

The history of a journal:
Banca Nazionale del Lavoro Quarterly Review,
1947-2007

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1. With the close of 2007, a phase in the history of the *Review* also comes to an end.¹ This last issue presents the complete indexes (by year and author) of the *Review*, including some special issues published occasionally: sixty-one years of publication. In themselves, the *Indexes* constitute an objective account of the life of the *Review*. This introduction briefly traces the 'internal' history of the *Review* from its creation onwards, together with an account of the publication's main scientific contents. For fuller details on the story of *Moneta e Credito*, the cousin Italian review, the reader is referred to the introduction to its indexes, published simultaneously with this issue. What is certain is that, with their merits and defects, the two reviews have so far represented decidedly effective instruments for the development of economic culture, and not only in Italy, where they have in any case favoured the opening up to worldwide horizons and participation in the international debate.

2. The *Banca Nazionale del Lavoro Quarterly Review* was born in 1947, at a time of vigorous renewal of the Bank itself. One of the key problems in the aftermath of the Second World War was to improve and extend the Banca Nazionale del Lavoro's reputation abroad. The

¹ The pages that follow utilise and expand the Introduction to the *Indexes of the first fifty years, 1947-1997*, published in 1997. Information on the first few years of publication has been supplied by Umberto D'Addosio, Giorgio Ruffolo, Carlo Zacchia and above all Luigi Ceriani. On the history of the BNL, see V. Castronovo, *Storia di una banca. La Banca Nazionale del Lavoro e lo sviluppo economico italiano, 1913-1983*, Einaudi, Torino, 1983.

Bank was quite well-known in Spain but very little in the English-speaking world where, moreover, it was viewed as having been closely associated with the Fascist regime. The publication of a review for foreign circulation was designed to modify this situation. In a sense the aim was to render public and explicit the Bank's new international openness and the desire to take an active part in international banking circles.

Imbriani Longo had been named Director-General of the BNL in November 1945. His appointment had been urged internally by a group of officers and top managers, including Luigi Ceriani, who had the highest esteem for him. Founding an English-language review was suggested in the spring of 1946 by Ceriani and immediately endorsed by Longo, who provided crucial support during the initial organisational difficulties, avoiding needless red tape in decision-making. This is worth stressing, for it has remained a constant feature of the *Review*, which has always enjoyed great managerial flexibility and substantial independence from the Bank's hierarchy. It was on Longo's suggestion that in 1948 the *Quarterly Review* was flanked by an Italian-language cousin, *Moneta e Credito*, differently organized but with the task of making the main articles available to the Italian public.

In 1946 Longo reorganized the BNL research department and greatly extended the range of its tasks. The small group of Ceriani's new collaborators was charged with monitoring economic developments, forecasting, summarizing data and news and carrying out sector studies in support of the Bank's corporate lending decisions. At the end of 1947 the general secretariat also assigned Ceriani the job of drafting the Bank's official financial report for publication. The department was also responsible for editing the *Review*, which was run by Ceriani himself; Longo overruled Ceriani's proposal to have the publication overseen by an Italian economist of international repute.

3. Ceriani (1912-1999), after conceiving the *Review*, ran it as managing editor for four decades, and also acted as managing editor of *Moneta e Credito*.² Not only was the scientific form and content of the two publications his work, but also detailed typographical choices (and, for *Moneta e Credito*, propriety of language). The top manage-

² On him, see A. Roncaglia, "Luigi Ceriani 1912-1999", in this *Review*, vol. LII, no. 210, September 1999, pp. 247-55.

ment of the Bank, as noted, gave him a free hand, and his position as head of the research department did not imply the conversion of the journals into house organs for the publication of internal studies. In a word, Ceriani played the leading role in the creation and the scientific development of these publications.

Ceriani had joined BNL in 1937, three years after taking his university degree and following upon a period as assistant professor of business law at the University of Pavia. He was at first assigned to the Bank's embryonic research department under Pietro Cova, and then went on to spend some time at the general secretariat, where he was able to attend meetings of the Board of Directors (keeping the minutes). In the autumn of 1943 he resigned and went into hiding in order to resist the transfer of the Bank's headquarters to Venice on the orders of the Italian Social Republic government set up by Mussolini in Nazi-occupied northern Italy. He also took part in the Resistance movement, with a secret mission in the occupied areas of northern Italy. Following the Allied liberation of Rome in June 1944, Ceriani returned to the BNL and to the research department, which he directed until his retirement in 1976 (while retaining responsibility for the reviews until 1988). He fondly recalls his work together with Longo, which was in some respects confidential, bringing him to the centre of crucial, delicate strategic matters.³ This also facilitated liaison – fundamental to the development of the reviews – with the academic community and eminent economists in Italy and abroad.

4. During Ceriani's long term as head of the research department, the *Review's* contributors included a number of young research department staffers whose subsequent careers would indeed be eminent: Giorgio Ruffolo, Lamberto Dini, Umberto D'Addosio and Carlo Zaccchia. Ruffolo published three articles between 1953 and 1955, Zaccchia two in 1949 and 1953. Aside from two articles co-authored with Gardner Ackley in 1959 and 1960, Dini would not publish anything in the *Review* until he had reached the position of Director-General of the Bank of Italy (five articles from 1981 to 1988).

³ On Longo, see Castronovo (1983, cit., pp. 265 and ff.) and especially Ceriani ("Ricordo di Imbriani Longo", *Moneta e Credito*, vol. L, n. 200, December 1997, pp. 395-411, the only article with his signature published in the reviews he edited for such a long time, written on my insistence at the occasion of the two-hundredth issue of *Moneta e Credito*).

