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Unconventional monetary policy *ante litteram*: Richard Kahn and the monetary policy debate during the works of the Radcliffe Committee.

Abstract

The appointment of a Committee on the Working of the Monetary System in 1957 (Radcliffe Committee) in the UK gave the occasion to debate innovative ideas in the field of monetary policy. Many prominent economists participated in the Committee's works, which ended with the publication of the Radcliffe Report in 1959. Making an exception to the rule of not mentioning individual contributions, the Radcliffe Report claims to "follow Professor Kahn [...] in insisting upon the structure of interest rates rather than some notion of the 'supply of money' as the centrepiece of monetary action" (REF). As we reconstruct in the paper, Kahn based his proposals on a conceptual framework, emphasising the link between inflation, wages and aggregate demand and the importance

of combining incomes policy and term-structure control in view of achieving external equilibrium, full employment and price stability. One finding of our research is that Kahn's recommendations regarding term-structure control – with their relevance to the present day – are best understood in connection with his theory of liquidity preference as presented in Kahn (1972b [1954]). We also find that the Radcliffe Committee, while espousing Kahn's policy recommendations, surrounded them with so many caveats as to render them de facto inoperative. As we suggest in our reconstruction, this depends partly on institutional considerations and partly on differences of opinion between Kahn and the Radcliffe Committee regarding monetary policy transmission and the causes of inflation.

**Thursday 16th February
from 1 pm to 2 pm
Campus Luigi Einaudi**

**Seminar room
3rd floor - building D1
Lungo Dora Siena 100/A, Turin**