Preliminary Draft

BANCA D'ITALIA – BRUEGEL – PETERSON INSTITUTE

An Ocean Apart?
Comparing Transatlantic Responses to the Financial Crisis

Transatlantic Cooperation in Crisis Management
An Historical Perspective

by

Fabrizio Saccomanni
Director General, Banca d'Italia

Rome, 10 September 2009

1. A relationship in search of a format

The opening lines of Robert Kagan's celebrated pamphlet on the relationship between America and Europe read as follows: "It is time to stop pretending that Europeans and Americans share a common view of the world, or even that they occupy the same world". He went on to argue that "on major strategic and international questions today, Americans are from Mars and Europeans are from Venus: They agree on little and understand one another less and less. And this state of affairs is not transitory – the product of one American election or one catastrophic event" (Kagan 2003, p. 3).

Great incipit, but that was 2003 and subsequent events, like the global financial and economic crisis of 2007-09 and the election of Barack Obama, seems to have brought Americans and Europeans back on the same planet, down to Earth.

In fact Americans and Europeans have always belonged in the same planet, although they have had their differences of views, interests and approaches ever since Giovanni da Verrazzano sailed through the Narrows into what is now called the New York Bay around 1525. The main source of difficulties in the relationship is, of course, the different political and institutional set-up of the two partners: Americans belong to one nation since 1776, while Europeans belong to sovereign and independent nations, some of which have embarked since 1957 on a process leading to an "ever closer Union". To find the appropriate partner for a transatlantic dialogue has never been easy, but I would argue that the Americans have a long history of attempts at establishing a cooperative framework with some willing European nation, sometimes – but not exclusively – to counter the hostility of other countries of the same Continent. France was the first European country to enjoy a "special relationship" with the American States in their early years as a British Colony and later as an independent nation. French political thinkers like Montesquieu exerted a strong influence on the ideas and actions of the "founding brothers" of the United States and it is not by chance that major American political figures, like Benjamin Franklin and Thomas Jefferson, thought it important to serve as American ambassadors to Paris.

Before the United States established a new "special relationship" with another European country, Great Britain, in the World War II years, there were a number of significant developments in the Euro-American dialogue, after the period of "isolationism" initiated with the Monroe Doctrine. A few examples may suffice to support the argument. When, after the banking crisis of 1907, the United States decided to establish a Central Bank, Congress conducted hearings with major European central banks in order to draw from their experience in the design of what became in 1913 the Federal Reserve System[1].

After World War I, President Wilson launched the League of Nations project which constituted a basis for political and economic cooperation between the United States and Europe. Within that framework, a number of international initiatives were taken, like the monetary Conference of Genoa in 1922, the Treaty of the Hague which established in 1930 the Bank for International Settlements, and the London Economic Conference of 1933 which tried unsuccessfully to deal with the consequences of Great Crash. Throughout this period, transatlantic cooperation among central bank remained intense, building on the close personal relationships between the Federal Reserve President, Benjamin Strong, the Governor of the Bank of England, Montagu Norman, the Governor of the Banque de France, Emile Moreau, and even, Hjalmar Schacht, the President of the Reichsbank (Ahamed, 2009).

[1] In September 1909, Senator Nelson W. Aldrich (Chairman of the United States National Monetary Commission) and Professor A.P. Andrews (Special Assistant to Commission) met in Paris with French monetary authorities and with a number of financial experts, to gather information relevant to the purpose of "endowing the United States with a financial system as solid as that of Great Britain or France". Tito Canovai, General Secretary of the Bank of Italy, was also invited. Subsequently Senator Aldrich asked Canovai to write for the United States Monetary Commission a report on the history of banking and credit in Italy (See Canovai, 1911). The report was included in the background material to the "Suggested Plan for Monetary Reform" prepared by Senator Aldrich in 1911.

With the outbreak of World War II begins the extraordinary season of international cooperation, of which the Anglo-American alliance was the pivot. But the scope of the relationship goes much beyond the bilateral dimension of the joint war effort. The US leadership is to be credited for providing a strong impulse toward multilateral cooperation and institution-building. In fact, the strict collaboration between the United States and Great Britain during wartime was the trigger of a broader framework for international economic cooperation, which greatly benefited from the strong intellectual leadership of John Maynard Keynes and Harry Dexter White. Anglo-American collaboration laid the foundations for the post-war world monetary order, paving the way for the conference of Bretton Woods of 1944 where 730 delegates from all 44 Allied nations gathered[2].