From 1976 on, when Ceriani left the research department to concentrate solely on the reviews, the editorial assistance of the department lost importance.⁴ In 1979 I myself began collaborating on the publications, on the suggestion of Nerio Nesi, who had unsuccessfully tried to persuade me to leave my academic position – at the time, associate professor at the University of Perugia – to take on responsibility for BNL's research department; with Ceriani's full consent I became managing editor in 1989, when he resigned. That same year the BNL assigned its publishing activities, including the two reviews, to a fully owned subsidiary (Editoriale Lavoro, later renamed BNL Edizioni).

From the start Ceriani relied on the advice of academic economists, both Italian and foreign. Starting with the second issue of *Moneta e Credito* in June 1948, the title page listed the members of the *Review's* editorial board, composed of the Bank's top management, some high civil servants and eminent academics. The same board heads both publications, but the *Quarterly Review* never listed its members. The original board members were Gino Bolaffi, Guido Carli, Luigi Ceriani, Cesare Cosciani, Giuseppe Ferretti, Amedeo Gambino, Ludovico Groja, Luigi Attilio Iaschi, Pasquale Saraceno and Guglielmo Tagliacarne. Traditionally, at least since the Sixties, the pro-tempore Chairman of the Bank (over time: Antigono Donati, Nerio Nesi, Giampiero Cantoni, Mario Sarcinelli and Luigi Abete) has chaired the editorial board, and often the Director-General or the executive manager of the bank (Francesco Bignardi and Davide Croff) have sat on it, together with the heads of the economic research department of the bank (Bruno Brovedani, Alberto Mucci, Giovanni Ajassa) and some of the most prestigious Italian economists (such as Giorgio Fuà and Paolo Sylos Labini). The present editorial board lists Luigi Abete, Giovanni Ajassa, Marcello de Cecco, Lucio Izzo, Luigi Pasinetti, Antonio Pedone, Romano Prodi (the present Prime Minister, who has been on the board of the *Review* for nearly thirty years), Alberto Quadrio Curzio, Alessandro Roncaglia and Luigi Spaventa.

The editorial board met for many years once or twice a year to set guidelines for the two reviews and to discuss its editorial policies.

⁴ The editorial secretariat was entrusted at first to Paola Gallessi, since 1985 with the assistance of Silvia Brandolin, then (since 1989) to Silvia Brandolin with, for three years, the assistance of Simona Costagli.

Some members have also collaborated more actively with the managing editor, offering suggestions on articles for publication and comments on the published issues, while various other academicians have also contributed in this fashion including, most notably in the first few years, Federico Caffè. In the 1950s, '60s and '70s the *Review* took advantage of the advice of Vera Lutz, Fritz Machlup and Robert Triffin; in the '80s and '90s of Piero Alessandrini, Jan Kregel and Mario Tonveronachi. In the mid-'70s it was Machlup who helped Ceriani in preparing the project of a series of articles with the "Recollections of eminent economists". With the turn of the '80s the *Review* made a regular practice of resort to the opinion of external referees, hitherto only occasional. Numbering over two hundred in the course of the years, of many different countries, usually university professors (including a Nobel prize-winner) but also members of the research departments of the Bank of Italy and the European Central Bank, the referees normally discuss their reports with the managing editor: a procedure not unknown in scientific journals, and very useful for keeping a balance in the evaluations of the different referees. It also turned out to be quite useful in shortening the length of time taken in decision-making. In fact, the lag between submission and publication is, for the accepted articles, far shorter than is the common practice in other academic journals; for the rejected articles, too, the refereeing process has also been found useful by many of the authors.

The editorial board is also responsible for such collateral initiatives as special issues. The first of these, undertaken on the urging of Nesi, then BNL Chairman, consisted in the publication in English of the reports of two government committees, the Monti Committee's *Report on the Italian Credit and Financial System* in 1983 and the Sarcinelli Committee's 1987 *Report on Financial Assets, Public Debt and Monetary Policy: An International Integration Perspective*.⁵

In 1992, on the initiative of BNL Chairman Cantoni, a special issue entitled *Towards Europe* offered four articles on European unification that had already appeared in the *Review*, by Triffin, Spaventa, Prodi and Sarcinelli. Between 1996 and 1998, on the proposal of the then BNL Chairman, Sarcinelli, the four annual issues of the two

⁵ The first committee consisted of Mario Monti (Chairman), Francesco Cesari and Carlo Scognamiglio; the second of Mario Sarcinelli (Chairman), Mario Arcelli, Corrado Conti, Felice Gianani, Lucio Izzo, Rainer Masera, Mario Monti, Antonio Pedone, Paolo Ranuzzi and Luigi Spaventa.

reviews were supplemented with a monographic special issue in both Italian and English. The 1996 volume was *European Monetary Union: The Problems of the Transition to a Single Currency*; the 1997 volume, *Property, Control and Corporate Governance of Banks*; the 1998 volume, *Globalisation and Stable Financial Markets*.

5. The first few issues of the *Quarterly Review* were given over mainly to Italian economic issues, with (among others) articles by Alessandro Molinari on industrialization, Giulio Pietranera on Italian inflation, Gambino on developments in banking and the money market, Cosciani on the tax system, Tagliacarne on the cost of living, wages, consumption and the state of the middle classes, and by Roberto Tremelloni on the special government funds for industry and construction. Perhaps the early contributor best known abroad was Corrado Gini, then president of the National Statistics Institute (Istat) and chairman of the Faculty of Statistics at the University of Rome. From 1947 to 1972 Gambino published 14 articles on monetary and banking topics. Carli also contributed a number of articles (collected posthumously as Guido Carli, *Scritti di economia internazionale*, a supplement to the December 1993 issue of *Moneta e Credito*, while a supplement to the *Quarterly Review* made available all of Governor Carli's *Concluding Remarks to the Annual Reports of the Bank of Italy, 1960-1974*. From no. 2 to no. 39 (December 1956), every issue of the *Review* offered a statistical appendix on the Italian economy, edited by the research department of the BNL.

