Monetary Policy in Italy: the Limited Role of Monetarism

1. Introduction

"Monetary theory is less abstract than most economic theory; it cannot avoid a relation to reality, which in other economic theory is sometimes missing". This judgement by Hicks¹ is substantiated by two circumstances. In the first place, there is the topicality of monetary theory, i.e., the fact that monetary analysis is designed to clarify specific current problems. In the second place, there is the constant evolution of money over time, and, in a more general perspective, the development of the financial system. As Hicks further observes, "in a world of banks and insurance companies, money markets and stock exchanges, money is quite a different thing from what it was before these institutions came into being".² This evolution of the financial institutions has profoundly modified the way in which the financial system functions and has called for continuous revisions of monetary theory.

Hicks' reflections can a fortiori be extended to monetary policy, whose role and modus operandi therefore depend, not only on current problems and on the existing institutional pattern, but also on the way in which these aspects are interpreted by monetary analysis. But monetary analysis sometimes adjusts to the evolution of the monetary system with a certain time lag and does not respond immediately to current problems. To that extent, the decisions on monetary policy are affected thereby. For, in that case, the definition of the objectives and the choice of instruments of monetary policy are bound to be based on inadequate analytical models.

In this context, there is still a third aspect to be borne in mind. If it is true that monetary policy — and hence the importance

² Hicks, p. 158.
of that policy — depends in the first instance on the analysis adopted by the authorities and on their value judgements, the authorities' choices and behaviour in their turn are not independent of the prevailing judgements and opinions.\(^3\)

In this connection, a particularly appropriate example is that of the impact on central banks — and hence on monetary policy — of "monetarism". As we all know, this "school" selects the stock of money, as the indicator and target of the monetary authorities' operations. In recent years, there has, in a number of countries, been a gradual conversion of the monetary authorities to monetarism, in response to the dilution — even among public opinion — of the conviction that the monetary authorities controlled, or should have controlled, the rate of growth of the money supply. For, if it is generally held that the monetary authorities must control a certain variable, they are obliged to do so. Should they fail to do so, the expectations of the public are adversely affected, and this can destabilize the system, and in any case reduce the degree of control exercised by the monetary authorities.\(^4\)

In order to assess the role of monetary policy, we must therefore take account, not only of the objectives and instruments of the Central Bank, but also of the objectives and instruments which it is generally held that the Bank should adopt, and more specifically the interaction of these two factors.

In the following analysis, we seek to apply these criteria to the case of Italy. We shall first of all provide an overall definition of the operational indications arising out of monetarism, and we shall then compare them with the objectives and strategies of Italian monetary policy. It will appear that, in recent years, despite the diffusion of the monetarist theses, the Bank of Italy's analysis and strategy have been moving in the opposite direction. If, up to the middle of the 'sixties, Italian monetary policy stressed the volume of the economy's liquidity, in subsequent years the emphasis was gradually switched to the creation of total financial assets and liabilities, thus reducing the role played by the stock of money (a variable which almost ceased to be even mentioned). To conclude, we shall seek to assess how far this evolution is justified by the corresponding evolution of the financial system and by the problems which the monetary authorities have had to deal with in the last few years.

2. The Role of Monetary Policy\(^5\)

Friedman — who, despite the subsequent variegated development of monetarism, is still rightly regarded as its leading authority — is fond of quoting a passage from John Stuart Mill as the starting point of his studies on the role of monetary policy: "there cannot be intrinsically a more insignificant thing, in the economy of society, than money; ... it only exerts a distinct and independent influence of its own when it gets out of order".\(^6\) This concept is therefore linked with Friedman's judgement that the main aim of monetary policy should be to prevent monetary variables from imparting destabilizing stimuli to the economy.

In particular, there are two things which monetary policy should avoid, because they might lead to "pervasive" results:

i) trying to reduce the rate of interest below its "natural" value; because (through an expansionary monetary policy and the increase in prices connected therewith) the only result would be an increase in the nominal rate of interest; and

ii) trying to reduce the rate of unemployment below its "natural" value, because the result would again be only an increasing rise in prices.