Also the Marshall Plan launched at the end of the conflict, is evidence of the United States desire to broaden the scope of its post-war assistance beyond the United Kingdom, to include former enemies like Germany and Italy. Europe was in dire straits, and there were no signs of recovery in sight. Marshall understood that it was in the interest of the United States to “save Europe” (Behrman, 2007).

The Marshall Plan led to the creation of the Organization for European Economic Cooperation (OEEC), which was crucial for the subsequent achievements in the field of European integration. The removal of trade barriers among European countries, and the creation of a well-functioning multilateral clearing system, the European Payments Union (EPU), contributed a the robust

[2] The Bretton Woods Conference was the start of the new course in Transatlantic relations, but since Britain and the United States had strongly different views on the future functioning of the international monetary system, the role of the two leading negotiators, Keynes and White, was far from being an easy one. The story of their contradictory mutual attitude is particularly fascinating and has become legend. They had met in 1935 for consultations about a possible monetary agreement We are told that in following years a burst of open hostility in the occasion of a confrontation between them was soon followed by the blossoming of their mutual respect and they were able to fraternize with every appearance of enjoyment (Horsefield, 1969 p.56). Two contrasting personalities, they may be said to have attributed transatlantic economic relations their distinctive flavor since their very inception.

economic recovery throughout the fifties, and eventually paved the way to the return to multilateral currency convertibility in 1958.

The establishment of the European Economic Community (EEC) in 1957 is a turning point in the American-European relationship. Despite the early misgivings of the United Kingdom about the usefulness and viability of the project, the United States took a firm positive view of the European political and economic integration. Washington believed, very much along the same lines of the proponents of the Common Market, like Monnet, Schuman, Adenauer, Spaak and De Gasperi, that European integration would strengthen the prospects for world peace. Balance of payments disequilibria and exchange rate issues were not among the core competencies of the EEC at that time, thus the disturbances of the 1960’s and 1970’s did not affect the US-EEC relationship directly. The situation changed in the 1980’s as the EEC became an important player on the world’s scene through its trade and competition policies. The United States, while remaining a supporter of European integration, did not immediately realize that in these areas, the EEC would speak as a supranational authority with a single voice, yielding its full negotiating power within a law-based framework rather than in the context of more flexible political dialogue.

When in late eighties the European Community launched a plan to remove internal trade barriers to achieve the Single Market in 1992, many foreign private companies started to fear that while destroying its internal barriers to form a single internal market, Europe was ready to erect external barriers to keep competitors outside. Such an anxiety was widely shared by US officials who feared that a "fortress Europe" was in the making, equipped with a large armory of import quotas, antidumping actions, requirements of reciprocity and so forth.

Competition issues have also been a source of frictions between the United States and European Union (EU) in recent years. A recent example is represented by the case of the European Commission, and its Competition Commissioner Mario Monti, against Microsoft - for abusing its dominance in operating software – and by the one against the merger between General Electric (GE) and Honeywell – for creating too a powerful entity and, consequently, adversely affecting competitive positions in the aerospace industry. The GE-Honeywell merger case, in particular, marks the first time that transatlantic regulatory authorities differed in their decision on a merger approval.

The establishment of the Economic and Monetary Union (EMU) in 1998 created additional problems for transatlantic cooperation, both in terms of substance and of procedure. The launch of euro was seen by many American observers as eventually posing a threat to the supremacy of the US dollar as the key reserve currency of the international monetary system[3]. At the same time, it shed a glaring light, in the eyes of our American counterparts, on the peculiarity of a situation in which a group of countries who had adopted a single currency and created a common central bank still pretended to be represented in the international stage by their national governments and central banks. The question of "too many Europeans around the table" thus made its debut in transatlantic relations and it has become all the more relevant lately as emerging nations are rightly demanding to enhance their weight and voice in international institutions.