At first all the contributors were Italian. The first foreign article, published in no. 9 (April-June 1949) was "The concept of a dollar shortage" by Thomas Balogh; it was followed by another piece of his, "Should sterling be devalued?". The next year saw the first contributions of Friedrich and Vera Lutz, Paul Streeten and Frank Hahn; 1951 brought with it Richard Sayers and Henry Wallich, 1952 J.S.G. Wilson and Jan Tinbergen, 1953 Erich Schneider and Federico Pollak, 1954 Robert Triffin and Colin Clark.

The early issues of the *Review* focused primarily on the Italian economy, with a majority of articles concerning the balance of payments and relations with the nascent international financial structures. The first exceptions to this rule were an article by Gini on the causes of American prosperity (1948) and the two articles by Balogh (1949). Soon, however, such exceptions became more and more common.

The transformation of the *Review* from a strictly Italian to a general economic journal was spontaneous and quite swift. Naturally, traces of its Italian origin remained, both in its authors and in the themes treated, but waned in importance as the *Review* gained a place for itself in the international intellectual and scientific arena. Actually, the most deeply rooted of the journal's original characteristics is its concern for practical relevance. In both the theoretical works and the articles on applied economics, the *Review* steadfastly avoids formal treatments for their own sake, and eschews econometric exercises of scant heuristic significance; it has always favoured themes with direct or indirect relevance to economic policy choices.

In 1949 and 1950 some collateral themes, destined to retain some importance later on, made their first appearance. Economic history found a place, with articles by Armando Saponi on the Banca Medici and the Italian companies in England from the 13th to the 15th centuries, as well as theoretical work, with an article by Sylos Labini on Keynesianism (the first scientific publication by this fledgling, who would prove to be the first of a good number of eminent Italian economists to start out their publishing careers at the *Review*) and a debate on exchange rates under bilateral trade, opened with an article by Gioacchino D'Ippolito and responses by Costantino Bresciani-Turroni and Gini. Balogh and Streeten wrote on issues in the theory of foreign trade, while Hahn discussed John Hicks's just-published theory of business cycles. Considerable attention in these years went to issues in economic statistics, from index numbers to the national accounts, dominated by contributions from Gini, whose intensive collaboration (eleven articles on a variety of subjects) ended rather abruptly in March 1952.

6. The April 1951 issue was the first to be given over chiefly to international economic issues. It would be followed by others, with increasing frequency. In 1951 and 1952 several articles on the economic – and especially financial – problems of other countries appeared: on the sterling area, on credit controls in the Netherlands, British monetary policy from 1945 to 1947, the policy of the Australian central bank, the Indian money market and the development of the Nigerian banking system. Sayers and Wallich offered important contributions on bank liquidity in Britain and the United States.

Starting in 1953, contributions by Friedrich and Vera Lutz began to appear in increasing numbers: five articles by Friedrich, nine by Vera and one joint piece. Vera Lutz's work on the Italian economy and the problems of the South, as we shall see, were of special importance. That same year, Paolo Baffi published the first of seven articles on Italian and international monetary policy and theory.

1954 saw the beginning of further important collaboration: over the space of nearly 40 years Triffin would publish 18 articles, including some fundamental contributions to the debate on the international monetary and financial system. Two substantial articles of his appearing in March and June 1959 were published with minor changes as *Gold and the Dollar Crisis*,⁶ a book that represented key reference for the discussion of the day. His 18 articles made Triffin the second most prolific of the *Review's* authors, along with J.S.G. Wilson, who came out, between 1952 and 1990, with a series of accurate studies of the money market in various countries, based on *in loco* research.

Other eminent foreign economists joined Vera Lutz publishing articles on Italian matters, including Colin Clark in 1954. In 1955 Alfred Kahn outlined the US regulations governing crude oil production, then a hotly debated issue in Italy, where a law regulating the oil industry was being formulated. Another particularly topical contribution that year was by Francesco Forte, who wrote of automobile taxation as a means of funding motorway construction. Another piece addressing a practical problem, but more theoretical in approach, was Giannino Parravicini's article in June 1957 on the incidence of taxation and the level of prices.

7. In the later '50s the fundamental features of the Italian economy were discussed in a number of articles that opened a major economic policy debate. A wide-ranging piece by Vera Lutz, in September 1956, with a critique of the 'Vanoni Plan', underscored the persistent employment problems and especially the economic dualism between North and South. Her policy indications, deriving from neoclassical economics, included profit restraint and above all wage restraint.

A somewhat different viewpoint was that provided a year later by Gardner Ackley, who would be US Ambassador to Italy in 1968

⁶ Yale University Press, New Haven, 1960; 2nd edition, 1961.

and 1969. In an article on the 'Keynesian' analysis of Italian economic problems, Ackley defended macroeconomic development programmes, stressing that the alleged constraints stemming from scarce savings did not apply to an economy with high unemployment.

Ackley's piece was followed, in the same issue, by a significant essay by Sylos Labini on relative prices and development programmes. It analyses the various transmission mechanisms whereby productivity gains spread throughout the economy, and concludes that the optimal long-run rule is that wages should rise at the same rate as productivity and that changes in relative prices favouring agriculture and raw materials and rents were harmful to economic growth. The following issue, in December 1957, saw a warm defence of the Vanoni Plan by Saraceno, stressing the role of public corporations and government intervention for the industrialization of the South.

Economic dualism was the subject of two major essays by Vera Lutz and Friedrich Vöchting in September 1958. Lutz, taking the neo-classical approach, offered a general theory of the operation of a dual economy, emphasising market mechanisms to overcome the disequilibria, and in particular downward flexibility of wages in the backward area and geographical mobility for both labour and capital. This theoretical treatment was accompanied by constant reference to the actual state of the Italian economy and considerable scepticism *vis-à-vis* the Vanoni Plan forecast that the disparities could be overcome by 1964.

