One hundred issues of the *Quarterly Bulletin*

The Quarterly Bulletin *has its origins in the recommendations of the Radcliffe Committee in 1959. In this article, Sir Alec Cairncross, a member of that committee and Head of the Government Economic Service from 1964 to 1969, reviews the genesis of the* Bulletin *and its evolution and development over its first one hundred issues.*

It is now twenty-five years since the *Quarterly Bulletin* first appeared in response to a recommendation of the Radcliffe Committee. The recommendation came at the end of the chapter on statistics, a subject to which the committee, like the Macmillan Committee before it, devoted a good deal of attention. 'A special responsibility', it was argued, 'rests on the central bank in the gathering and publication of such information' (paragraph 865 (vi)).

It was not, however, as a vehicle for the publication of statistics that a bulletin was recommended. For that purpose the committee envisaged the regular issue of a 'Digest of Financial and Monetary Statistics' without specifying whether this should be the responsibility of the Bank of England or the Treasury. Apart altogether from such a digest, there was 'scope for more regular comment by the authorities on monetary and financial affairs' (paragraph 859). This might conceivably appear in the Bank's Annual Report, which at that time included a brief commentary on the credit situation and the foreign exchange market, and was virtually the sole official organ of published comment on monetary and financial developments. The range of topics suggested by the Radcliffe Committee, however, far outran the limits of an annual report. The Bank was invited, therefore, to 'give consideration to . . . the issue of a quarterly bulletin in which could appear either some of the more technical discussions of monetary issues or signed articles on more controversial matters' (paragraph 861). Such a publication would allow 'a fuller and freer exposition by members of the staff of the Bank of issues which they are in a unique position to discuss' and would draw the Bank into closer association with expert opinion outside official circles. A quarterly bulletin could also lead to a strengthening of the research and intelligence side of the Bank's activities and encourage it 'to take the lead in promoting and inspiring the objective study of monetary and financial problems' (paragraph 862). More research on these problems was needed; and if the flow of financial information was to be added to in the ways proposed by the committee, it would be all the more desirable to have it analysed by experts skilled in its interpretation and made the subject of study and research inside the Bank.

The programme sketched out by the committee was a comprehensive one. It had four main aims: to improve financial statistics; to secure the publication of the statistics collected; to provide for regular official comment on current monetary and financial developments; and to encourage research both inside the Bank and by others outside. The committee recognised that the collection and publication of statistics involved issues of confidentiality and even, in the view of some, privacy. The commercial banks had passed through a period of some difficulty in the early 1950s when gilt-edged fell heavily in price, causing them substantial book losses, and while they were prepared to supply aggregate data to the Bank of England in strict confidence, they took a very different view of full disclosure to the general public. Comment by the Bank was also a matter of some delicacy, since it might oblige the authorities 'to show their hand more fully than they thought desirable and because they would not feel free to say more than was consistent with ministerial utterances' (paragraph 859).

Neither consideration was accepted as overriding. So far as confidentiality was concerned, the committee pointed out that 'if monetary policy is not to be authoritarian, and there is to be an informed opinion exercising an independent critical judgement . . . the authorities must seek to avoid any unnecessary disparity between the information at their disposal and the information released for publication' (paragraph 865). As for the Bank's reticence, they thought that it did harm to the Bank's standing to deny outside experts all access to its thinking, and pointed to the much larger volume of printed comment made available by other central banks.

The programme was a pretty radical one for a committee widely interpreted as denying that money and monetary policy were of much importance. Yet this part of its recommendations was carried out with remarkable circumspection. The first *Bulletin* appeared a year or so after the committee reported and included both a large statistical annex and a commentary on economic and financial developments. Other features of the first issue were an analysis of exchequer and banking statistics; an article entitled 'The financial surplus of the private sector' which gave the first indication of the research in progress on the flow of funds between sectors of the economy; and Lord Cobbold's last speech as Governor at the annual Lord Mayor's Banquet.