Finally, the area where the Euro-American dialogue has had more difficulties in finding an appropriate format is the foreign and defense policy field. Here the relationships has been mostly bilateral, between the United States and individual European countries and conducted on a case-by-case basis, sometimes under the NATO umbrella, or the auspices of the Union Nations, or in the context of informal "coalitions of the willing". I will not enter into these complex issues, on which I have limited expertise, except to note that since the end of World War II there have been very few instances, to my knowledge, in which a major foreign policy initiative on either side of the Atlantic has not been preceded by extensive consultations and negotiations in the various *fora* of

[3] "[…] the creation of the euro could be the proximate trigger for the next phase of the dollar decline. It is now widely agreed that the euro will become a major global currency, perhaps eventually challenging the dollar for global financial supremacy. That historic development will entail a large portfolio diversification from dollars to euro […]" Bergsten (1999).

transatlantic cooperation. The fact that these consultations have not always been fruitful and have sometimes ended in open disagreements, does not obscure the common purpose of the endeavors, mainly that the search for a transatlantic consensus was seen as the first best.

In 1981, Henry Kissinger expressed his frustration for the difficulty to have a bilateral dialogue with Europe on foreign policy issues by asking "What is Europe's telephone number?". The situation has significantly changed since then, at least as regards the availability of the telephone number of the High Representative for the Common Foreign and Security Policy of the European Union, Mr Javier Solana. Indeed, since the adoption of the Maastricht Treaty there has been a gradual strengthening of EU’s foreign policy infrastructure at the level of the European Commission which has been provided with significant financial resources to foster the EU’s foreign policy objectives.

It is a fact, however, that the EU attention in the past few years has been concentrated on the enlargement strategy and on strengthening its relations with the immediate neighboring countries. The EU has done little to enhance its role as a global player on the major foreign policy issues.

2. Transatlantic cooperation in monetary and financial crisis management

Transatlantic cooperation in managing balance of payments and foreign exchange crises has been very close and continuous since Bretton Woods (James, 1996). It has, however, changed in nature over time: it had initially a strong institutional connotation as the United States and major European countries worked together to strengthen the role and the instruments at the disposal of the International Monetary Fund (IMF) to prevent and manage crisis situations. With the collapse of the Bretton Woods system, transatlantic cooperation became more pragmatic and conducted on an *ad-hoc* basis in the context of various “groupings” outside the institutional framework of the IMF.

The transatlantic character of the institutions created at Bretton Woods was underscored by the agreement – informal but still in force – that the IMF would be headed by a European and the World Bank by an American. Both institutions greatly contributed to the period of growth and stability that Europe experienced in the fifties. In the following decade, the emergence of the problem of US external payments imbalances prompted a strong cooperative effort that involved monetary authorities at both sides of the Atlantic[4]. The gold rush of October 1960, when the free market price of gold in London shot up to 40 dollars per ounce, as against an official price of 35, suddenly revealed the Achilles' heel of the Bretton Woods system. It soon became apparent that the long-run stability of the exchange rate regime could not be preserved (the "Triffin Dilemma") if the US balance of payments deficit remained the main source of international liquidity. President Kennedy understood the political implications of the challenge and he closely supervised the implementation of the US strategy of defense of the dollar stability.

International cooperation among monetary authorities involved the use of a number of measures designed to underpin the stability of exchange rates and of the gold price and to strengthen the financial resources of the IMF. To this end, in October 1962, ten major industrial countries (plus Switzerland) extended credit lines to the IMF for a total amount for $ 6 billion. The General Arrangements to Borrow became *de facto* a new cooperative group, the G10, which played a major role in international monetary diplomacy. Within the G10, Euro-American leadership, promoted policy oriented analyses and reform proposals to strengthen the international monetary system. All the technical negotiations took place among the Deputies of the G10, a body comprising top-ranking officials of Finance Ministries and central banks of the member countries. Rinaldo Ossola, who later became Director General of the Bank of Italy, was appointed chairman of the Deputies in 1967 and kept that position until 1976.

[4] See James and Martinez Oliva (2009).

That approach to international monetary cooperation continued under the Johnson Administration. The US Government was indeed very active and resolute in pursuing international monetary reform, and in keeping the dialogue with Europe alive, in an open and straightforward attempt to reach a common agreement on a multilateral solution. In those years the United States supported the idea of creating a new international reserve asset within the IMF to relieve the pressure on the US balance of payments as the main source of international liquidity. As US Secretary of Treasury Henry H. Fowler put it then: "Providing reserves and exchanges for the whole world is too much for one country and one currency to bear"[5].

Following proposals elaborated by a G10 Study Group on the Creation of Reserve Assets, under the Chairmanship of Ossola, the Governors of the IMF approved in 1969 the introduction of a new reserve asset, the Special Drawing Right (SDR). The creation of the SDR, which came too late to prevent the collapse of the Bretton Woods system, represents the most courageous attempt to bring under multilateral control the process of creation of international liquidity, as originally envisaged by Keynes.

