BANCA D'ITALIA
EUROSISTEMA

New Research at the Bank of Italy

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Highlights

Conference: "The Sovereign Debt Crisis and the Euro Area"

(Rome, 23-24 September 2013).

The conference focused on the effects of the sovereign debt crisis on the euro area. Researchers from both central banks and universities presented their theoretical and empirical analyses on the consequences of the sovereign crisis on the functioning of financial markets, on banks' funding and lending and on the real economies of the euro area.

The programme is available here.

2nd Workshop on "Social capital, behaviours, and institutions"

(Rome, 14-15 November 2013).

At this workshop a number of papers from the Bank of Italy's research project "Social capital, behaviours, and institutions" were presented. The focus of the first session was on the mechanisms that might enhance the accumulation of social capital. For instance, there was a discussion about the role of economic growth and that of income distribution in increasing trust and civicness. The second session concentrated on the effects of social capital, with a particular emphasis on the public sector and the credit market. For instance, it was shown that the local endowments of social capital have likely cushioned the impact of the credit crunch on households and firms; moreover, it was argued that informal norms might explain a great deal of the variability in the quality of public services observed across Italy's regions. A previous workshop (November 2012) focused on the definitional aspects and measurement issues of social capital. The research project will be finalized by Spring 2014.

The conference programme is available here.

Conference: "Money and monetary institutions after the crisis" in memory of Curzio Giannini

(Rome, 10 December 2013).

Ten years after the untimely passing of Curzio Giannini, the brilliant Bank of Italy economist, the conference brought together academics and policy makers to discuss the changing role and functions of central banks and monetary institutions. The conference was organized around the four main challenges posed by the recent financial crisis to the theory and the evolution of central banking, namely: a) the tensions and complementarities between the central banks' mandates for price stability and financial stability; b) the management of supranational money in an under-institutionalized environment; c) the evolution of money and payment systems; d) the safeguard of central bank independence and the changing relationship with government.

Each of these themes were distinctively and presciently anticipated in Giannini's posthumous book "The Age of Central Banks" (2011, Italian edition 2004), in which he combined historic, institutional and economic analyses to produce a consistent "theory" of the history of central banks that can be used to interpret the various phases of their evolution as well as to facilitate the interpretation of the problems that have come to the forefront during the recent financial crisis.

The conference programme and a video excerpt are available on the Bank of Italy's website.

3rd Workshop on "Financial Determinants of Foreign Exchange Rates"

(Rome, 16-17 December 2013).

On 16-17 December 2013 the Bank of Italy hosted the 3rd Workshop on "Financial Determinants of Foreign Exchange Rates", jointly organized with the European Central Bank. The 2013 workshop once again provided a forum for discussing innovative research by central bank economists on the financial determinants of exchange rates. A number of academics and private sector economists attended. Prof. Pedro Santa Clara (University of Lisbon) delivered the keynote lecture.

The conference programme and related material are available here.

XII Brucchi Luchino Labour Economics Workshop

(Rome, 16-17 December 2013).

The Bank of Italy hosted a 2-day workshop, jointly organized by Brucchi Luchino and the Bank of Italy, bringing together a number of young international researchers who presented their recent empirical work on the effects of labour market policies, labour supply, immigration, and schooling. The programme also included the invited lecture "The weight of history in labour market decisions" held by Paola Giuliano (UCLA).

The complete programme and related material can be found here.

Conference: "Innovation in Italy"

(Rome, 16 January 2014).

The conference "Innovation in Italy" was held at the Bank of Italy's Head Office on 16 January, 2014. Innovation is an important driver for economic growth and, as emerged in the recent years of recession, can be a critical factor of success for enterprises and for an entire economic system. In view of the fact that Italy is seriously lagging compared to the main European countries, the conference explored the main determinants of such a delay and drew up some guidelines for economic policy.

The conference programme and related material are available here.

Forthcoming events

Conference on the internazionalization of Italian firms.

On 27 February 2014 the Bank of Italy will host the conference "The internationalization of Italian firms", featuring the presentation of the results of a research project coordinated by the Bank. The discussion of the papers and final roundtable will provide an opportunity to cover a broad range of issues related to the presence of Italian firms abroad, Italy's ability to attract capital, and the role of policies that promote internationalization.

Further information is available here.

