

EDITORS' PREFACE

One century ago the Great War raged across Europe. The conflict left the continent in severe difficulties. As John Maynard Keynes wrote in *Economic Consequences of the Peace*, it had literally endangered the life of Europe: and the Treaty of Versailles did not include any provision for economic rehabilitation. Rather, the reparation clauses enormously augmented the unsustainable burden of Inter-Allied debts, inflation and stagnation. The risk of (economic and political) dismemberment was high. Propounded in the early 1920s were a number of plans to restore the continent's economic health, the most important being the Genoa Conference of April-May 1922, with related discussion on the need, first of all, to re-establish an international standard. It was in this context that Keynes edited the series of *Reconstruction Supplements* (April 1922 – January 1923) that the *Manchester Guardian* commissioned from him. Secretary to the Treasury in charge of Inter-Allied finance during the war, as well as the author of a devastating *j'accuse* directed against the "Carthaginian Peace" of Versailles, Keynes offered "a forum to Europe": as he wrote in the editorial foreword, it would be an exhaustive survey of European conditions, financial, economic and industrial, written by the chief authorities in Europe ... based on more complete knowledge than is yet anywhere available".

The *Reconstruction Supplements* included the contributions by the most influential and prestigious policy-makers, economists, political theorists and writers in Europe. The participants in this impressive and unique public discussion on Europe after WWI were Herbert Henry Asquith, Basil Blackett, Robert Cecil, Harold Laski, Walter Layton, Ramsay MacDonald, David Mitrany, Arthur Pigou, Dennis Robertson, and Philip Snowden from Britain; Wilhelm Cuno, Rudolf Hilferding, Carl Melchior, Hjalmar Schacht from Germany; Irving Fisher, Thomas Lamont, Russell Leffingwell and John H. Williams from the United States; Benedetto Croce, Luigi Einaudi, Amedeo Giannini, Francesco Saverio Nitti, Vittorio Emanuele Orlando and Piero Sraffa from Italy; Léon Blum and Édouard Marie Herriot from France; Maxim Gorky from Soviet Russia, and Gustav Cassell from Sweden. Keynes himself made contributions which were later to form the bases of his *Tract on Monetary Reform* (1923).

Mutatis mutandis, reconsidering the essence, context and contents of Keynes's post-war initiative, this issue of the *Annals* offers an opportunity to address in a multi- and interdisciplinary terms the troubles afflicting today's Europe. We have asked a wide range of scholars in economics, history and political science to give a contribution in this regard. The issue investigates therefore, starting from the intriguing historical parallel, the 'reconstruction' made evidently necessary by the current European financial, economic, industrial and political crisis. The purpose is to generate novel insights into the deep-lying roots of the conditions of the instability with which European policymakers must cope with at the present time.

Section 1 focuses on the historical context in which the *Reconstruction Supplements* were published, as well as on Keynes' original contributions to the general discussion. Peter Clarke reconstructs the (both theoretical and practical) origins of the project, and evaluates its impact on Keynes' subsequent work. Michael Ambrosi's article takes a new perspective on Keynes as an economist strongly oriented to European affairs and who became, in the aftermath of the Versailles Peace Conference, "a European", to use Keynes' own words.

Section 2 situates the current crisis in historical perspective. Luca Einaudi explores the challenges facing Europe, then in the early twenties, and now, in a sort of *histoire croisée*, with particular regard to the issues of political reorganization, monetary and fiscal reforms, and material and infrastructural transformations. Bresciani adopts a historiographical approach, in order to compare the current troubles to those shaping other transitional periods of the continent's history (post-1989, post-1945, and post-1918). He addresses a crucial but usually overlooked question: did the recent (ongoing) European crisis mark the "end" of a historical era, and if so, which era?

Section 3 takes a multidisciplinary perspective on international economic and power relations both within Europe and between the continent and other superpowers. In continuity with the first issue of the *Annals* (Vol. LI, 1-2017, "Keynes' Relevance to the Contemporary World. Eighty Years since *The General Theory*"), Jan Kregel elaborates on Richard Kahn's "regional" version of the Keynes plan for Bretton Woods, and thereby illustrates how Keynes would have likely addressed, and possibly solved, the shortcomings of the European monetary and financial architecture. Drawing a direct parallel between the problems of Europe after WWI and today, Giuseppe Bertola brings to the fore the interrelationships and tensions between economic and political reasons driving the process of European integration, and suggests shifting the focus to the distributional impact of both integration and policies to address the crisis. Francesco

Saraceno reconstructs the theoretical underpinnings of the Economic and Monetary Union and finds them responsible for the poor performances of the European economy. With an eye to the feasibility rather than desirability only of reforms, he suggests amending the EMU fiscal rule to create room for semi-permanent negative government savings. Vittorio Valli enlarges the perspective to draw a comparison between the different anti-crisis strategies of the United States and the European Union. Besides criticising the austerity doctrine implemented by the institutions of the EMU, Valli identifies policy errors and structural problems affecting both economic systems. He draws attention to issues like income distribution and the need for stricter financial regulation. In her contribution Lucia Quaglia identifies problems in the European economic governance. She attributes the lack of effective collective, Euro-area solutions to the crisis to a combination of deficient political leadership, interlocking mechanisms of policy-making (with several veto players) and incompatible national preferences; but she also points out that the piecemeal measures implemented, taken together, *de facto* signify that the governance has undergone a reform, although not a path-breaking one. Finally, Mario Telò reflects upon the outcome and, above all, the politicization of the recent negotiations of the Transatlantic Trade and Investment Partnership. He finds significant warning signs of increased demand for democratic legitimacy in Europe, but also of general risks for both the European Union and the United States in their capacity as guardians of global multilateralism.

Solidarity, both internal and external, is and should be a central pillar of the integration process. The two articles in Section 4 deal with this general issue. Maurizio Ferrera illustrates the current state of the social dimension of the European process, after providing a historical reconstruction of the various steps in its development. He also suggests how to counteract the deep divergence created by the recent crisis between the two main facets of the integration process, namely the economic and the social ones. As to “external” solidarity, Tiziana Caponio and Roberta Perna write on the migration issue. Their thesis, grounded upon an analysis of the three recent migration-related crises (early 2000s, the economic crisis, and finally the current refugee crisis) is that the project of consolidating Europe as a continent of immigration faces structural difficulties. In this regard, “reconstruction” is also a reconstruction of consensus (through both debates and policies) for positive cohabitation.

An unwritten rule of the *Annals* is that any special issue needs a qualified review essay illustrating recent publications on the main topic of the issue itself. Fulvio Stamati's essay analyses nineteen volumes published between 2012 and 2016 and arranges them into a coherent whole, with

the final suggestion of recasting policies and politics on the principle of subsidiarity.

The "Documents and Retrospectives" section of this issue includes Luigi Einaudi's contribution to the *Reconstruction Supplements* and the related exchange letters between Einaudi and Keynes, introduced by Roberto Marchionatti's short note on the relationship between the two.