If these are the two objectives which the monetary authorities ought to avoid, which are the ones which they ought to endorse? In the first place, as we have already seen, they should not destabilize...
the economic system; which means that they should not adopt unrealizable objectives and yet avoid sharp swings in the evolution of the monetary variables. In the second place, they should help to offset the main disturbances in the economic system stemming from other sources; but here, too, they should act with the greatest caution, since our knowledge is insufficient to guarantee that their action will be effective and their intervention prompt enough. If the authorities are to succeed in these tasks, it is essential that they should adopt as the indicator and target of their policy a variable over which they have control, and that variable is the money supply. For monetary policy influences the real variables, but not in a definite and stable way. In other words, it does not control them. It controls only nominal variables, and, with the greatest precision, the money supply.

This synthesis of the monetarist theses which go back to over ten years ago, but still have numerous supporters, obviously implies a highly negative judgement on the monetary policies of numerous countries — including Italy — in the postwar years. A judgement which contrasts with that of, for example, two OECD economists who recently began a review of the operations of monetary policy with the following affirmation: “Monetary policy has played a prominent and increasing role in stabilization policies in most industrial countries over the past 15 years. An important reason for this has been a growing confidence that monetary policy does have significant effects on total demand and thereby on the level of employment and the rate of increase in prices; in this respect, thinking in Central Banks has been reinforced by the results of theoretical and empirical research.”

Before we confront the monetarist theses with the position in Italy as regards the objectives and strategy of monetary policy, we should clarify the analytical context of Friedman's conclusions. As we have observed, this assumes the existence of a “natural” rate of interest and of unemployment which are not influenced by monetary policy. This concept is explicitly defined in the context of a situation of general equilibrium. Now we know that the economic system is never exactly in such a situation, but we can still usefully turn to a theory of equilibrium to the extent to which we regard the system as stable, that is, which tends to attain equilibrium. In other words, at every moment, the system will be in a certain point around the equilibrium position, and, since the equilibrium position itself changes over time, the long-term trend of the system will identify the equilibrium position. Hence, in a system which we take as being stable, its long-run trends can be analyzed as equilibrium situations (even if at no point the economy has ever been in equilibrium).

In fact, many of the analytical propositions of the monetarists have been verified on the basis of the hypothesis that the economic system is stable and that monetary policy has no influence on the equilibrium position (which is determined on the contrary by the "real forces"). Hence, the conclusion that monetary policy has only an initial impact on the level of employment and interest — an effect which is gradually reabsorbed — possibly by a process of cyclic adjustment — as the system reverts to its previous equilibrium position. In the long run, monetary policy has no real effects. It does have them in the short run, but these risk destabilizing the economy.

This emphasis on the effects of monetary policy, measured in terms of long-run equilibrium, is common to the different variants of monetarism which have emerged most recently and which, in the past few years, have come into fashion in Italy too.

A first variant — already emphasized by Friedman — involves budget policy depending on the ways in which public expenditure is financed, and is known as the crowding-out effect. In its more simplified version, it affirms that an increase in public expenditure, not financed by money, has no effect on real income, if the effect is measured in terms of long-run equilibrium. This corresponds in general to the hypothesis that the increased public expenditure — financed by bonds sold to the public or by sums raised by taxation — effects a corresponding reduction in private expenditure. Hence, in the long run, not even budget policy can affect the
equilibrium level of income. Public expenditure replaces private spending, while private savings remain unchanged. If the increased public expenditure is financed by taxation, this means that there is a corresponding reduction in private consumption. If it is financed from bonds, this means that, in the private portfolios, these public bonds replace financial liabilities of private firms corresponding to their smaller investments. The crowding-out effect has usually been explained in terms of interest elasticity of IS-LM curves (even if Friedman objects to this presentation). The case of ex ante crowding-out, however, has also been put forward, because of the fact that ultraradical households regard the corporate and public sectors as an extension of themselves, i.e., as instruments of their private interests. Thus, they are indifferent to whether consumption and investment are provided through the public or private sectors.

A further variant, known as the "New Cambridge School", assumes that the stability of the private sector does not relate solely to savings, but to the financial surplus of the sector itself. Once the process of adjustment has operated — the economists of the Department of Applied Economics at Cambridge maintain — the private sector (Households and Firms) spends on consumption and investments a high and stable proportion of its disposable income. If the public sector has a financial deficit (i.e., spends more than what it extracts from the private sector by taxation) and offers the private sector a volume of financial assets greater than that demanded by that sector, the excess flows off abroad and gives rise to an equivalent deficit in the balance of payments on current account.