Fourth International Conference in memory of Carlo Giannini

(Pavia, 25 and 26 March 2014).

The conference will be hosted by the University of Pavia, where Carlo Giannini taught for many years. It will focus on recent developments in macroeconometrics, from both a theoretical and applied perspective. Special emphasis will be given to the empirical assessment of macroeconomic policies, such as unconventional monetary policies and fiscal consolidation during the global crisis. The conference will comprise two sessions, each of them introduced by an invited lecture.

The call for paper is available here.

Latest working papers

No. 949: **Natural disasters, growth and institutions: a tale of two earthquakes** (January 2014)

Guglielmo Barone and Sauro Mocetti

We examine the impact of natural disasters on GDP per capita by applying the synthetic control approach. Our analysis encompasses two large-scale earthquakes that occurred in two different Italian regions in 1976 and 1980. We show that the short-term effects are negligible in both regions, though they become negative if we simulate the GDP that would have been observed in absence of financial aid. In the long-term, our findings indicate a positive effect in one case and a negative effect in the other, largely reflecting divergent patterns of the TFP. Consistently with these findings, we offer further evidence suggesting that a quake and related financial aids might either increase technical efficiency via a disruptive creation mechanism or reduce it by stimulating corruption, distorting the markets and deteriorating social capital. We finally show that the bad outcome is more likely to occur in areas with lower pre-quake institutional quality. As a result, our evidence suggests that natural disasters are likely to exacerbate differences in economic and social development.

Full text (pdf)

No. 948: **Trade and finance: is there more than just 'trade finance'? Evidence from matched bank-firm data** (January 2014)

Silvia Del Prete and Stefano Federico

Using unique matched bank-firm data on export, import and ordinary loans for a large sample of Italian manufacturing exporters for the years 2007-2010, this paper investigates the role of trade finance in a credit shock. We find that the credit shock faced by exporters in the aftermath of the Lehman Brothers' collapse was due more to a diminished availability of ordinary loans than to specific constraints in trade finance. We also show that the credit shock had a negative impact on exports: firms, especially financially distressed ones, that borrowed from banks which were more exposed to a negative funding shock exported less compared with firms that borrowed from less exposed intermediaries.

Full text (pdf)

No. 947: **Time series models with an EGB2 conditional distribution** (January 2014)

Michele Caivano and Andrew Harvey

A time series model in which the signal is buried in non-Gaussian noise may throw up observations that are outliers when judged by the Gaussian yardstick. We describe an observation-driven model, based on an exponential generalized beta distribution of the second kind (EGB2), in which the signal is a linear function of past values of the score of the conditional distribution. This specification produces a model that is not only easy to implement, but that also facilitates the development of a comprehensive and relatively straightforward theory for the asymptotic distribution of the maximum likelihood estimator. The model is fitted to US macroeconomic time series and compared with Gaussian and Student -t models. A theory is then developed for an EGARCH model based on the EGB2 distribution and the model is fitted to exchange rate data. Finally, dynamic location and scale models are combined and applied to data on the UK rate of inflation.

Full text (pdf)

No. 946: **Information acquisition and learning from prices over the business cycle** (January 2014)

Taneli Mäkinen and Björn Ohl

We study firms' incentives to acquire costly information in booms and recessions to understand the role of endogenous information in explaining business cycles. We find that when the economy has been in a recession in the previous period, and firms enter the current period with a pessimistic belief, the incentive to acquire information is stronger than when the economy has been in a boom and firms share an optimistic belief. The cyclicality of the aggregate learning outcome is moderated by the price system, which transmits information from informed to uninformed firms, thus dampening information demand. Though learning from equilibrium prices acts to stabilize fluctuations by discouraging information

acquisition, it can be welfare-enhancing to make information prohibitively costly to obtain.
Full text (pdf)

No. 945: **Simple banking: profitability and the yield curve** (January 2014)

Piergiorgio Alessandri and Benjamin Nelson

How does bank profitability vary with interest rates? We present a model of a monopolistically competitive bank subject to repricing frictions, and test the model's predictions using a unique panel data set on UK banks. We find evidence that large banks retain a residual exposure to interest rates, even after accounting for hedging activity operating through the trading book. In the long run, both level and slope of the yield curve contribute positively to profitability. In the short run, however, increases in market rates compress interest margins, consistent with the presence of non negligible loan pricing frictions.
Full text (pdf)

