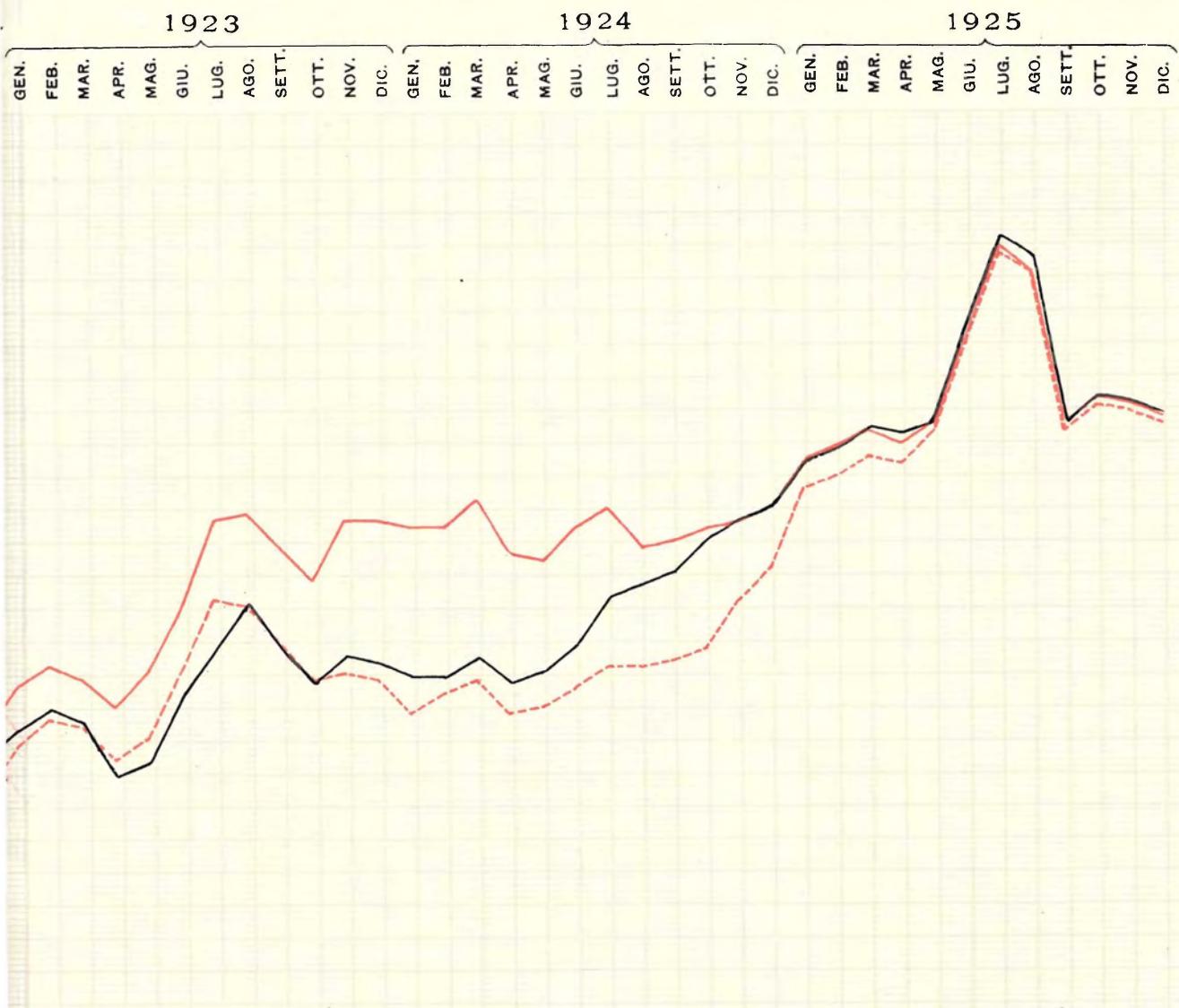












### CORSO MEDIO MENSILE DEL CAMBIO

- - - su Francia  
 — su Svizzera  
 - - - su Londra     | in ragione percentuale  
 — su New York