Each item in the committee's programme thus found expression—statistics, analysis, commentary, research—and a pattern was established which has lasted, with some modifications, ever since. The *Bulletin* has remained a vehicle for the dissemination of financial statistics, particularly those that the Bank itself collects and compiles and those most directly concerned with the markets in which it operates. A commentary, now greatly extended, has continued to be included and serves as a focus for much of the work of the Bank's economic staff. Then there have been articles, usually about three, engaging in statistical analysis or describing the structure and functioning of financial institutions and markets or reporting on research carried out within the Bank. The inclusion of the Governor's speech in the first issue illustrates one more aspect of the *Bulletin:* its role as a journal of record reprinting both the speeches of the Governors, Directors and senior officials—now as many as a dozen a year—and the various official notices and statements issued by the Bank.

Before looking at how these various elements of the *Bulletin* have developed, we should remind ourselves that the views of 'the monetary authorities' do not in all circumstances coincide with those of the Bank. The Treasury is also involved and the Chancellor has the last word. In these circumstances it is a little surprising, looking back, that the Radcliffe Committee should have thought so exclusively in terms of publication by the Bank as if 'the objective study of monetary and financial problems' did not equally concern the Treasury. It is even more surprising that as the Bank came forward with the *Bulletin* the Treasury was for a time on the opposite tack. The *Economic Survey,* which provided the public once a year with the Government's view of the economic situation and prospects, came to an end in 1962 and the more anodyne *Economic Report* which took its place lasted only a few years. In the middle sixties the Treasury at the official level had ceased to publish any regular comment at all except through the Information Department. Efforts to include a short economic assessment in *Economic Trends* were held up twice at the last minute; and it was only the Chancellor's reluctance to leave a monopoly of comment to the Bank of England that induced him to accept the regular publication of an assessment. Thus the *Bulletin* contributed to more openness on the part of the Treasury as well as the Bank.

Commentary

The commentary, with which the *Bulletin* used to open, developed from a similar feature in the Annual Report which in 1960 had been extended to cover a period of six months in 1959–60, three months in arrears. It was at first a purely factual presentation of developments in the economic and financial situation, covering events both in the domestic economy and abroad, and dealing also with changes in government policy and in financial markets. This led into an analysis of banking and exchequer statistics which in 1965 became a separate article. Nothing in what was published was particularly novel or intended to be controversial. What was important was that the Bank was accustoming the public (and the Government!) to a regular, authoritative survey of a kind that had not previously been available quarterly.

In 1963 the Bank began adding a more prescriptive section to the commentary, called at first 'General assessment', or 'Outlook', or (from 1965) 'Conclusion'. In 1974 this was rechristened 'Assessment' and, like the commentary to which it was appended, it grew steadily longer. When the *Bulletin* was re-vamped in 1981 it was placed for the first time as a separate feature in the forefront where it provides a summing-up of the Bank's view on current economic and financial issues.

Financial review

The Radcliffe Committee had urged the preparation of a comprehensive set of accounts for the various sectors of the economy, analysing the flow of funds into investment and the changes in asset holdings of each sector. This the Bank, in association with the Central Statistical Office, set itself to do. From the very first issue, it published material in the *Bulletin* on the flow of funds within and between sectors, starting with the private sector (excluding the banks) and confining itself, to begin with, to four main sectors (private, public, banking and overseas). Later, the private sector was split so as to show industrial and commercial companies separately from the personal sector, the banking sector separately from other financial institutions, and (for some purposes) the public sector divided into its three constituent elements, central government, local authorities and public corporations. The first systematic analysis of annual data appeared in September 1963 and the quarterly data that became available from that year onwards enabled a quarterly analysis to be introduced in March 1965. Seasonal adjustment of the data was soon initiated. Until 1976, the analysis of financial statistics—or, as it became in 1974, the financial review—regularly included a discussion of sectoral financing, using quarterly accounts. After September 1976, however, quarterly flow of funds statistics were transferred to the statistical annex and were no longer made the subject of a separate commentary in each issue, although an annual analysis of sector financing continues to be included in the June issue.