No. 944: **Calibrating the Italian smile with time-varying volatility and heavy-tailed models** (January 2014)

Michele Leonardo Bianchi, Frank J. Fabozzi and Svetlozar T. Rachev

In this paper we consider several time-varying volatility and/or heavy-tailed models to explain the dynamics of return time series and to fit the volatility smile for exchange-traded options where the underlying is the main 'Borsa Italiana' stock index. Given observed prices for the time period we investigate, we calibrate both continuous-time and discrete-time models. First, we estimate the models from a time-series perspective (i.e. under the historical probability measure) by investigating more than ten years of daily index price log-returns. Then, we explore the risk-neutral measure by fitting the values of the implied volatility for numerous strikes and maturities during the highly volatile period from April 1, 2007 (prior to the subprime mortgage crisis in the U.S.) to March 30, 2012. We assess the extent to which time-varying volatility and heavy-tailed distributions are needed to explain the behavior of the most important stock index of the Italian market.
Full text (pdf)

No. 943: **Sovereign risk, monetary policy and fiscal multipliers: a structural model-based assessment** (November 2013)

Alberto Locarno, Alessandro Notarpietro and Massimiliano Pisani

This paper briefly reviews the literature on fiscal multipliers and then presents results for the Italian economy obtained by simulating a dynamic general equilibrium model that allows for the possibility (a) that the zero lower bound may be binding and (b) that the initial public debt-to-GDP ratio may affect the financing conditions of the public and private sectors (sovereign risk channel). The results are the following. First, the public consumption multiplier is in general less than 1. Second, it goes above 1 only under extremely strong assumptions, namely the constancy of the monetary policy rate for an exceptionally long period (at least five years) and there is full time-coincidence between the fiscal and the monetary stimuli. Third, when the sovereign risk channel is active the government spending multiplier is much lower. Finally, in all cases tax multipliers are lower than government consumption multipliers.
Full text (pdf)

No. 942: **Supply tightening or lack of demand? An analysis of credit developments during the Lehman Brothers and the sovereign debt crises** (November 2013)

Paolo Del Giovane, Andrea Nobili and Federico Maria Signoretti

We estimate a structural econometric model for the credit market in Italy, using bank-level information and the responses of Italian banks to the euro-area Bank Lending Survey to identify demand and supply, focusing on the recent financial crisis. The main results are the following. First, while in normal circumstances the functioning of the Italian credit market is consistent with a standard imperfect-competition model, during phases of high tension there are credit-rationing phenomena. Second, supply restrictions have a relevant impact on lending, both when they are due to banks' balance-sheet constraints and when they are the effect of greater perceived borrower riskiness. Third, to a large extent the tightening during the sovereign debt crisis reflected the common shock of the widening sovereign spread, not idiosyncratic bank funding problems. Fourth, the role of supply was stronger during the sovereign than the global financial crisis, mainly due to greater banks' funding difficulties. In a counterfactual exercise we estimate that in the second quarter of 2012 interest rates were more than 2 percentage points higher and the stock of loans more than 8 percent lower than would have been the case without the tightening of lending standards in the course of the entire crisis.

Full text (pdf)

No. 941: **The trend-cycle decomposition of output and the Phillips curve: Bayesian estimates for Italy** (November 2013)

Fabio Busetti and Michele Caivano

A standard model-based trend-cycle decomposition of Italian GDP yields a likelihood function that is relatively flat and has two local maxima. A Bayesian estimation of the model identifies output gap and trend components that match the features of the Italian business cycle well. In a bivariate output and Phillips curve model it is found that: (i) the median value of the semi-elasticity of prices to the output gap is 0.5 after 20 quarters, (ii) the inflation cycle lags GDP on average by about 3 quarters.

Full text (pdf)

No. 940: **Heterogenous firms and credit frictions: a general equilibrium analysis of market entry decisions** (November 2013)

Sara Formai

This paper develops a general equilibrium model of international trade with heterogeneous firms and imperfect credit markets. To finance the costs for product innovation and domestic and foreign market entry, firms must raise external capital. The model underscores the importance of considering a general equilibrium setting in order to characterize fully the misallocations of resources that stem from the existence of credit frictions. These have important implications for firms' entry decisions in the different markets and for the welfare effects of imperfect financial institutions. Allowing for liquidity-constrained firms and imperfect credit markets alters, and in some cases reverses, some of the main results from the literature on heterogeneous firms. In particular, the model predicts that trade liberalization does not necessarily lead to an increase in average productivity and consumers' welfare.

