

REMARKS BY PAUL A. VOLCKER
IN REMEMBRANCE
OF
TOMMASO PADOA SCHIOPPA
AT
BOCCONI UNIVERSITY
MILAN, ITALY
FEBRUARY 1, 2011

Honored guests, friends, students:

You have just listened to four men who knew Tommaso Padoa Schioppa for a longer time than I. They worked with him day-by-day, first as central banker in Italy, then as intellectual and practical leader in working toward a more unified Europe and a strong Euro, and then again as a major force in stabilizing the Italian economy.

I am from another part of the world. I do not recall precisely when I first met Tommaso. It was decades ago. I do know one thing with certainty. I, and all his colleagues in the world of international finance, quickly came to understand that here was a young man of great talent, with strong convictions. A proud Italian, he also had an unusual ability to understand the positions of others. His instinct was always to seek common approaches in the collective interest.

It was those qualities, combined with his European vocation, that led him to work with Jacques Delors in creating the Euro. And then joining with Jean Claude Trichet in building a strong, independent central bank for Europe.

During all those years, Tommaso, without any official mandate, became in practice Europe's ambassador to the financial world, convincing even the skeptics that the ECB and the Euro were here to stay. I was naturally one of those who came to know him well, through his participation in the Group of 30, as a true student of international monetary affairs, and finally, I am proud to say, as a personal friend.

It was that friendship that led to a number of conversations about life after central banking, a matter in

which I am presumed to have some experience. Of course, we recognized that after Tommaso's time with the ECB he might at any time be called back to a key position in the Italian government. But that was all a matter of speculation, not at the time of reality. I took advantage of the interlude to persuade him to replace me as Chairman of the International Accounting Standards Committee.

Accounting standards by their nature are detailed, complex and little noticed by the press or public, not something that makes the blood run strongly. But the fact is, in a world of global finance, common accounting standards are a matter of fundamental importance. Technical as they may be, they are sometimes highly controversial, politically as well as among businesses.

What was particularly important at the time for all of us involved in building strong standards and achieving a consensus was vocal opposition in some European countries. The IASC was perceived by some as a self-appointed body of "mandarins" setting out rules insensitive to national priorities.

In those circumstances, what better choice than to appoint as Committee chair a man with relevant experience, obviously competent, and at the same time able in his very person to command respect in Europe. Tommaso Padoa Schioppa was the answer!

To tell the truth, there was a moment of hesitation. Tommaso after all was not known in Japan or India, in Latin America or even in accounting circles in North America where there were concerns about efforts to dilute strong standards. What became a testimonial to the man was the speed with which the accounting world came to respect Tommaso and his strong leadership. His whole-hearted commitment to the mission of achieving common accounting standards around the world ~~else~~ was apparent to all.

I recall well several conversations when Tommaso agonized over how to respond to a possible request to become Minister of Finance. The substantive, political, and personal challenges were obvious. But to me, and I think to him as well, it always seemed unthinkable not to respond to the call of national duty. You here know full well how admirably he served his country.

Happily for the International Accounting Standards Committee, he was willing, even eager, to reassume the chair when his national responsibility was over.

Now, sadly, he is gone.

He left us at the peak of his influence, one of the few leaders in the world of international financial affairs who have kept alive the possibility of reform of the international monetary system. It was Tommaso that persuaded me along with others that the time has come to promoted that reform as a priority natter for the G-20 - the new grouping of national leaders that came to life in response to the international financial crisis.

Now, all of us involved in that effort will miss the energy and the personal participation of Tommaso.

Fortunately, he has left a large heritage, a heritage in his contributions to the European Union, to the Euro, to the European Central Bank, and yes, to the prospect that common international accounting standards are close to reality.

As I write this remembrance, I have on my desk Tommaso's recent Per Jacobsson Lecture reflecting on the worldwide economic crisis and its implications for the future. It was a long finely written essay, drawing on political thinkers through the ages, economic history, and the role of markets.

His basic conclusion resonates today. He emphasized the nature of the crisis: "global in its origin, not only in its consequences...". "Nothing", he wrote, "excuses us - as responsible individuals - from the intellectual and moral duty of adopting a truly cosmopolitan perspective - a truly global policy".

In first reading his essay, I was prompted to send Tommaso a one word e-mail: "brilliant". He responded with typical modesty. I, for one, will keep that Lecture much in mind in the hope that even after his passing he can help us to "understand" and to "act", the criteria he set forth for success.