The following issue offered a very substantial essay by Baffi (over 80 pages) on the monetary history of Italy over the previous twenty years. Baffi's piece followed a January 1956 article by Donato Menichella (then Governor of the Bank of Italy) that ranged back in time to the 19th century and dwelt on the stabilisation measures of 1947, initiating what became a tradition: a series of contributions by authoritative representatives of the Bank of Italy, setting forth at intervals of a few years the development of our monetary institutions and monetary policy. Baffi (formerly head of the central bank's research department, Director-General from 1960 and Governor from 1975 to 1979) was to pen two more articles along these lines in March 1961 and March 1966. The June 1969 issue included an article by Antonio Fazio, then head of the research department and subsequently Governor. Italy's experience with selective credit policies in

the early '70s was described by Tommaso Padoa-Schioppa (now Minister of Economy) in March 1975. Subsequently there have been contributions from Franco Cotula (September 1984), Sarcinelli (December 1995) and Franco Passacantando (March 1996). The *Moneta e Credito* Italian versions of these pieces have often appeared in university reading lists on monetary economics and economic policy. Other Bank of Italy representatives contributed pieces on foreign exchange policy, such as Rinaldo Ossola (six articles appearing from 1965 to 1981), Giovanni Magnifico (three articles from 1973 to 1978), Dini in the '80s (subsequently Governor and then Prime Minister) and Fabrizio Saccomanni (present Director-General) in December 1996.

In December 1959 a joint article by Ackley and Dini reconsidered a central feature of Southern development policy, describing the tax and credit subsidies for the South and assessing their impact. One aspect stressed was the capital-intensive bias of the investment projects, the authors questioning the advisability of such a strategy and suggesting that more labour-intensive production processes would better stimulate the development of a Southern internal market. In the same issue Spaventa offered a wide-ranging critical reconsideration of Vera Lutz's theses. His critique turned on the effective capacity of automatic market mechanisms to overcome dualism, and in particular the role of downward wage flexibility. The problem of dualism, in Spaventa's view, relates to the characteristics of economic development in a late-industrializing country like Italy and to the oligopolistic market forms that prevailed. A further article on the topic, by Giuseppe Di Nardi, appeared in September 1960.

The discussion continued. In December 1960 Kenneth Kauffman criticized Ackley and Dini, who replied. A year later, in another major contribution that had considerable impact on the economic policy debate, Vera Lutz set out the thesis of complementariness between emigration and the industrialization of backward areas in the framework of a dualistic economy. A brief critical comment by Ackley and Spaventa appeared in June 1962, with Lutz's reply.

8. In the meantime the *Review* continued to publish material in all areas of economics, but concentrating on financial issues both within Italy and other countries, and internationally. Though dealing principally with money and finance, as well as the theme of Italian economic development, the journal also offered articles in other fields.

Thus in March 1959 Angus Maddison began his long-lasting collaboration (16 major essays in the course of nearly forty years). Combining history with applied economic analysis, Maddison contributed a set of original, accurate reconstructions of long-time series permitting analysis of long-term economic trends.

The BNL's publication of Vilfredo Pareto's correspondence with Maffeo Pantaleoni⁷ brought with it a monographic issue in September 1961 presenting articles by Erich Schneider, Norberto Bobbio and G.H. Bousquet. Bobbio contributed two more articles, on Mosca's theory of the ruling class (March 1962) and on Pareto's sociology (June 1964).

In 1963 Bela Balassa, who would write thirteen articles over a span of nearly thirty years, first contributed; in 1966 the first of twelve articles by Machlup, to appear over just sixteen years, ending in 1982, was published. Machlup contributed three important articles on the Eurodollar market (September 1970, June and December 1972) just before the spectacular growth of that market in the wake of the 1973 oil crisis and the need to recycle 'petrodollars'. In 1966 the future Nobel laureate Franco Modigliani contributed the first of nine articles, all co-authored (with Peter Kenen, Giorgio La Malfa, Hossein Askari, Cotula, Ezio Tarantelli, Tullio Jappelli and Marco Pagano). In the same year the *Review* published the first of 19 articles by Sarcinelli (who has served as Director-General of the Bank of Italy and of the Treasury, Minister for Foreign Trade and Chairman of BNL), thereby ranking first among the *Review's* authors.

9. In December 1963 and September 1967 Cosciani, a collaborator since the second issue in 1947, contributed two articles on the reform of the Italian tax system. December 1963 also saw an article by Spaventa on the effects of inflation on income distribution in Italy. Considering the various price formation mechanisms in different market forms in the main sectors of the economy, he highlighted the problem of 'rents' within the Italian economy, which took resources away from corporate income, and so from productive investment, thus slowing growth down while heightening tension in industrial relations.

⁷ V. Pareto, *Lettere a Pantaleoni*, edited by G. De Rosa, 3 vols, Banca Nazionale del Lavoro, Roma, 1960; a fourth volume, *Carteggi paretiani*, with correspondence by Sorel, Walras, Edgeworth, Einaudi and others, came out in 1962.

Another article with significant impact on the economic policy debate was authored in March 1967 by Modigliani and La Malfa (who would later be Secretary of the Republican Party and Minister for the Budget). They discussed the restrictive monetary policy stance adopted by the Bank of Italy in 1963 and 1964, its causes and consequences. Using Modigliani's 'neoclassical synthesis' model of relations between real and monetary variables, they concluded that, given a wage spiral, the central bank should react immediately with a restrictive stance.⁸

Also published in the same issue was an article by Forte on tax harmonization within the EEC. European integration constituted one of the continuing areas of interest of the *Review*, with both interpretative and informative articles.

Sylos Labini published a major article in December 1967, presenting an econometric model for Italy, one of the first such contributions – if not indeed the first – in our country. The essay is unique for the strict connection between Keynesian-style macro analysis and 'Sylosian' microeconomic analysis, positing manufacturing as the leading sector with an oligopolistic market structure, while agriculture was characterized by competition and retail trade by monopolistic competition. At the same time, the model provided the basis for re-examination of economic policy issues, such as the debate sparked off by Modigliani and La Malfa.

