

The new system also means that monthly figures are available as to the amount of imports and exports of foreign capital under the 1956 law. To confine ourselves to imports, foreign capital investment considered «productive» in the years 1956 and 1957 amounted to \$53m.; from \$35m. in 1958 it dropped to \$25m. in 1959. In the first nine months of 1960, however, the figure has risen to \$45m. and there is thus little doubt that the Italian market is once again an attractive target for foreigners. The most popular sectors seem to be chemicals, oil refining, metallurgy and engineering.

We must now turn our attention to the reverse of the coin Italian investment abroad. The employment of short-term Italian capital has already been referred to in the connection with Italy's net indebtedness abroad. As regards medium and longterm investments, however, the use of the method «net» would not have been suitable, since there is a difference between an Italian debt to the United Kingdom, for example, and an Argentinian or Brazilian debt to Italy. What is needed, therefore, is a statement of the position of foreign debts towards Italy, but no such information is available.

The reason for this seems to be that owing to domestic considerations the Italian authorities have until recently tended to discourage operations of this kind, and statistics would therefore be few. Now, however, the situation is changing as a result of the Ministerial Decree of July 28, 1959 (repealing a number of restrictions imposed by the Law of July 25, 1956), together with other moves which are designed to promote a greater co-ordination of the Italian economy with those of other European countries and with the world as a whole.

The effects of these new measures is already being felt. Towards the middle of this year the Bank of Italy published an official report on the financial resources made available by Italy to underdeveloped countries. The total aid amounted to \$190m. in 1957, \$71m. in 1958, and \$178m. in 1959. In these figures private medium and long-term investment accounted for \$12m. in 1957 and 1958, rising to \$34m. in 1959. It is clear that the Government's legislation is beginning to bear fruit.

The ending of the recession phase of the second «European cycle» in September, 1957, has been followed by three years of expansion in the Italian economy. Foreign investment has undoubtedly contributed to this revival, but we should not overlook the fact that Italy, although relatively poor as an industrial nation (with an average per capita income below \$500 per annum), has nevertheless striven within the limits of her available resources to assist other countries to become prosperous. This is the result of her firm conviction that economic prosperity in the West is one and indivisible, and that countries with a higher standard of living have obligations towards those whose standards are less advanced and whose wealth is not yet as great.

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