Full text (pdf)

No. 939: **Shadow banks and macroeconomic instability** (November 2013)

Roland Meeks, Benjamin Nelson and Piergiorgio Alessandri

We develop a macroeconomic model in which commercial banks can offload risky loans onto a 'shadow' banking sector and financial intermediaries trade in securitized assets. We analyze the responses of aggregate activity, credit supply and credit spreads to business cycle and financial shocks. We find that interactions and spillover effects between financial institutions affect credit dynamics, that high leverage in the shadow banking system heightens the economy's vulnerability to aggregate disturbances, and that following a financial shock, a stabilization policy aimed solely at the securitization markets is relatively ineffective.

Full text (pdf)

No. 938: **Tax deferral and mutual fund inflows: evidence from a quasi-natural experiment**(November 2013)

Giuseppe Cappelletti, Giovanni Guazzarotti and Pietro Tommasino

We propose a new method to identify the impact of a change in the tax burden on mutual fund inflows, exploiting a switch from an accrual-based to a realization-based tax regime. We use quasi-experimental data from Italy where, starting from July 2011, the tax regime for domestic mutual funds was changed from an accruals basis to a realization basis, while the taxation of foreign funds remained on a realization basis. We find that the reform has had a positive effect on net inflows of Italian funds (the treated group) with respect to foreign funds (the control group). The effect is both economically and statistically significant. Moreover, we find no evidence that the increase in the demand for Italian funds came at the expense of foreign funds.

Full text (pdf)

Other recent working papers

October 2013

No. 937: The effect of tax enforcement on tax morale
Antonio Filippin, Carlo V. Fiorito and Eliana Viviano

No. 936: The Italian financial cycle: 1861-2011
Riccardo De Bonis and Andrea Silvestrini

No. 935: Ita-coin: a new coincident indicator for the Italian economy
Lorenzo Bencivelli

September 2013

No. 934: Central bank and government in a speculative attack model
Giuseppe Cappelletti and Lucia Esposito

No. 933: The management of interest rate risk during the crisis: evidence from Italian banks
Lucia Esposito, Andrea Nobili and Tiziano Ropele

No. 932: The role of regulation on entry: evidence from the Italian provinces
Francesco Bripi

No. 931: Economic insecurity and fertility intentions: the case of Italy
Francesca Modena, Concetta Rondinelli and Fabio Sabatini

No. 930: Uncertainty and heterogeneity in factor models forecasting
Matteo Luciani and Libero Monteforte

No. 929: Macroeconomic effects of precautionary demand for oilForecasting aggregate demand: analytical comparison of top-down and bottom-up approaches in a multivariate exponential smoothing framework
Giacomo Sbrana and Andrea Silvestrini

No. 928: Central bank refinancing, interbank markets, and the hypothesis of liquidity hoarding: evidence from a euro-area banking system
Massimiliano Affinito

No. 927: Macroeconomic and monetary policy surprises and the term structure of interest rates
Marcello Pericoli

Latest occasional papers

No. 212: **Universalism vs. particularism: a round trip from sociology to economics** (January 2014)

Guido de Blasio, Diego Scalise and Paolo Sestito

Social scientists, in particular sociologists, claim that the distinction between universalistic and particularistic values is relevant to explaining the social behaviour of individuals (and societies). This paper provides preliminary empirical evidence that supports the claim. It first defines a number of proxies for the degree of particularism embedded into long-celebrated dimensions of social behaviour (trust, political awareness, and associational activities). Then, it shows that the particularistic measures are positively correlated to each other and negatively correlated to some established generalist measures for all dimensions of social behaviour considered, both across and within countries and regions. Moreover, the paper relates that the various proxies for particularism share the same set of covariates (such as low education and income), which are neatly distinguishable from the determinants of the generalist measures.
Full text (pdf)

No. 211: **The policy response to macroeconomic and fiscal imbalances in Italy in the last fifteen years** (November 2013)

Antonio Bassanetti, Matteo Bugamelli, Sandro Momigliano, Roberto Sabbatini and Francesco Zollino