In 1968 Don Patinkin published the first of six articles on monetary and macroeconomic theory (the last of which appeared in 1995). The following year saw the entry into collaboration of another young Italian economist, Rainer Masera, with the first of nine articles on monetary and financial matters.

10. Discussion of international monetary arrangements and the world financial and foreign exchange markets, which had in fact had a substantial enough place in the early years, became the prime focus of the *Review* from 1969 on, when the first signs of weakness of the Bretton Woods system started to show. Charles Kindleberger, in March 1969, was one of the first to grasp the importance of the Eurodollar

⁸ On this article and its importance for the economic policy debate of the day, see G.M. Rey and P. Peluffo, a cura di, *Dialogo tra un professore e la Banca d'Italia*, Vallecchi, Firenze, 1995, especially pp. 208-09.

market and its relations with US monetary policy. In December Triffin proposed the establishment of European reserves as a means of fostering a more independent monetary policy.

The mechanisms of creation of the Eurodollar supply were discussed in September 1970 in a major article by Machlup. Two more pieces on the same topic appeared in June 1971, one by Carli and the other by Michele Fratianni and Paolo Savona. In September 1971 Helmut Mayer contributed to the discussion, and in June and December 1972 Machlup replied to an article by Donald McClam. In March 1973 Ossola described the connections between central bank interventions and the Eurocurrency markets. 1974 saw further articles by Savona (in June) and Friedrich Lutz (September).

Another topic of continued discussion was the IMF's special drawing rights. In March 1971 Triffin suggested using them to fund collectively established objectives. In June 1972 John Williamson defended the link between the issue of SDRs and development assistance, which had been attacked by Gottfried Haberler in March 1971. Peter Isard and Edwin Truman also wrote on the topic in March 1974, as did George Abbot, in September, with an article stressing the problems for the developing countries deriving from the recycling of petrodollars. Mayer also wrote on the matter in the same issue.

In the meantime, the crisis of the Bretton Woods system had erupted, with President Richard Nixon's announcement in August 1971 that the dollar was no longer convertible into gold, followed by the oil crisis of October 1973 and a consequent, far-reaching crisis in international finance. In December 1973 three of the *Review's* five essays dealt with this theme. Modigliani and Askari discussed international capital transfers and the propagation of national shocks under different payment systems (this would elicit comments by Henry Goldstein and Raymond Cohn, with a rebuttal by the authors, in March 1975); Irving S. Friedman discussed the 'cyclone' that was sweeping away at efforts to reform the international monetary system; and finally Magnifico offered a discussion of European currency and exchange problems in the world context. The following issue (March 1974) saw an article by Izzo and Spaventa on the domestic and international effects of the rise in oil prices. As noted, a series of articles in the course of that year dealt with related problems, such as SDRs and the Eurodollar market. An article of considerable importance in the international debate was published in June 1979, on the

eve of the second oil crisis, by Carli and Tarantelli, with a proposal for recycling petrodollars through official channels such as the IMF instead of leaving it up to the Eurodollar market.

In March 1975 an article by Triffin suggested that in the face of the upheavals within the world monetary system the European Community should advance resolutely with monetary integration, with rules for coordinating national economic policies and adoption of a European unit of exchange. This article was part of a long series of 'Europeanist' work that has formed a regular feature of the *Review* from the outset. In December 1975, in this vein, Fabrizio Onida discussed the changes of objective and strategy in the course of European financial integration. In September 1976 Michael Parkin discussed monetary union and Community stabilization policies; in December Balassa offered another piece on monetary arrangements within the EEC.

Combining theoretical modelling and applied analysis, Anthony P. Thirlwall (March 1979, and again in December 1981 and September 1983) demonstrated the relevance of the propensity to import and to export and of the balance of payments in general, as constraints on growth and in accounting for differing growth rates: this was 'Thirlwall's Law', and it was to spark off wide-ranging debate. Thirlwall's paper was the first I took care of for the *Review*. Subsequently the article prompted a number of more recent contributions, such as the piece by Miguel Leon-Ledesma and Thirlwall in December 2000 on the endogeneity of the natural rate of growth (criticised by Luciano Boggio and Gilberto Seravalli in June 2002, with a rejoinder of the authors) and an article by Nelson H. Barbosa-Filho in December 2001.

Following upon the collapse of the Bretton Woods system and, even more importantly in this respect, the oil crisis, the problem of inflation came to the forefront. Hicks's article of September 1970 was followed a year later by a piece by Thirlwall and C.A. Barton on the relation between inflation and growth. In March 1972 David Fand examined the relation between high interest rates and inflation in the United States, and in December he replied to a comment by J.L. Lucia. In September 1974 Friedrich Lutz returned to the theme of interest rates and inflation in an article combining theory (especially Wicksell and Fisher) with reference to contemporary economic affairs. Stagflation was highlighted by McClam in June 1975, in an analysis of its effects on the incidence of private debt. Fand related

international inflation to foreign exchange reserves in December 1975. In March 1976 Vito Tanzi discussed the ties between inflation, indexation and the taxation of interest income (a comment by Ugo Sacchetti appeared in March 1977), and in September 1976 he examined the inflation indexing of individual income taxes.

In September 1975 Pierluigi Ciocca, Renato Filosa and Guido Rey viewed twenty years of Italian economic integration and development in retrospect (1951-1971), stressing persistent structural weaknesses.

In December 1976 an article by Gino Faustini opened a series of pieces on what would be a central issue of Italian economic policy discussion in the following years: wage indexation. A number of the pieces were published only in *Moneta e Credito*, but some of the more important articles on the question also came out in the *Review*, including one by Fazio in June 1981, for instance.