Again, in its simplified version, this even means that the manner in which the public deficit is financed is irrelevant. The private sector has a stable aggregate demand for net financial assets; whether the public deficit is financed by money or by bonds makes no difference.

There is, lastly, a third variant, in the case of open economies of reduced dimensions and firmly integrated in the world economy, known as the "monetary approach to balance-of-payments theory", according to which the whole balance of payments (current account and capital movements) is determined by the equilibrium between the demand for and the supply of money. Given a certain demand for money, an excessive surplus may flow abroad (by the purchase of goods and financial assets) and is recorded by an equivalent deficit in the balance of payments. In this case, fiscal policy (in the strict sense of the word (i.e., which does not involve variations in the money supply) may have domestic effects without any repercussions on foreign accounts.

It clearly goes beyond the scope of these notes to make a complete analysis of these different models or to verify their logical consistency and the empirical reliability, and hence to make an exhaustive assessment of them. However, we can in general observe that these represent the reaction — at the academic level, but that has already begun to produce practical effects — to a naive and optimistic Keynesian model according to which — setting aside all the factors of instability, uncertainty and pessimism, which are yet essential in Keynesian theory — aggregate monetary and fiscal policies could have guaranteed us the attainment of any desired combination of the main objectives — stable and increasing income with full employment, foreign equilibrium and stability of prices.

As an alternative approach, insistence on long-term equilibrium conditions should induce the monetary authorities to avoid defining their interventions on the basis of time horizons of a few months.

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12 See P. A. David & J. L. Scadding, "Private Spending: Unemployment, Aggregation, and 'Destabil's Law', Journal of Political Economy, March-April 1974, pp. 227-49. This thesis could be further expanded to include the case in which the expansion of the public sector is 'at the expense' of the private sector corresponds to the preferences of the private sector, however irrational these preferences may be.

13 In reality, in its last version, account is taken of the fact that there is "money illusion", and hence, when there is inflation, the financial investment of the private sector increases. In addition, monetary policy appears indirectly since changes in the value of stocks (financed by bank borrowing, but it is stated that this occurs "more or less automatically"), bank advances and consumer hire-purchase debt have a negative influence on the net acquisition of financial assets by the private sector. Hence, a policy of financial restriction can lead to an increase in the financial surplus of the private sector and reduce the foreign deficit offsetting a given deficit in the public sector. See P. Christie, M. Pessin and W. Goldley, "What is Left of 'New Cambridge'", Economic Policy Review, March 1976, pp. 45-59.

14 In recent years, a copious literature has appeared on this issue, both at the theoretical and the empirical level. At the empirical level, the most significant contributions to the problem of crowding-out is by P. Bairoch, A. J. Goldsmith, "Impacts of Fiscal Actions on Aggregate Income and the Monetarist Controversy: Theory and Evidence", in J. L. Stein (ed.), Monetaryism, Amsterdam, 1976, pp. 17-42. Their conclusion is that a bond-financed increase in government expenditure has significant effects for several quarters. This is enough for a stabilizing policy. At the theoretical level, however, the theory that there is crowding-out in long-term equilibrium has been rejected with the argument that this would not be consistent with the assumption of the stability of the economic system. See A. S. Bluestone & M. Sotiro, "Does Fiscal Policy Matter?", Journal of Public Economics, November 1973, pp. 319-37. For a first analysis of these different variants of monetarism applied to Italy, see my "Credito totale interno e offerta di moneta", Rivista internazionale di scienze sociali, September-December 1973, pp. 563-95.
The emphasis on integration in the world economy ought to remind us of the limited sovereignty which it involves, and hence of the impossibility of successfully pursuing policies aiming at objectives which diverge too sharply from those of the other countries. The accent on the public sector deficit ought to bring out the impossibility — always with reference to the longer than short-run — of continuing to mediate between requests which are otherwise incompatible on the part of various social groups and classes by offloading the additional burden on to public finances.

This does not of course mean that each of these models — which, incidentally, are not necessarily mutually incompatible — is valid at the present time for the Italian economy. For example, even if we think that in certain conditions an increase in public expenditure leads to a reduction in private expenditure, it is not certain that the converse is true, that is, that a corresponding increase in private expenditure is guaranteed if there is a reduction in public expenditure. These considerations, however, are sufficient to provide a general frame of reference within which we can examine the objectives and the strategies of Italian monetary policy.

