

ITALIAN CRISES: MEMORIES, MYTHS, AND REALITIES

Long abstract

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Intro

A solid body of research in economics has been dealing with the construction of databases of comparative financial/banking crises in the long run. These databases, despite only partial comparability and consistency, have allowed the definition of general patterns in the causes and effects of such episodes.

Given that the direction of inquiry was mainly the identification of these regularities and moved from need to harmonise very diverse historical/special differences, this very valuable research had to adopt a set of criteria for inclusion hence, implicitly or explicitly, had provided definitions for what “crises” are (and have been). The main example is the – fully understandable given the limitations in the data – principle of using a simple yes/no criterion for the existence of a crisis, bypassing any evaluation of its extent or depth.

Once this approach is reflected back at national level, a certain mismatch seems to emerge between the memory of crises as inherited from historical analysis and the one that emerges from these reconstructions. Not only episodes traditionally considered as phenomena of instability by historians do not necessarily appear in the databases (and vice-versa), but also the identification of their causes and impact can be artificially biased by the search of general rules.

In our view, rather than mutually-exclusive, these two approaches are deeply complementary, and the rise of this new type of analysis in economics paves the way for a history-based re-assessment of financial instability and crises in the long run. The aim of this paper is to move in this direction by looking at the case of Italy from Unification in 1861 to the end of the 1970s.

Established chronologies and causes

This section reviews various available chronologies of global economic crises to see how the Italian episodes have been included, the causes associated to each case of crisis, and so on. This analysis is put in relation with the general picture of the history of Italian crises in the long run as provided by economic historians. The section thus focus on

Inefficient institutions and the problem of “hidden crises”

- The limitations of Italian bankruptcy crises and the behind-the curtains solutions.
- The case of the 1920s.
- Maybe a similar issue in the golden age and in the 1860s-1870s? Put some info on the apparent stability.

Towards a new chronology of Italian crises.

- Distinction between typology of crisis (twin; banking, financial; public debt)

Does one size fit all? Leverage and public debts as predictors of banking instability in Italy

- Compare the causes indicated by the established international literature with the evidence from the Italian historiography
- Credit booms vs. leverage
- The issue of international propagation in the periphery

The puzzle of the macro-micro

Preliminary conclusions