11. The period following the end of Bretton Woods and the oil crisis was a time of experimentation with techniques of 'financial engineering' in various countries. The *Review*, ever attentive to institutional change in the domestic and international financial markets, hosted a lengthy series of articles on these issues. Some dealt with selective credit measures: William Silber in December 1973, Padoa-Schioppa in March 1975 and T.R.G. Bingham (on France) in December 1975.

The *Review's* steady interest in monetary theory was, in the meantime, heightening. In the '50s we had contributions like the articles by Friedrich Lutz in favour of flexible exchange rates and Schneider on the relationship between the money supply and interest rates, in the framework of the macroeconomic debate of the day, in December 1954; a piece by Haberler on the relation between real and monetary factors (September 1956) and one by Frank Brechling on liquidity-preference-based interest rate theory (December 1957). In 1960 two articles appeared on the Radcliffe Report, published the previous year in Britain: one by Samuel Katz in June and a brief note by L.J. Hume in December. Over the years that followed studies in monetary theory grew increasingly rare (we might mention those by Patinkin in June 1968 and Fand in September 1969), but the debate picked up again in the '70s. An article by Fand touched off an exchange with Gambino on the endogenous nature of the money supply (September

1970). The next issue carried an article by Schneider on the determinants of the money supply and a critical note by A.K. Kelly on the quantity theory. In June 1971 Gambino returned to the distinction between internal and external money, and in December to the monetarism of Milton Friedman, opening a debate in which G.K. Shaw intervened in the next issue. More closely related to macroeconomics was the contribution by Patinkin in March 1974 on the role of the 'liquidity trap' in Keynesian theory. In December 1974 Karl Brunner, a leading monetarist, published an article on policies controlling the growth of the money supply. In September 1975 Joseph Aschheim wrote on emerging tendencies towards a synthesis between the 'monetary' and the 'fiscal' schools; in June 1976 David C. Rowan discussed 'Godley's Law' and the new Keynesian macroeconomics of the Cambridge school. In March 1977 George Tavlas discussed the differences between the old and new Chicago schools on the efficacy of monetary policy, criticizing the articles by Patinkin and Aschheim (Aschheim replied in September 1978). Giacomo Vaciago contributed two articles, in December 1977 and March 1978, with comparative analysis of the monetary and fiscal 'rules', pointing out the slight role of monetarism in Italian economic policy. (Vaciago contributed eight articles to the *Review*, mainly on monetary matters, published between 1970 and 1998.) In June 1978 A.T. Peacock and Shaw defended the role of fiscal policy, and in September Mayer returned to the theme of monetarism. In June 1979 Aschheim and Tavlas published a joint article on monetarism; they would offer five more pieces combining theory and the history of economics in the years that followed (March 1981, June 1984, December 1994, December 2006 and June 2007).

12. In September 1979 an article by Hicks opened the "Recollections of Eminent Economists" series. In its first few years this initiative proceeded at the rate of nearly an article per issue. Later, the pace slowed down. Hicks was followed by Tinbergen, Henry Phelps Brown, Machlup (a major essay in two parts, June 1980 and March 1982), François Perroux, Kindleberger, Brunner, Giovanni Demaria, Triffin, Wallich, Shigeto Tsuru, G.L.S. Shackle, Sidney Weintraub, William Baumol, Josef Steindl, Richard Goodwin, Hyman Minsky, Nicholas Kaldor, Streeten, Herbert Giersch, James Buchanan, W.W. Rostow, Edmond Malinvaud, Nicholas Georgescu-Roegen (also in two parts,

March 1988 and March 1993), Irma Adelman, Kenneth Boulding, Kurt Rothschild, Lawrence Klein, Tibor Scitovsky, Alec Cairncross, Hollis Chenery, Wlodzimierz Brus, Maddison, Hahn, Brian Reddaway, Geoffrey Harcourt, Patinkin, Charles Goodhart and finally Jack Revell in September 1998. The first contributions were collected in two volumes and published both in English, edited by Kregel (Macmillan 1988 and 1989), and in Italian (Einaudi 1988, Edizioni dell'Elefante with BNL Edizioni 1996).

As we can see, the authors represent a broad spectrum of cultural and scientific positions. They were invited to contribute recollections and reflections on some aspects of their intellectual formation and the development of their economic research, but with no particular stylistic or editorial constraints. Form and content range from the most strictly personal reminiscences to professionally argued reflections on the evolution of economic theory and economic policy. All have one thing in common, however, namely their personal account of the authors' role in the development of economic theory, applied economic research and the rapid growth of the economic profession in the post-war years. The high quality of these works (favoured by attentive editing, with requests for changes, often substantive, and the tormented rejection of two papers by two Nobel prize-winners) attracted lively interest and prompted vigorous debates, as well as some efforts at emulation. The 'Recollections' series is a valuable contribution to the understanding of economics and the thinking of many leading economists. Unfortunately, some of the contributors declined the invitation (one replied that he felt too young to write such a piece – and this when he was sixty-five, seventy, and even seventy-five years old), while others accepted but failed to deliver.

13. In the '80s and '90s the *Review* continued to follow these various themes. Alongside the 'Recollections' series, some theoretical pieces and, more rarely, articles on economic history and the history of economics, the journal continued to publish works on Italian economic policy and international, especially European, monetary and financial arrangements.