3. The Objectives of Italian Monetary Policy

In the first place, what objectives have the Italian monetary authorities regarded as being most important? The reply can be obtained in various ways. The main ones are these:

15 In particular, the "New Cambridge" is not compatible with the operation of "crowding-out effects".
16 Among other things, the institutional criterion for drawing a boundary between public and private expenditure proves to be increasingly inadequate, especially if an increasing proportion of public expenditure represents transfers to the private sector. From this point of view, a step forward on the analytical plane has been taken with the criterion based on market and non-market sectors. See R. Bacon W. Ellyns, Britain's Economic Problem: Too Few Producers, London, 1976.
17 In general, in the Bank of Italy's analyses, the above methods are hardly stretched in, and in any case in versions which reduce the monetarist nature. For example, the definition of crowding-out is as follows: "If it were desired to restore external equilibrium without having to pass through a higher degree of inflation, the financing of the Treasury deficit should have been effected by the issue of securities placed with the public, the banking system or with both to the extent needed to enable resort to the Bank of Italy to be reduced by about half; the volume of credit channelled to firms by the banking system would have been several thousands of billion lire less than was actually the case. Had that been done, the balance between demand and supply would have been restored by restricting demand on the investment side." Bank of Italy, Report for 1973, p. 420. It will be noted that no difference is made between sales of public securities to households or to banks, and that the transmission mechanism is identified as the bank credit offered to firms.

i) to stick to the official statements;
ii) to deduce the objectives by rationalizing ex post the policy pursued by them.

This second method, which is more elegant from the analytical point of view, presents considerable problems of definition and estimation. We should first of all know the effects of monetary policy in order to derive therefrom the authorities' aims. But, to the extent to which the evolution of the economy incorporates the effects of monetary policy, and these effects depend on the aims of the authorities, we cannot make an independent estimate of the aims "revealed" by the authorities.

Let us then be content to reread the Bank of Italy's declarations on its objectives. If we consult the Bank of Italy's Reports — and in particular the Governor's Concluding Remarks — of the last twenty years, it seems to me that the clearest, most complete and most authoritative definition of the objectives of monetary policy is the one supplied by the Governor of the Bank of 1964-5 (Guido Carli). According to Carli, the two main responsibilities of monetary policy are: to maintain equilibrium in external payments, and to encourage the formation of savings and control the flow of credit towards investment. This statement is qualified by the observation that if the first objective has to be pursued under the condition of a stable rate of exchange, the second one must be pursued in such a way as to maintain a certain degree of domestic price stability.

Carli had also clarified that, when domestic and external objectives conflict, it soon becomes obvious that it is essential to assign monetary policy to the balance of payments and leave to budget policy the responsibility for seeing to domestic objectives.

This formulation — two objectives, one constraint and a criterion of priority between the objectives — is probably even today the one which provides the best explanation of the behaviour of the Italian monetary authorities in the last fifteen years.

We can already note in it certain anomalies with respect to the monetarist theses set out above. Price stability is not an objective per se, but a necessary condition for the balance of payments to achieve equilibrium with a stable rate of exchange. And that ex-

19 Ibid., p. 460.
4. The Strategies of Italian Monetary Policy

It is clear from the identification of these two objectives — external equilibrium and financing of investment — that there are two strategies of monetary policy which Italian monetary authorities have tried to carry out, and wherever possible to reconcile. The first strategy is aimed at the level of financial balances, and hence can be defined — in aggregate terms — as the compatibility of the financing of the public deficit and of investments, given a certain volume of private saving, with an objective for the current balance of payments. Even if the analysis is verified at a disaggregated level — of single components (assets and liabilities) of the financial flows, for a certain period — the perspective is still a macro-economic one, and leads to the identification of a certain volume of total domestic credit which, given the overall demand for financial assets by the private sector, determines, in equilibrium, the desired value for the current account. From this aggregate point of view, once the value of total domestic credit compatible with the desired balance of the current account is fixed, its main components are substitutable within the total credit and in particular the finance to the private and public sectors.

However, the Italian monetary authorities are not indifferent among the various components of total credit. They do not, in other words, accept an analysis carried out solely on the private sector's portfolio side in terms of substitutability between the total of financial assets and the total of real assets. The authorities also set themselves other objectives for the allocation of resources, and, in line with these, follow strategies for the allocation of credit, and, more in general, for the regulation of the structure of financial flows.