In 1981, the financial review, which had by now shed most of its original emphasis on sector financing and concentrated more on developments in the money, capital, and foreign exchange markets, was given another face-lift. In an effort to provide a more specific explanation of official operations and objectives it was split into two regular articles, one dealing with the operation of monetary policy and the other with international financial developments. This change was a natural reflection of the course of events since Radcliffe. On the one hand the growing emphasis on monetary policy, focussing on the money supply from about 1970 onwards, called for a rather different exposition of financial developments. The monetary aggregates, the PSBR and their counterparts have to be given a much more prominent part in the analysis, although the Bank's operations in the various markets have to remain part of the story, since it is these operations that give effect to Bank policy. At the same time, international developments, on which the Bank can have only limited influence, assumed an importance requiring more extensive comment. The growth of the euromarkets, the increasingly international character of banking, the sudden international imbalances associated with sharp changes in oil prices and the large scale movements of funds produced by such imbalances—these and other developments have had obvious repercussions on domestic monetary management that no central bank can ignore. The flows of funds between countries are far larger and more complex than they used to be and interact with the domestic flows that were the original theme of the financial review. It cannot be said that our understanding of inter-country flows is other than primitive and it is certainly not backed by the kind of statistical analysis that supports sectoral financing accounts. But it is obviously desirable to have an extended commentary by the Bank, as a skilful and well-informed observer, on the changes in progress.

Articles

Each issue of the *Bulletin* now carries three or four articles on a wide assortment of subjects. Some are descriptive of particular financial institutions and their operations, some are annual surveys (eg of sectoral financing, company profitability, the national debt, or the external balance sheet of the United Kingdom) and some are research papers by named officials of the Bank. Until 1968 none were signed, the first signed article being one by a former Bank official, L P Thompson-McCausland, on special drawing rights. The first two research papers, in 1970, were both signed but attribution remained rare until well into the 1970s, and signed articles are still in a minority. This does not, of course, apply to speeches or to papers delivered at conferences by Bank officials. These have taken up an increasing amount of space over the past decade, and are an indication of the greater readiness of Bank spokesmen to explain and defend current policy. The average issue of the *Bulletin* now contains at least one speech or paper (and often several) by one of the Governors or a member of the staff of the Bank where in the early 1960s the most one could expect was a reprint of the annual Mansion House speech by the Governor. Most of what appears is an exposition of the problems of monetary management as seen from the Bank. Occasionally there is a reply, often rather oblique, to criticisms. Sometimes (but very rarely) the Governor mentions a particular critic, as in the first Mais Lecture in 1978, when the then Governor took issue with the view of the National Institute that monetary policy would not be of much help against inflation.

The speeches and articles in the *Bulletin* add greatly to our understanding of financial institutions and the way in which these institutions function. They also chart the development of the Bank's thinking about the significance of money and its place in the management of the economy.

The development of monetary thought

Monetary thought and policy have moved a long way over the past twenty-five years and some of the milestones along the track are visible in contributions to the *Bulletin*. No great change took place in ideas in the 1960s in spite of major changes in the international financial environment such as the phenomenal growth of the eurodollar market and the continuation on a larger scale of the dollar surplus which had emerged in the late 1950s.

The watershed is in 1969–70. In September 1969 comes the first article on domestic credit expansion on which the IMF had been laying stress in its visitations. This is followed in December by a paper on 'Monetary policy since the Radcliffe Report', prepared by the Bank in consultation with the Treasury, which takes a cautious view of DCE as a 'helpful additional indicator' but no substitute for regular 'real' and financial forecasts for the economy. The paper is distinctly Radcliffian in its assessment of the influence of monetary policy, regarding it as 'unlikely that we shall ever be able to rely primarily on monetary policy for short-term stabilisation of the economy'. The paper also expresses reluctance to see interest rates hopping up and down, because of the damage this would do to sales of gilt-edged. It admits that direct controls over bank lending and consumer credit are pretty effective in the control of demand while more orthodox methods of limiting credit are not easy to devise.

