

Foreword

I am pleased and honoured to present the research promoted by the Journal of European Economic History on the changing contours of modern financial systems in Europe.

Introduced by a broad reconstruction of the economic context and conditions of banking systems in Europe, a group of distinguished scholars and experts examine factors of crisis, stability and growth in eight important countries that are now members of the European Union: Belgium, France, Germany, Italy, the Netherlands, Portugal, Spain and the United Kingdom. Collectively, they offer a thorough picture of the evolution of financial systems over the years.

The emphasis is on change, and the financial systems of the eight countries are considered in their dynamics from the First World War to the end of the century. In several cases the starting-point is earlier, reaching back to the first hesitant attempts to establish banks of issue at the beginning of the nineteenth century or before.

The span of time considered — the century just ended, with its total warfare, bringing terrible devastation and costing the lives of millions — was a crucible of innovation in every domain. The money and financial markets underwent rapid transformation. The issuing institutions, and then the central banks and the other credit and financial institutions established in each country, surmounted severe difficulties to adapt their

structures to a relentless stream of change in the economy and society.

These essays allow us to evaluate the role played by the central banks in promoting growth and monetary stability in their respective countries and to compare the progress achieved in the techniques of monetary management and intervention. They also trace the divergent models and policy paths followed by the financial systems of the various countries. In the creation of the institutes of issue and in their transformation into central banks, in the powers they were granted by governments and in their relationships with their respective monetary and economic systems, the differences were neither few nor insubstantial. They reflected the reality of a continent of diverse historical traditions and different levels and features of economic development.

In the monetary and financial sector these differences also emerged in the manner in which each country confronted crises and sought stability and growth. The essays published here are exemplary in this regard. Caught between the objectives of monetary stability on the one side and growth and employment on the other, the countries of Europe did not unflinchingly foster these "stabilities". Not until the institution of the European Monetary System did their financial systems and strategies finally begin to converge. Today, ever-closer links are being forged by the ongoing process of monetary union and the launch of the single currency.

Analysis of the policies and measures adopted over time by these key institutions elucidates the problems bound up with the design of a new international financial architecture and the new tasks that the central banks are called on to perform. A further strengthening of financial systems is on the agenda, no longer at the national level but globally. Unquestionably, the essays published here and the experiences they reveal provide valuable background for assessing the challenges of the global financial markets.

To be sure, no book will enable us to foretell the future. But I do think these essays give us further insight into the ways in which we can more effectively promote economic stability and growth.

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