The collapse of the Bretton Woods systems marks a turning point in the substance and the procedures of international monetary cooperation. The immediate impact of the dollar crisis of August 1971 on the world's regime of fixed exchange rates was dealt with relatively quickly within the G10 in two crucial meetings held in Rome in November and in Washington[6] in December of that year. The negotiations to rebuild a new monetary system from the ashes of Bretton Woods took much longer. The task was entrusted in July 1972 to a newly created group, the Committee of Twenty (C20), chaired, at a technical level, by Sir Jeremy Morse of the United Kingdom and comprising all the IMF

[5] The quote is found in: http://www.imf.org/external/np/exr/center/mm/eng/mm_sc_03.htm

[6] A picture taken at the end of the Washington meeting that ratified the so-called Smithsonian Agreement on new exchange rate parities shows an austere President Nixon, flanked by a proud Treasury Secretary John Connally, a smiling Rinaldo Ossola, Chairman of the G10 Deputies, and a relaxed Paul Volcker, then the US G10 Deputy, in a cloud of smoke coming from his own cigar.

constituencies. Progress in the reform discussions was slow and it soon became apparent that it would be difficult to reach agreement in such an enlarged forum on highly technical issues with strong political connotations.

Already in April 1973 the US Treasury Secretary, George Schultz, took the initiative of conducting informal talks with his counterparties from the United Kingdom, Germany and France at the White House Library. This so called Library Group eventually was enlarged to include Japan and became a forum for discussing such hot topics as the persistent weakness of the dollar, the oil crisis of 1974 and the failure to reach agreement on the monetary reform negotiations. When two former members of the Library Group (Valery Giscard d'Estaing and Helmut Schmidt) became Head of Government in their countries, the idea of a Summit meeting restricted to a small group of "like minded" countries to settle pending economic and monetary issues took shape and France hosted it in Rambouillet on 15 November 1975, inviting Italy as well. The meeting paved the way for the conclusion of the negotiations on the amendment of the IMF Articles of Agreement in January 1976 in Jamaica. Canada joined later at the insistence of the United States: the G7 was born. With the creation of the G7 an era of variable "summitry" began which is still continuing to this day. In parallel, international monetary cooperation gradually lost its institutional character and became increasingly informal, pragmatic and *ad-hoc*.

The last attempt to deal with the structural deficiencies of the international monetary system in an institutional context was the negotiation in 1978-80 to endow the IMF with a Substitution Account (SA) to replace excess foreign exchange reserves denominated in US dollars with newly created SDRs (Micossi and Saccomanni, 1981). The proposal, which had initially received a strong support on both sides of the Atlantic, eventually failed to gain the necessary consensus among the broad IMF membership, particularly from emerging and oil producing countries. In the end also the US financial industry expressed strong reservations. This is regrettable as the SA could have provided an instrument to diversify reserve holding without putting pressure on key exchange rates, offering a stable basket-based reserve asset at a reasonable cost.

After the shelving of the SA proposals, international cooperation was conducted mainly within the G7, again with a strong transatlantic influence.

A few examples, without too many details, may suffice (Saccomanni, 2008). A first one is the G7 attempt in 1985-87 to stabilize the dollar through a strategy of policy coordination in the context of the Plaza and Louvre agreements. Strong European pressures to stop an unwarranted appreciation of the US dollar eventually convinced the Reagan Administration to conduct coordinated interventions in foreign exchange markets, supported by consistent monetary and fiscal policy measures.

A second example is the reform of the international financial architecture launched by the G7 in the aftermath of the emerging countries debt crises of 1994-98. American and European leaderships combined at the 1999 G7 Summit in Cologne to produce a comprehensive set of measures to strengthen financial systems in emerging countries. The reform was supported by the creation of two new cooperative bodies, the G20 and the Financial Stability Forum (FSF), which were not given much of role initially but turned out to be important in tackling the next (and current, still) global crisis.

Finally, one should not overlook two episodes of strong transatlantic cooperation which are emblematic of the nature of the relationships between Europe and the United States The first episode is the joint intervention by the Federal Reserve and the European Central Bank (ECB) in support of the euro in the Autumn of 2000. It was a crucial element in halting a vicious circle of destabilizing expectations and speculation in the early months of the life of the new currency.