A series of articles on the European Monetary Fund in September 1980 represented the proceedings of a conference (an exception to the *Review's* regular editorial policy, to be repeated only twice in the

history of the *Review*, in 1998 and 2005, as explained below). Thus, the September 1980 issue featured introductory remarks by Alexander K. Swoboda, reports by Padoa-Schioppa, Jacques Polak and Niels Thygesen, and comments by Theo Peeters, Wolfgang Rieke, Andrew Shonfield, Pierre Languetin, Robert Mundell, Jacques van Ypersele and Triffin. Another series of articles (by Triffin, Thygesen, Masera, Pieter Korteweg, Rieke, Languetin, M.J. Artis and Rudiger Dornbusch) in September 1981 reviewed the first two years of the European Monetary System. Further contributions on these themes were articles by Triffin (September 1982 and 1987) and Sarcinelli (March 1986) on the relationship between the EMS and the international monetary system; by Dini on European financial integration and Italy (December 1986 and December 1988); by Jager and de Jong on the private use of the Ecu and the stability of the foreign exchange markets (March 1988; the following issues contained comments and authors' replies: Sarcinelli in September 1988, Fabio Fornari in December 1989) and by Stefano Micossi (December 1985, June 1988, December 1989 jointly with Lorenzo Bini Smaghi, and June 1991 jointly with Sergio De Nardis). European Union issues prompted articles by Sarcinelli in June 1989 (on the South and the European single market), in June 1992 (on the European Central Bank) and, jointly with Mauro Marè, in December 1994 (on the attribution of economic policy functions within the European Union). In June 1990 Prodi (later to be the President of the European Commission) analysed the structure of economic power and the internal equilibrium of the European Community, and discussed the outlook for development. In June 1996 Carlo Azeglio Ciampi (former Governor of the Bank of Italy and Prime Minister, at the time Minister for Treasury, subsequently President of the Italian Republic) set forth the findings of the European Community study group he headed at the time on enhancing European competitiveness. Finally, let us recall Saccomanni's article, in December 1996, on the transition to the single currency.

Other work on the 'burning questions' of the international economy dealt with a series of topics: the LDCs; the countries of Eastern Europe (during the crisis of the centrally planned economies and, subsequently, the debate on transition to the market economy, with contributions by Jan Winiecki, who offered six articles between 1986 and 1996, and Jozef van Brabant, with three pieces between 1991 and 1996); foreign direct investment (articles by John Dunning

in March 1971, December 1981, December 1982, June 1995, and, jointly with Rowan, in June 1965 and June 1968); the decline in US competitiveness (Irving Kravis and Robert Lipsey, June 1985 and June 1987); the GATT negotiations and the Uruguay Round (Enzo Grilli, June 1992) and a number of case studies in specific problems of industrial countries. Some articles addressed general issues such as inflation and the transformation of financial systems, including a piece by Kregel in December 1988 on the evolving stock markets, and in particular the success of the British and American continuous auction markets against the Continental markets using the call auction system. Articles by de Cecco in September 1983 and March 1985 compared the contemporary problems of international finance to those of the interwar years. Another topic receiving significant treatment was the debate on central bank independence, in which the *Review* has proved an important point of reference.

In the field of macroeconomic government and management, the '80s saw the publication of a number of major contributions by Steindl (March 1981, March 1982, September 1983, March 1984, September 1985, March and June 1990, and a posthumously published article on capital gains in economic theory and national accounting in December 1998). Two articles by Salvatore Biasco (March 1987 and June 1988) argued that financial factors outweigh the real economy in determining exchange rates, describing the consequences for the international transmission of the business cycle and for the internal productive structure of individual countries. From a basically similar standpoint, Stephan Schulmeister (in December 1988, with a reply to a comment by Herbert Grubel in September 1990) stressed the dominant role of speculation based on technical models instead of fundamentals in setting exchange rates.

Isolated but important and influential in the broader discussion (awarded the Saint Vincent prize as best Italian economic article of the year) was a piece by Franco Momigliano and Domenico Siniscalco (September 1982) on employment in the services, using input-output tables to show that its growth was due essentially to 'business' rather than 'consumer' services. In September 1984 the authors followed with a survey of international technological specialization.

On more narrowly Italian matters, a series of articles dealt with the public debt. In September 1989 the *Review* published the English version of a report by a Treasury committee chaired by Spaventa on

public debt management in Italy, together with an article by Pasinetti on the sustainability of the debt. Other works, on structural changes in the course of economic development, were by Fuà (September 1977, June 1978, December 1983) and other members of the 'Ancona school' such as Alessandrini (June 1979) and Paolo Ercolani (March 1986). A December 1982 piece by Grilli, Kregel and Savona stressed the terms of trade as an explanatory factor in the ups and downs of Italian development, and especially in the 'economic miracle' of the '50s. An extensive review article by Giangiacomo Nardozzi on Italian studies on money and credit over the last 50 years appeared in March 1994. In the following couple of years we had articles by Sarcinelli (December 1995, March 1996) and a wide-ranging piece by Pasacantando (March 1996) tracing the evolution of Italian monetary policy and the Italian financial system.

Finally, let me call the reader's attention to several important articles by Sylos Labini in which theory is blended with applied analysis: on the relationship between inflation and market forms (March 1982); on the business cycle (March 1984); on the theory of employment, dropping the mainstream concepts of equilibrium and using an analysis of the evolution of the economy over time (December 1987) and on the logical flaws in the mainstream approach spotlighted by the debate on returns to scale and the equilibrium of the firm and on capital theory (September 1988).

14. Over the past ten years the *Review* continued along the same lines. Many articles contributed important analyses to the ongoing debates on the international environment, on financial markets in Italy and abroad, development issues, and so on.

The naissance of the European Monetary Union was the object of a number of papers, some of which had an important impact on the policy debate: they dealt with how to set the conversion rates (De Grauwe and Spaventa, June 1977), the 'sustainability' of the public debt in Italy and other EU countries (Pasinetti, March 1998: the article was utilised by the Italian delegation in support of Italy's immediate entrance into the EU) and the democratic accountability of the European Central Bank (Bini Smaghi, June 1998).