Thus, the first strategy is formulated in terms of volume of total credit (to which there corresponds a certain level of the rate of interest), while the second strategy is defined in terms of structure of the total credit (to which there corresponds a certain structure of the rates of interest). To the extent to which monetary policy really succeeds in splitting itself into two independent strategies, it is also possible for it to pursue at the same time two distinct objectives — level and composition of aggregate demand; and hence, for example, to seek to balance foreign accounts, minimizing their impact on investment.

We have said "to the extent to which", because obviously the possibility of orienting the allocation of the financial flows depends both on the existing financial institutions and on the economic-financial conditions of the moment. In other words, a selective credit policy, like policies for the regulation of the structure of interest rates, assumes that there is a reduced substitutability between the different financial liabilities, and that these will be oriented towards the financing of specific components of aggregate demand. This depends on the existing structure of the financial intermediaries and on the functioning of the financial markets, and still depends on the evolution of the economy.21

How important in actual fact is this possibility for the Central Bank to succeed in orienting the flows of credit and thus regulating the allocation of resources? For Italy, we still lack detailed analyses of the specificity of the various types of financing, of their reduced substitutability and so on. However, experience shows that the monetary authorities assign importance to them, and that, on numerous occasions, they have had recourse to credit policies — designed to regulate the structure of credit — rather than to monetary policies — aimed at regulating the total of credit. In this connection, the experience in 1973 is typical when a series of selective interventions aimed at reducing the growth of bank credit and expanding the credit of non-banking institutions, on the hypothesis that

21 For an "efficient" assignment of the two strategies to the two objectives, it is also essential that their effects have an appropriate temporal profile. There would be "perverses" results if aggregate short-term strategies produced mainly long-term effects and vice versa.
the former was financing the purchase of stocks and financial assets abroad, while the latter financed productive investments. In a more general perspective, in recent years the term structure of the rates of interest has provided a continuous point of reference for the action of the monetary authorities, and its evolution over time — see the Chart for the period 1970-76 — must be regarded as an important indicator not only of the expansionist trend in monetary policy but also of its sectoral objectives.

\[ i_n = \text{interest rate on bank loans; } i_l = \text{interest rate on long-term loans supplied by special credit institutions. Source: Bank of Italy, Report for various years.} \]

5. The Analysis at the Basis of Italian Monetary Policy

If neither the objectives nor the strategy of Italian monetary policy are monetarist, neither, obviously, is the analysis underlying them.

Two points in particular have been repeatedly emphasized in the Bank of Italy's Reports. In the first place, stress was laid (in recent years as well) on the relative unimportance, as an indicator and target of monetary policy, of the supply of money by itself. This can, at first sight, cause some surprise if it is remembered that in Italy liquid assets form a particularly high proportion of total financial assets of the private sector, reflecting the dominating position of the banks among financial intermediaries. However, it would appear that the interest elasticity of the demand for money is high and unstable, even if related to a wide definition of money which includes time deposits and short-term securities. The high interest elasticity of the demand for money depends on the fact that, in Italy, even demand deposits have a positive interest which emphasizes their substitutability with bonds. But this is not per se the problem. The irrelevance of a control confined to liquid assets depends on the fact that the money-bonds substitutability is unstable in the economic cycle, and hence makes a wider aggregate related to the total financial assets more significant.

In the second place, the increased dependence of firms on external finance accentuates the importance — at least in the short run — of the volume of credit available to firms rather than that of the amount of money held by the private sector as a whole. Usually greater importance is attributed to the availability of credit than to money in the case of countries whose financial markets are not highly developed and show wide non-price credit rationing. In the case of Italy on the contrary, this would not be attributable to the functioning of the financial institutions, but to the dependence of the corporate sector on external financing. In other words, the credit available would be relevant per se, and not only as the necessary mechanism through which money is created. Here again, it is not only bank credit (to which only the creation of money corresponds) which is important, but total credit, which includes all flows of credit reaching firms.

This institutional reality of Italy as interpreted by the Bank of Italy has accentuated these characters in recent years, and that explains the fact that the spread of monetarist theses, while it has been echoed by other Central Banks, has not been accepted by the Bank of Italy.