This paper reviews the main macroeconomic trends and the debate on policy priorities in Italy since the end of the Nineties. In the decade up to the outbreak of the global crisis (1998-2007), in Italy the reform process came to a virtual standstill; this is partly due to the fragmentation of the political constituency, while a variety of favourable contingent factors masked the difficulties of the productive system. Had Italy been better positioned in terms of public finances and structural features in 2007, some of the adverse effects of the global and sovereign crises would have been avoided.
Full text (pdf)

No. 210: **The decline in municipal investments between Domestic Stability Pact and lack of financial resources** (November 2013)

Paolo Chiades and Vanni Mengotto

This paper analyzes the decline in Italian municipal investments that began in the middle of the last decade. The analysis shows that, organizational methods for service provision budgetary financial conditions being equal, investments declined more sharply in the municipalities subject to the Domestic Stability Pact than in those which were exempted. The Pact effects have been relatively stronger for those municipalities in better financial conditions, that would have been able to finance investments with their own resources. In more recent years, the relaxation of the constraints and the introduction of regional pacts have alleviated difficulties in settling expenditure arrears. The Pact has helped to achieve the main goal of the legislator, i.e. to keep the deficit under control. It has also provided a stimulus for local governments to be more rigorous in drafting their budgets, leading to a closer correlation between the amounts committed and those actually spent, in line with the provisions of the new accounting system which will come into force in 2015.
Full text (pdf), in Italian only

Other recent occasional papers

October 2013

No. 209: Financing innovation in Italy: an analysis of venture capital and private equity investments
Valerio Vacca

No. 208: The geography of income inequality in Italy
Paolo Acciari and Sauro Mocetti

No. 207: The Italian technology balance of payments
Enrico Tosti

No. 206: Green taxation in Italy: an assessment of a carbon tax on transport
Federico Cingano and Ivan Faiella

No. 205: The "new" non-conventional hydrocarbons: the solution to the energy conundrum?
Virginia Di Nino and Ivan Faiella

No. 204: Identifying and tracking global, EU and Eurozone systemically important banks with public data
Sergio Masciantonio

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No. 203: The impact of unconventional monetary policy on the Italian economy during the sovereign debt crisis
Marco Casiraghi, Eugenio Gaiotti, Lisa Rodano and Alessandro Secchi

No. 202: Businesses seized from organized crime groups: their relations with the banking system
Luigi Donato, Anna Saporito and Alessandro Scognamiglio

No. 201: The macroeconomic impact of the sovereign debt crisis: a counterfactual analysis for the Italian economy
Fabio Busetti and Pietro Cova

No. 200: Financial innovation oversight: a policy framework
Carlo Gola and Antonio Ilari

No. 199: Modelling public debt strategies
Michele Manna, Emmanuela Bernardini, Mauro Bufano and Davide Dottori

No. 198: High frequency trading: an overview
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No. 197: Italian firms' innovation strategies in 2008-2010
Leandro D'Aurizio and Marco Marinucci

No. 196: Italy's system for supporting internationalization
Filippo Vergara Caffarelli and Giovanni Veronese

No. 195: The Net Stable Funding Ratio and banks' participation in monetary policy operations: some evidence for the euro area
Antonio Scalia, Sergio Longoni and Tiziana Rosolin

Historical series of the Bank of Italy: latest volumes

Italy and the world economy since unification
Gianni Toniolo, editor

For the Historical series "Analysis"

This book provides, for the first time, a comprehensive, quantitative "new economic history" of Italy. It brings together the contributions of internationally renowned economists and economic historians to the research project promoted by the Bank of Italy to celebrate the 150th anniversary of the country's unification. Most chapters are co-authored by Italian and foreign scholars. The book offers insights for the interpretation of both past and present features of the Italian economy. By providing a comprehensive picture of the achievements and failures of Italian firms, workers and policy makers responding to the challenges of the international economic cycle, the book explains the reasons for the unsatisfactory response of the Italian economy today to the second wave of globalization. The historical perspective is essential for an understanding of today's weaknesses, such as the North-South gap, the low level of human capital, the fragile innovation system and the inefficiency of public bureaucracy. The recent economic shocks have made old problems harder to untangle.