In 1970, we can see the beginnings of monetarist influence. A research paper by Goodhart and Crockett on 'The importance of money'—the first research paper and the first signed article by serving members of the Bank staff to be included in the *Bulletin*—appeared in June 1970. It gave what is still one of the most illuminating accounts of the points at issue between the Keynesians and monetarists and reported the results of econometric tests that gave some prima facie support to monetarist contentions without accepting monetarist policy recommendations. It did accept, however, that in an inflationary world the rate of growth of the money stock might be a better indicator of the direction of policy than the level of interest rates. But 'basing policy, quasi-automatically, upon the variations in one simple indicator would lead to a hardening of the arteries of judgement'.

This view was echoed shortly afterwards by the Governor in his Jane Hodge Memorial Lecture in December 1970. He cited the evidence of Bank research as showing that the relationship between the money supply and money incomes was in the short run 'neither strong nor predictable' and that it was necessary to look beyond the money supply or DCE to 'the stocks of financial assets held throughout the financial sector—and indeed throughout the economy as a whole—and at the financial flows between them'.

It was not an increasing interest in the money supply but a desire to get away from ceilings on bank credit that dictated the next move. The Bank's thinking was summed up in a speech in Munich by the Governor in May 1971 and more fully developed in 'Competition and credit control' in the June 1971 issue of the *Bulletin*. The Governor's argument was that it was a mistake to regard the restraint of bank lending as tantamount to a restrictive credit policy since 'we may by our very actions stimulate the provision of credit through non-bank channels'; that the controls inhibited competition between banks and produced a misallocation of resources; and that it was time to move to 'a system under which the allocation of credit is primarily determined by its cost'.

Unfortunately the new system was introduced in the middle of a boom and overestimated the power of higher interest rates to check the demand for credit, after the withdrawal of controls, on the one side and underestimated the access of the banks to additional funds on the other. The result was an explosion in the money supply, which increased by 60 per cent in the two years from early 1972 to early 1974 if one uses M3 as a measure of the money supply (but only by 13 per cent if one uses M1). This increase became firmly associated in the public mind with the ensuing burst of inflation in 1973–75 and directed attention more strongly than before to the growth of the money supply as the prime cause of inflation. This is by no means the general view of economists, many of whom would be more inclined to point to the rise in international commodity prices as the prime cause of rising wages and prices in the United Kingdom, with the increase in M1 as an accommodating factor. But since these matters have become suffused with political controversy they are not easily traversed in the *Bulletin* and no adequate post mortem on the experience of these years has been attempted in *Bulletin* articles. Some research papers (eg those by Graham Hacche in September 1974 and by R T Coghlan in the March 1978 issue) do explore some aspects of what went wrong, particularly the breakdown in monetary relationships after 1972. But for a full analysis one must look elsewhere.

With the introduction of monetary targets in 1976, the Bank had decisively abandoned the Radcliffe thesis that control of the money supply is 'incidental to interest rate policy' and looked to the money supply for an anchor less affected by inflation than nominal interest rates. As the succession of speeches by the Governor shows, however, the money supply was far from being an unambiguous guide to the thrust of monetary policy. As Charles Goodhart had pointed out in his 1970 article, 'it may be harder to decipher what effect monetary policy is having at any moment than to decide what effect should be aimed at'. There was the eternal problem of deciding between different measures of the money supply when they pointed in radically different directions; and there was the mechanical problem that, if the sole means of influencing the money supply continued to be the rate of interest, one had still to judge, with high rates and an expanding money supply, at what point monetary growth had become restrictive. As became clear in 1980–81, even a high target might prove severely restrictive: the demand for money in the short run might move in unpredictable ways or expand with rising interest rates.

