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978-0-521-44533-7 - Diagnosing Unemployment
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In this book Edmond Malinvaud intends to serve the theory of economic policy. Drawing on his experience as a macroeconomic theorist, policy adviser, and government statistician, he considers the problems associated with diagnosing unemployment, paying attention to the role of forecasting. The analytical framework and the policy environment in which diagnosis occurs are also highlighted.

The book begins by examining the role of economists as theorists and expert advisers. The methodological choices that expert advisers confront, and the political context in which they operate, are carefully set out, as is the case for the implementation of active macroeconomic policies in modern market economies. In this context the nature of economic projections and the ethics of advising are both considered.

Professor Malinvaud has devoted a great deal of his professional career to diagnosing the macroeconomic causes of unemployment. In the final chapters of the book he outlines the difficulties forecasters face in distinguishing between frictional and disequilibrium unemployment. The impact of changes in the demand for labour on medium-term unemployment trends are assessed by focusing in particular on the effect of real wages on investment and employment.

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Federico Caffé Lectures

This series of annual lectures was initiated to honour the memory of Federico Caffé. They are jointly sponsored by the Department of Public Economics at the University of Rome, where Caffé held a chair from 1959 to 1987, and the Bank of Italy, where he served for many years as an adviser. The publication of the lectures will provide a vehicle for leading scholars in the economics profession, and for the interested general reader, to reflect on the pressing economic and social issues of the times.

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Preface to the Caffé Lectures 1990

It is an honour to open this series of lectures that the University La Sapienza has decided to devote to the memory of Federico Caffé who, from 1959 to 1987, was professor of economic and financial policy at the department of public economics. Others will describe more accurately the personality, the life, the role and the scientific contributions of Professor Caffé. But I want to record here the sympathy that I feel for someone who lived through almost the same historical period as I did, preceding me only by nine years, who had often to reflect on the same issues as I had to and whose sentiments I certainly shared in many cases.

Federico Caffé was not only an academic devoted to his teaching but also a man involved in the actual problems of the time. He was a long-time influential collaborator of the Bank of Italy and he frequently took part in public debates about Italian economic policy choices.

Federico Caffé was a Keynesian. He took Keynesianism neither as an orthodoxy nor as the belief in a set of precepts ready to be used independently of historical events, but as an 'uncompleted intellectual revolution'. The *General Theory* not only provided an analytical system, but also showed how public intervention had a fundamental function in the conduct of the economy. About the necessity of this function Professor Caffé never had any doubt, notwithstanding the questioning by some theoreticians during the last two decades.

Federico Caffé as a humanist was deeply concerned by the various economic malfunctionings in our world. He could not accept that unemployment, inequity in income distribution or high real interest rates be viewed only as unavoidable consequences of market equilibrium. He knew that the economy was for 'the service of man' and that social objectives required the intervention of the

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welfare state (see in particular his last publication, *In difesa del 'Welfare state': soggi di politica economica*, Rosenberge Sellier, Turin, 1986).

It is proper for these lectures to deal with one among the various subjects that concerned Professor Caffé, but also with one subject about which the lecturer may have something significant to say that has not already been published elsewhere. The diagnosis that experts have to produce in order to enlighten the choice of economic policy seems to me to deserve our attention on this occasion. Dealing with this subject I shall try to pay a proper tribute to the man we are honouring today.

Acknowledgements

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Chapter 2: Revised extracts from ‘Analyse et prévision: leurs rôles respectifs dans la maîtrise de nos destins’, *International Journal of Forecasting* 3 (1987), pp. 187–94.

Chapter 3: Delatour Lecture: ‘From statistics to projections’, published in French in *Bulletin de l’Institut International de Statistique* (46th session), Tokyo, 1987.

Chapter 5: ‘La courbe de Beveridge’ in AFSE (1987), *Flexibilité, mobilité et stimulants économiques*, Nathan, Paris, pp. 59–77.

Chapter 6: ‘Real wages and employment – a decade of analysis’, Stamp Memorial Lecture, University of London, 1988.

Chapter 7: ‘Profitability and factor demands under uncertainty’, second Tinbergen Lecture, *The Economist* 137(1) (1989), pp. 2–15.