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Barigozzi M., **A. Conti** and M. Luciani, "Do Euro Area Countries Respond Asymmetrically to the Common Monetary Policy?", *Oxford Bulletin of Economics and Statistics.*

Blanchard O. J. and **M. Riggi**, "Why are the 2000s so different from the 1970s? A structural interpretation of changes in the macroeconomic effects of oil prices", *Journal of the European Economic Association.* (WP No. 835)

Bronzini R. and **E. Iachini**, "Are Incentives for R&D Effective? Evidence from a Regression Discontinuity Approach", *Financial Integration in the European Union,* American Economic Journal : Economic Policy. (WP No. 791)

D'Amuri F. and G. Peri, "Immigration, Jobs and Employment Protection: Evidence from Europe before and during the Great Recession", *Journal of the European Economic Association.* (WP No. 886)

Di Iasio G., "Incentives and Financial Crises: Microfounded Macroprudential Regulation", *Journal of Financial Intermediation.*

Fazio G. and **L. Lavecchia**, "Social Capital Formation Across Space: Proximity and Trust in European Regions", *International Regional Science Review.*

Giordano C., G. Piga and G. Trovato, "Fascist Wage and price policies, and the industrial great depression in Italy", *Macroeconomic Dynamics.*

Gobbi, G. and **E. Sette**,"Do Firms Benefit from Concentrating their Borrowing? Evidence from the Great Recession", *Review of Finance.*

Huntley J. and **V. Michelangeli**, "Can Tax Rebates Stimulate Consumption Spending in a Life-Cycle

Model? ", *American Economic Journal* .

Marconi D. and F. Sanna-Randaccio, "The Clean development Mechanism and Technology Transfer to China", in R. van Tulder et al. (eds.), *Progress in International Business Research; Vol 8; International Business and Sustainable Development.* Emerald Group Publishing Limited. (OP No. 129)

Nucci F. and **M. Riggi**, "Performance Pay and Changes in U.S. Labor Market Dynamics", *Journal of Economic Dynamics and Control.* (WP No. 800)

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Taboga M., "The Riskiness of Corporate Bonds", *Journal of Money, Credit and Banking.* (WP No. 730)

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Amatori A., **M. Bugamelli** and A. Colli, "Technology, Firm Size, and Entrepreneurship", in G. Toniolo (ed.), *The Oxford Handbook of the Italian Economy since Unification*, New York, Oxford University Press. (EHWP No. 13)

Ascari G. and **T. Ropele**, "Disinflation Effects in a Medium-Scale New Keynesian Model: Money Supply Rule versus Interest Rate Rule", *European Economic Review*, v. 61, pp. 77-100.

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Balassone F., M. Francese and **A. Pace**, "Public Debt and Economic Growth: Italy's First 150 Year", in G. Toniolo (ed.), *The Oxford Handbook of the Italian Economy Since Unification*, New York, Oxford University Press. (EHWP No. 11)

Barbiellini Amidei F., J. Cantwell and A. Spadavecchia, "Innovation and Foreign Technology", in G. Toniolo (ed.), *The Oxford Handbook of the Italian Economy since Unification*, New York, Oxford University Press. (EHWP No. 7)

Battilossi S., **A. Gigliobianco** and **G. Marinelli**, "Resource Allocation by the Banking System", in G. Toniolo (ed.), *The Oxford Handbook of the Italian Economy since Unification*, New York, Oxford University Press.

Bertola G. and **P. Sestito**, "Human Capital", in G. Toniolo (ed.), *The Oxford Handbook of the Italian Economy since Unification*, New York, Oxford University Press. (EHWP No. 6)

Bianco, M., M. E. Bontempi, **R. Golinelli** and **G. Parigi**, "Family Firms' Investments, Uncertainty and Opacity", *Small Business Economics*, v. 40, iss. 4, pp. 1035-58.

Bianco M. and G. Napolitano, "Why the Italian Administrative System Is a Source of Competitive Disadvantage", in G. Toniolo (ed.), *The Oxford Handbook of the Italian Economy since Unification*, New York, Oxford University Press.

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Conti M. and **E. Sette**, "Type of Employer and Fertility of Working Women: does Working in the Public Sector or in a Large Private Firm Matter?", *Cambridge Journal of Economics*, v. 37, 6, pp. 1303-1333 .

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Cuciniello V., "Large Labour Unions and Terms-of -Trade Externality", *Economics Letters*, v. 120, 1, pp. 135-38.

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