Whatever the other effects of adopting monetary targets, they have increased the influence of the Bank and the importance attaching to its views. As the Wilson Committee put it in 1980, 'the commitment to monetary targets has provided the Bank with opportunities to press its advice in other policy areas in much the same way as fixed exchange rates and the balance of payments used to before the floating of sterling in 1972' (paragraph 1281).

Statistics

From the beginning, a high proportion of the available space in the *Bulletin*—at one time more than half—was devoted to a statistical annex. Although this has dwindled in relation to the rest of the *Bulletin*, it has grown in absolute terms to about twice its original size. The Bank attaches what the Radcliffe Committee would have thought a proper importance to the assembly and publication of financial statistics and has used the *Bulletin* as its main instrument for this purpose, supplementing the *Bulletin* with press releases up-dating some of the tables in it, eg those on money and banking.

The annex has undergone extensive changes over the past twenty-five years. Partly this reflects improvements in the data available and partly the astonishing transformation of the financial scene. In 1960, the revolution that had taken place in economic statistics during and after the war had hardly touched monetary and financial statistics. Whereas it had become possible to form a systematic view of the forces at work on the level of demand, the balance of payments, and so on, financial data were inadequate and unsatisfactory: as the late Harry Johnson pointed out in an article in *Economica*, there was not even an adequate series of figures for the money supply, however measured. For the banking sector the figures were incomplete, misleading, and often did not relate to a standard set of dates. For other financial intermediaries such as the pension funds the data were much inferior. International transactions, local authority finance, sales of gilt-edged—all needed fuller study.

The authorities themselves at that time seemed content with things as they were. It was not from the Bank of England or the Treasury that the drive for better information came. The Bank in particular seemed unduly complacent. Its *Statistical Summary* had led the way in the years before the war in assembling and publishing economic statistics in convenient form. But in the 1950s there was still no official publication specialising in the presentation of current monetary and financial data (unless one counts the Bank's antiquated *Weekly Return*). It is true that, after the Macmillan Committee reported, more financial information was collected regularly by the Bank. But most of this was not published; it took a considerable effort of persuasion by the Radcliffe Committee to obtain agreement to its release.

When the *Bulletin* was first issued, much of the annex was along the lines of similar tables submitted earlier to the Radcliffe Committee. The tables covered the principal financial series then available, starting with exchequer and banking statistics and including material on interest rates and yields, the balance of payments and exchange rates, gold reserves and sterling liabilities. There was very little on financial intermediaries other than banks, accepting houses and the discount market. The public sector borrowing requirement (PSBR) had not yet made its appearance, although the financing of the central government borrowing requirement, already tabulated in the Radcliffe Report, was included. What now seems strange is the absence of monetary aggregates apart from currency in circulation. No time-series of any kind was shown as representing the money supply. The first inclusion of this item was in December 1970 when M1, M2 and M3 all made their bow, shortly after the Governor had referred in his Mansion House speech to those who 'feel I should limit my public pronouncements to reporting on the movements in the money supply and our efforts to influence it'.

In the first issue the statistics were almost entirely segregated from the text. Since then there has been a steady infiltration of tables into the commentary and analysis to support the text. At first, these tables took up a whole page or succession of pages: nowadays they are each rather small but many more are used. At the same time, diagrams and charts, originally confined to the statistical annex, appear in profusion throughout the text. All this illuminates the matter and greatly improves its readability but at the same time it raises a question about the need for the annex itself.

It seems clear that the Bank has difficulty in keeping the annex within reasonable compass. The generous layout of early days has gone, the type is smaller, the page larger and more crowded. Even so, roughly twice the space is needed, in spite of extensive pruning after a review in 1978. If we recall that what the Radcliffe Committee proposed was a quite separate 'Digest of financial statistics', and that such a digest has been in existence since 1962, published monthly by the CSO, it is natural to ask whether the statistical annex should be part of the *Bulletin* at all. In principle at least it should be possible to merge the annex with *Financial Statistics,* provided the Treasury, the CSO and the Bank can agree on what to put in the enlarged digest. If this meant the exclusion of some of the detailed material in the *Bulletin,* would it not be enough to issue a separate annual abstract of financial statistics? Business users, even now, if they want to be up to date, must rely on the Bank's press releases or on the financial journalists whose job it is to cull the significant items for their readers. Academic users are likely to want longer runs of the figures than are now usually shown. But need all the detail be tacked on to each issue of the *Bulletin,* especially when the review of financial developments already seeks to bring out significant changes and provides an excellent running commentary on them?