Transatlantic cooperation was again successfully activated in the occasion of the terrorist attack to the World Trade Center and the Pentagon on 11 September 2001. The attacks destroyed or disabled whole portions of New York's financial infrastructure, with potentially harmful domestic and international effects. Financial markets remained closed until Monday 17 September. The Federal Reserve instantly indicated that it stood ready to inject virtually unlimited amounts of liquidity to avoid payments failures and cascading defaults. On the international front, the Federal Reserve established or expanded 30-day swap lines with the ECB, the Bank of England, and the Bank of Canada, totaling $90 billion, so as to enable them to provide dollars to their financial institutions.

3. The future of transatlantic cooperation

I have argued so far that transatlantic cooperation has had a great past, particularly in dealing with crisis situations. But does it have any future? The question is particularly relevant if one looks beyond the near term, which is going to be devoted to the implementation of the crisis management strategy agreed upon within the G20, again under strong American-European leadership. At the end of our conference we will hopefully know better if the United States and Europe are indeed “an Ocean apart” in crisis management. My feeling is that this is not so, so far. In the longer run, however, there is a risk that the United States may reconsider the usefulness of the transatlantic partnership and pay more attention to cooperation with China, India, Brazil, as well as, more generally, to emerging countries in South East Asia or Latin America. Some observers also have mentioned the possibility that in the future a G2, including only the United States and China, will become the only relevant “forum” of international cooperation. Allow me to argue that this scenario may not be very likely and that it would not be, in any case, in the best interest not only of Europe, but also of the United States and China.

The agenda confronting policy-makers today is daunting: promoting a sustainable economic recovery to revive growth of output, trade, jobs; strengthening the word's financial system and its regulatory framework; adjusting global payments imbalances. Unfortunately these items of the agenda cannot be addressed in sequence nor within a relatively long time span as they are closely interrelated. Insufficient progress in achieving the first two objectives may trigger a disorderly adjustment of global of payments imbalances with negative repercussions for growth prospects and for monetary and financial stability. It is difficult to see how a strategy to cope with these global issues could be dealt with as a bilateral affair between the United States and China. For example, any Sino-American understanding on exchange rate adjustments or reserve diversification is bound to have implications for the euro and would require an involvement of the Eurosystem. Obviously the United States and China have many bilateral issues and interests to discuss but their dialogue need not be made at the expense of cooperation in broader multilateral *fora*. At the same time, past experience shows that it will require a long time before an adequate working relationship is established in multilateral institutions once the discussions move form general exchanges of views to more technical and concrete cooperation in implementation of macroeconomic policies, banking supervision ad macroprudential risk management.

More generally, a consequence of the crisis seems to be a return to institutional cooperation. After having tried all manners of informal, pragmatic cooperative arrangements, in an endless string of Gs, the international community seems to have gone back full-circle to the long neglected safe haven of the IMF. This is not surprising: informal groupings can not deal with financial emergencies unless they have an institutional arm with adequate instruments and resources. The decision taken by the G20 in London last April to endow the IMF with additional resources amounting to 1 trillion dollars – including a very significant new allocation of SDR – thanks to the leadership of Gordon Brown and with strong support from the United States and the Eurosystem countries, provided a much needed relief to seriously strained financial markets. The enlargement and the formalization of the role of the FSF (and its redenomination as Financial Stability Board), together with the agreement about the division of labour between the IMF and the FSB, were also welcome signs of a return to more balanced and transparent procedures of international cooperation. The United States, Eurosystem countries and the United Kingdom can play an important role in these institutions in the negotiations to redefine their role and functions and to reform their internal governance, in order to give adequate weight and voice to all the main systematically relevant countries.

Despite these considerations, it may be premature to speak of a new transatlantic partnership in the context of multilateral institutions as an inevitable outcome. The more open attitude shown by the Obama Administration towards international cooperation is a welcome development after many years spent by the United States enjoying the illusory role of “lone superpower”. But taking account of allies' views will nonetheless entail a price. As US Vice President Biden recently put it: "America will do more – that's the good news. The bad news is America will ask for more from our partners as well"[7].

It would be pointless to try to forecast future developments in this area. But it could be argued that the United States and EU could each contribute something valuable to a transatlantic partnership. The United States has a strong culture of growth, with emphasis on supporting investment, innovation, competition in free markets. The EU has an equally strong culture of stability, with emphasis on sound macropolicies and effective market regulation, attention to social security. The current crisis may provide an opportunity for redefining the optimum mix of growth and stability on both sides of the Atlantic. The United States may want to pay more attention to stability, especially monetary and financial; the EU may want to give more attention to growth by promoting innovation and competition.