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23 The stability of the function (in the sense of predictability) is more important than its interest elasticity, see J.L. Evans and J.R. Evans, "The substitutability of Money and Near-Money: A Survey of Time-Series Evidence," Journal of Money, Credit, and Banking, June 1977, pp. 439-469.

24 According to the analysis of Hicks, the increase in the size of the overdraft sector as compared with the auto-sector. See J.R. Hicks, The Crisis in Keynesian Economics, Oxford, 1974, pp. 20-7.

In recent years, numerous countries have launched "experiments in practical monetarism," establishing targets — either single points or ranges — for monetary aggregates. The list of central banks engaged in these exercises continues to lengthen. Germany fixes targets for "central bank money"; Canada and Switzerland fix targets for narrowly defined money stock; France and Japan for broadly defined monetary stock. The United States fixes targets for three categories of monetary stock: M₁, M₂, and M₃; while Great Britain has fixed a range for M₃ and a ceiling for domestic credit expansion, according to its agreement with the IMF.28

The Italian monetary authorities, on the contrary, remain uncontaminated by this proliferation of targets for monetary aggregates. And we have tried to show that this attitude reflects the situation in Italy, and indeed the problems of the present time.

In the case of Italy, a monetarist strategy is not only analytically irrelevant, but also, in recent times, less and less politically practicable. And this is because, more generally, the degrees of freedom of monetary policy itself are increasingly more restricted. It would seem, in fact, to bring up to date a statement of Baffi in 1971,29 as regards Italian monetary policy, that, after the overreaction of the late forties and the caution of the fifties and the subsequent ambition of the sixties, we now have the impotence of the seventies. This would seem to be due not only to the increased international integration, which makes the external constraints more binding, but even more to the increased domestic constraints caused by the slowing down of the public deficit and by the increased degree of indexation of the economy, which tend to determine almost automatically the corresponding financial flows, thus preventing the central bank from deciding autonomously the dimension and direction of the financial flows.

In particular, in recent years — see Table 1 for the comparison between 1966 and 1976 — the Bank of Italy has been faced with a huge increase in the proportion of its total assets represented by credit to the Treasury, in line with the diminution of its net foreign position.

6. Conclusions

Even if we do not accept the extreme monetarist theories, it is still true that in recent years both the growth path of total domestic credit and the path of the money supply in Italy have shown marked variations concentrated in time, which have certainly not helped to stabilize the economy.

However, a greater stability in the growth of the financial aggregates does not resolve the basic problems. From this point of view, there is no doubt that an optimum solution calls for the identification of an appropriate instrument for each of the three constraints mentioned, and hence international cooperation, and a fiscal and incomes policy. From the coordinated use of these instruments there should emerge a re-equilibrium of the financial structure — with a reduction in the dimension of the financial balances for

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the various sectors — which, on the one hand, will restore control and hence responsibility to the Central Bank, and, on the other, will avoid financial equilibrium being reached at lower income levels.

In the absence of such a solution, the policy of following "old ideas" in order to put forward old recipes represents a shortcut which will take us nowhere.

A Theory of Multinational Banking

Multinational banking involves the ownership of banking facilities in one country by the citizens of another. It has been described and analysed broadly in a number of books [Baker and Bradford (1974), Baum (1974), Lees (1974 and 1976), Robinson (1972)]. Specific and more narrowly defined problems related to multinational banking have been analysed in a sizeable number of journal articles, most of which are noted in the appended bibliography.

This paper represents a first attempt to develop a general theory of multinational banking capable of explaining the phenomenon with the help of a few price-theoretic principles. Such theorizing is useful in the discussion of policy issues raised by the recent rapid growth of multinational banking and by proposed U.S. legislation designed to curb it.

The growth of multinational banking is reflected in some U.S. statistics. In 1965 foreign banks had 19 branches in the United States. By 1974 their number had increased to 39. During this period the assets of branches and agencies of these foreign banks in the United States rose from 1.4 per cent to 5.4 per cent of total U.S. bank assets. At the same time, 13 U.S. banks with 211 branches abroad grew to 129 banks and 737 foreign branches. The assets of these U.S. banks abroad represented 2.6 per cent and 17.7 per cent of total U.S. banking assets at the beginning and end of the period, respectively.

The growth of multinational banking involved all countries,