The answer to these questions must depend largely on the convenience of readers. To judge from the bulletins of other central banks, all of which include a statistical annex, it is the universal experience that readers welcome some tabular matter in each issue. The Bank may also have its own purposes to serve in maintaining a convenient record or in encouraging other central banks to publish comparable data. Only a selection from the mass of available financial statistics can be included regularly; and since financial statistics need to be seen in the perspective of the changes in progress in the 'real' economy, there is a case for including also a table or two of non-financial statistics. The important thing is that the key statistics for which the Bank is responsible should be publicly available, either in the *Bulletin* or elsewhere, and that they should be the subject of dispassionate presentation and comment. What is included in the *Bulletin* should depend primarily on what is relevant to the reporting and analysis of events, operations and policy that form the subject-matter of the text.

Discussion Papers

The *Bulletin* can provide only a sample of the vast amount of work done within the Bank on monetary problems. Much of the more technical material appears in *Discussion Papers* which are still insufficiently known outside the Bank. They include, for example, a whole series of papers on the relationship between domestic and international prices in a world of fluctuating exchange rates, the well-known study by Taylor and Threadgold on the sectoral composition of national savings, and the paper describing the Bank's own model of the British economy. These papers are more technical than the 'short monographs similar to those published by the Federal Reserve Bank of New York' which the Radcliffe Committee hoped to see, but they are in keeping with the suggestion. The Bank has, however, been chary of including in the *Bulletin* 'signed articles on more controversial subjects'.

The discussion papers are evidence of other changes at work in the Bank. Its economic staff has greatly increased since the setting up of the Central Banking Information Department in 1959 and its transformation into the Economic Intelligence Department in 1964. Now in 1985 there are 40 economists in the Economics Division alone. Papers are presented frequently at seminars and conferences on subjects such as the term structure of interest rates, the demand for money, the transmission mechanism of monetary policy, and so on. Contacts with the universities and other outside bodies have been extended and improved. Economists are recruited to work for limited periods within the Bank, and Bank staff are seconded to temporary appointments in Britain and abroad.

Bulletins abroad

How does the *Quarterly Bulletin* compare with the publications of other central banks? There can be no doubt that, judged by volume of output, the Deutsche Bundesbank takes pride of place with a monthly report, published in three languages, and no fewer than five statistical supplements, also monthly. In spite of the supplements, the monthly report regularly includes about forty pages of text, sometimes developing a single theme—'the economic scene in the Federal Republic'—sometimes including short articles on particular institutions or trends. At the other extreme, the Bank of Canada confines itself almost entirely to statistics and graphs in its monthly bulletin, and the Austrian National Bank in its monthly report is also heavily statistical. The Swiss National Bank, until 1983, also limited itself to a monthly bulletin largely confined to statistics and charts. The central banks of other continental countries offer more comment and analysis. The Banca d'Italia, for example, now has a biannual economic bulletin as well as a monthly series of studies which devotes particular attention to international developments. It also issues a biannual statistical abstract and a series of statistical supplements. The Banque de France publishes its bulletin quarterly and two statistical digests, one monthly and one quarterly. The bulletin includes a mixture of review, analytical studies, speeches, statistics and a quite lengthy section of regulatory announcements.

The Federal Reserve Bulletin, which appears monthly, is evenly balanced between text and statistics and is supplemented by an annual statistical digest. Like other central bank bulletins, it has changed a great deal since 1960, when the text consisted almost entirely of surveys of various kinds. It now includes, as well as articles and speeches, statements to Congress, a record of policy actions by the Federal Open Market Committee, and various announcements. The US Treasury and the Federal Reserve co-operate in the preparation of a regular account of foreign exchange operations.