[7] Speech of US Vice President Joe Biden at 45th Munich Conference on Security Policy on February 7, 2009. See *http://voices.washingtonpost.com/44/2009/02/07/biden_addresses_munich_confere.html*

More in general, in the foreign policy area Atlantic partners should think about joining their resources, as Joseph Nye has recently suggested, combining American "hard power" and Europe's "soft power" to adopt mutually supporting strategies in those areas of the world where they have shared interests. This may imply for the United States an effort to extend its "soft power" capabilities and for Europe reinforce its "hard power" resources[8].

From an economic and financial point of view, the transatlantic market would continue to be for many years to come the main outlet for the exports of the rest of the world and the main source of financing for global trade and investment. It should be able to offer to the rest of the world freedom of access within the rules of a open multilateral trading system and a reasonable protection from excessive exchange rate volatility. After all it is not surprising that major countries in South East Asia have been trying in the last few years to adopt a regional exchange rate regime that closely resembles the old European Monetary System and that China is proposing the establishment of an SDR-based substitution account in the IMF to stabilize the value of its huge dollar holdings. We have been there before and maybe we can provide some assistance.

Is Europe ready to meet the challenges of a new transatlantic partnership? The answer, based on past experience, can only be tentative. The EU has been too much preoccupied so far with its own internal affairs, political, economic, social and institutional, to be able to play a significant role on a global scale. Of course, the EU can do that in some areas: trade, competition, monetary policy. But what is missing is a comprehensive framework for a consistent foreign policy, including a deliberate external economic policy. The global crisis may change the rationale that has supported such an inward-looking attitude. European leaders should make an effort to convince their citizens that the ultimate aim of the EU is not to become a superstate that would put its nose in their private lives, but to provide a common shield to protect them from the problems posed by globalization. In areas like energy security, climate change,

[8] Nye (2006).

epidemics, and global financial turbulence, individual nation states, especially the small ones, are powerless. The entry into force of the Lisbon Treaty can provide the opportunity for a reconsideration on the long term strategic objectives of the EU, and we can only hope that the two remaining states that have not yet ratified it will not stand in the way of this crucial process.

Let me conclude. Ovid, a Roman poet, described two thousands years ago an impossible love relationship with these immortal words: "*nec tecum, nec sine te vivere possum*" (I can not live with you nor without you). This need not be the fate of the transatlantic relationship. We can live together and there are no compelling reasons for us to drift apart, other than misunderstandings and misperceptions. We should not allow these to prevail in the current situation of global economic strain and changing geopolitical configurations. It would be a pity in view of our long history together and our shared vision of the future.

References

Ahamed L. (2009), *Lords of Finance – The Bankers Who Broke The World,* The Penguin Press, New York.

Behrman G. (2007), *The Most Noble Adventure – The Marshall Plan and the Time When America Helped Save Europe*, Free Press, New York.

Bergsten C. F. (1999), *The Decline of the Dollar*, Speech given before the World Economic Forum on 29 January 1999, Davos.

Canovai T, (1911), *The Banks of Issue in Italy,* Government Printing Office, Washington D.C.

Horsefield J. K. (1969), *The International Monetary Fund, 1945-1965*, Washington D.C.

James H. (1996), *International Monetary Cooperation since Bretton Woods*, International Monetary Fund, Washington D.C.

James H. and J.C. Martinez Oliva (eds) (2009), *International Monetary Cooperation Across the Atlantic*, European Association for Banking History e. V., Adelmann GmbH, Frankfurt-am-Mein.

Kagan R. (2003), *Paradise and Power – America and Europe in the new world order,* Atlantic Books, London.

Micossi S. and F. Saccomanni (1981), “The Substitution Account: The Problem, the Techniques and the Politics”, *Quarterly Review,* 137, Banca Nazionale del Lavoro, Rome.

Nye J.S. Jr. (2006), "Soft Power and European-American Affairs", in: Ilgen, T.L. (ed.), *Hard Power, Soft Power and the Future of Transatlantic Relations*, Ashgate, Aldershot.

Saccomanni F. (2008), *Managing International Financial Instability – National Tamers versus Global Tigers*, Edward Elgar, Cheltenham, UK.