The March 1998 Supplement, on "Globalization and stable financial markets", presented the proceedings of the conference held to celebrate the fifty years of the *Review*. With an introduction by

Sarcinelli, at the time Chairman of BNL, it included articles by major exponents of the international financial community, such as Ciampi, at the time Italian Minister for Treasury, Paul Volker, former chairman of the Federal Reserve, Alexandre Lamfalussy, Padoa-Schioppa, then President of the Consob (the Italian stock exchange commission), Fazio, at the time Governor of the Bank of Italy, and many others.

European themes, other than the monetary union, were also the subject of various contributions. In June 1998 Romano Prodi published an article on European industry and finance in the face of world competition; in the December issue Ivo Maes analysed the macroeconomic thought at the European Commission in the 1970s, while twenty years of European policy on unemployment and inequality were discussed by James Galbraith (with Enrique Garcilazo) in March 2004.

“An economists’ Manifesto on unemployment in the European Union”, prepared at the instigation of Modigliani and co-authored by Jean-Paul Fitoussi, Beniamino Moro, Dennis Snower, Robert Solow, Alfred Steinherr and Sylos Labini, appeared in September 1998. It had a wide impact: many economists all over the world declared their adhesion; it was reprinted more than once and its policy proposals were widely debated in universities, at an official meeting at the European Parliament in Brussels and in seminars and conferences.

The international financial situation was the subject of articles, among others, by Askari on the post-Bretton Woods experience in March 1999 and, with Samir Chebil, on the IMF reform in December 1999. With various co-authors Askari also contributed analyses and policy proposals on a range of issues of importance in the tense present-day international situation: water management in the Middle East (March 2001), on US economic sanctions (March 2002), software exporting (March 2003), intra Middle-Eastern trade (September 2003), the principle foundations of an Islamic economy (December 2005), economic failure in the Middle East (March 2006) and the need for ‘oil funds’ for future generations in the Persian Gulf countries, much like the fund organised in Norway (December 2006).

A series of articles dealt with (indeed, foresaw) the current financial crisis and its macroeconomic consequences: we may recall Sacchetti (March 1999 and March 2005), Wynne Godley (December 2001) and Sylos Labini (September 2003). Other contributions ad-

dressed the problems of the welfare system stemming from ageing (Ignazio Visco, March 2000 and March 2001). Yet others dealt with issues of financial regulation and financial markets; we may mention Hall (June 2001 and September 2004) and Tonveronachi (December 2001). Kindleberger (March 2002) considered the role of the price levels of current production and of assets for monetary policy.

Two important articles on the neoclassical theory of growth and distribution were published in the December 2000 issue: a reasoned survey of contemporary trends in growth theory by Solow, who received the Nobel prize for originating that theory with his famous 1956 article, and a well-reasoned critique by Pasinetti, one of the main protagonists of the Cambridge controversies in the theory of capital. Another theoretical debate concerned the endogeneity of the natural rate of growth, with an article by Leon-Ledesma and Thirlwall (December 2000) and a critique by Boggio and Seravalli (June 2002, with a rejoinder by Leon-Ledesma and Thirlwall).

A double issue, June-September 2005, was devoted to the proceedings of a conference on "Franco Modigliani between economic theory and social commitment", held on 17-18 February 2005 at the Accademia Nazionale dei Lincei, with articles by Nobel laureates Paul Samuelson and Solow, as well as by Pasinetti, Sylos Labini, Moro, Visco, Angus Deaton, Mauro Baranzini, Jappelli, Lucas Papademos, Terenzio Cozzi, Pagano and Fazio.

15. The foregoing should suffice to convey a broad idea of the main strands of analysis and discussion furthered by the *BNL Quarterly Review*. For a more precise idea of their relative importance in quantitative terms, one could count the number of articles or pages devoted to the various topics. Let us offer a few summary indications.

Thanks to the "Recollections of Eminent Economists" and a number of occasional contributions, a significant place is accorded to the history of economic thought, especially recent history and the thought of individual economists. Work on mathematical and quantitative methods is quite exceptional, and there are relatively few articles on microeconomics, but they do include some important pieces on income distribution and the relation between pricing and market structure.

By far the most prevalent fields are macroeconomics, monetary economics and international economics. In the former group, perhaps surprising for a bank-sponsored publication, the most common topics were not money and interest rates but monetary policy, central banking and the supply of money and credit, followed by general aggregative models. In the international sphere many articles deal with trade, but these are outnumbered by contributions on finance. A good number of articles, but again perhaps fewer than one would expect, are classified under financial economics, especially on financial institutions and services.

Less frequently encountered are articles on public economics (virtually all turning on taxation and subsidies), labour economics, industrial organization, or economic history (in particular, macroeconomics and growth and fluctuations, and the history of financial markets and institutions), as well as socialist economic systems (or, more recently, the transition economies). Economic development is fairly well represented, including a number of country studies. Articles on agricultural and natural resource economics, or on urban, rural and regional economics, are conspicuous by their rarity.

16. The spectrum of topics of interest to the *Review* has obviously varied over time, as we have seen, in response to developments in the world economy, the construction of the European Union, and the vicissitudes of the Italian economy. In any case, the range of interests has always been broad. What distinguishes the editorial style of the publication is that, while the articles always represent sound scientific contributions, they all emphasise direct or indirect economic policy relevance and as far as possible try to be comprehensible to the non-specialist. At a time of extreme fragmentation of economics, the *Review* has moved against the current of so many specialized journals, long-established or newly founded, that concentrate on discussion within very narrowly bounded sub-disciplines and seek ever more sophisticated mathematical and econometric techniques, at times to the detriment of the relevance of the analysis.

As an indicator of the prestige of the *Review* in Italy (as well as of the role of economists in Italy) one might consider the fact that its authors include a President of the Italian Republic, three Prime Ministers (one also sometime President of the European Commission, and for nearly thirty years on the editorial board of the *Review*), more

than ten Ministers, five Governors of the Bank of Italy, two Consob Chairmen... Similarly, an indicator of its prestige in the world might be seen in the substantial contributions of no fewer than eight Nobel laureates in economics.