Thus all central bank bulletins include reams of tables while doing more and more to spare the reader the need to consult them. Some of them have supplementary statistical bulletins of all kinds, occasional, monthly, quarterly, biannual or annual. None is willing to abandon a statistical annex altogether. Some, like the Federal Reserve Bulletin, go further than the Bank in finding space for public statements such as evidence to parliamentary Committees. Some show a readiness to join with the Treasury in issuing an account of joint operations, eg in the foreign exchange market.

Conclusion

In the twenty-five years since it first appeared, the *Bulletin* has established itself as an authoritative and sophisticated source of comment and analysis. It has grown steadily both in size and in reputation.

Where the first issue was limited to a modest twenty-seven pages of text, the fiftieth in December 1973 had grown to eighty, and in recent years to over one hundred larger, double-columned pages. The type and layout have always been admirably clear and the introduction of tables and diagrams alongside the text adds to the readability of the articles. In point of presentation the *Bulletin* is an elegant and attractive publication.

The circulation, however, is rather disappointing. By 1979, when copies were still free, it had reached 17,500. When charges were introduced in June 1980, the circulation fell heavily, with the number of copies of that issue actually sold down to some 4,400 of which nearly 1,600 were to banks and other financial institutions, and has remained at broadly that level ever since, while the annual subscription has been raised in stages to £27. At this level the circulation would not appear to be greatly influenced by the price and other quarterly bulletins, such as that of the National Institute, cost just as much.

The *Bulletin* has helped to remove the air of mystery about the Bank's operations and to improve its standing with the general public. As the Radcliffe Committee hoped, it has put outside observers on a footing of greater equality with the Bank in access to financial information and has provided them with some indication of the Bank's own thinking on monetary developments. No one, of course, ever expected that it would reveal all that goes on within the Bank or make public the various differences of opinion between the 'east end' and 'west end' of the monetary authorities. There is an almost inevitable blandness of tone and muffling of controversial issues inseparable from official comment. When even monetary theory has been so highly politicised, the *Bulletin* has to tread carefully in commenting on monetary developments. We can only hope that it will continue to find room for different interpretations of events and not seek to conceal the disagreements that will always exist. Even if these disagreements cannot always find full expression in the *Bulletin*, the discussions of the Bank's Panel of Academic Consultants, and the papers presented on those occasions and published afterwards, do encourage that conflict of views which is so often the progenitor of truth.

The *Bulletin* has also fulfilled the hopes of the Radcliffe Committee in serving as a means of strengthening the economic staff of the Bank, drawing it into closer relations with academic economists and other financial experts, and improving understanding of its thinking and activities. With more economists working in the Bank, contact with outside experts is far closer than thirty years ago. Indeed, so many British monetary economists of the first rank are now on the Bank's staff that the danger of monopoly cited by the Radcliffe Committee no longer applies to economic information and statistics but rather to the supply of experts qualified to argue the matter. To that extent it is faint praise to suggest with the Wilson Committee that 'the calibre of the Bank's economic staff is generally held to be at least as good as that of the Treasury's'.

Yet one may well question whether the issue of the *Bulletin* has done anything to change the course of policy. If ideas about monetary policy have changed it is not because the Bank took the lead in changing them or that the *Bulletin* became saturated with monetarist convictions: it is because of changes in the economic environment and in public attitudes. If monetary policy was exalted above all other elements in economic policy neither was that the result of indoctrination by the *Bulletin.* The fact is, as the Bank has always recognised, that policy has to bow to opinion and sentiment and that opinion in the markets has come at times to differ widely from professional opinion. Market expectations, rational or irrational, are dominant in the short run and the short run may sway the long. So perhaps what one needs is more psychology and less economics. What the market thinks is a fact of life that one cannot wish away; and although *Bulletin* articles may influence the thinking, there are other more powerful influences at work that in a crisis may prevail.