

Thirtieth Anniversary Celebration for  
Employees of the Bank of Italy  
Pontificia Università San Tommaso d'Aquino

**Remarks by Antonio Fazio  
Governor of the Bank of Italy**

Rome, 29 November 2001

Mister President of the Senate, your being here with us today to celebrate employees' thirty years with the Bank of Italy is of great significance. In addition to those who have completed thirty years of service, the Bank is represented by its Senior Management, Board of Directors and Board of Auditors.

I wish to thank Chancellor Compagnoni, for his words of welcome and for having kindly offered us this august Great Hall, in what I am pleased to consider the spirit of cooperation between the academic world and public institutions.

The first celebration for thirty years of service was held in 1966, for colleagues who had joined the Bank during the 1930s. In recent times the event has been reorganized. Those gathered here today belong to all the career paths and grades, come from the Head Office and the branches.

The participants in this ceremony, which underscores the appreciation of the governing bodies for those who devote their work to the Bank, include members of our employees' families, who for years have shared and will continue to share the same institutional spirit and often the "sacrifices" demanded in the line of duty.

The internal organization of the Bank evolves gradually in accordance with rigorous compatibilities, rewarding merit, promoting efficiency and effectiveness.

Our collaborators now completing thirty years of service are entrusted with the task of transmitting the values of competence and dedication to their younger colleagues, above all by dint of example.

In its century-old history the Bank of Italy has made a fundamental contribution to the stability and progress of the Italian economy.

In 1926 the contours of a modern central bank began to take shape. The Bank became the sole institute of issue. Earlier than in other countries, a first law on supervision of the banking system was adopted.

The Banking Law of 1936 expanded the Bank's supervisory powers and defined it as a public-law institution ranking above the other banks.

The Italian Constitution of 1948 solemnly introduced the principle of the protection of savings, the legal basis of the mandate that the Bank carries out with its banking and financial supervision. This function ensures orderly conditions in the banking and financial markets, thereby fostering growth.

Between 1948 and 1971 the Bank guaranteed the constancy of the currency's exchange rate against the dollar and the gold content of the lira; it ensured the internal stability of the purchasing power of money.

In the 1970s the oil crises, the wage explosion, mounting budget deficits and public debt brought a period of monetary and financial instability. Vigorous action was taken in those years, making use of all the available levers of monetary and credit policy, to restore stability. That action continued during the 1980s.

The opening up of financial systems, the large volumes of primarily short-term capital flows between different monetary systems and the creation of financial markets not subject to national authorities subsequently posed new problems. The phenomenon of globalization — of finance, of goods, of people — came to the fore.

In the second half of the 1990s the Bank waged a hard battle to bring down inflation; success was a prerequisite for participating in the European Union.

Since 1 January 1999 each central bank contributes, via its governor, to defining the common monetary policy within the European System of Central Banks and implements the related decisions in its country. In accordance with the principle of subsidiarity, on which the Statute of the System is based, market interventions and, more

in general, the implementation of monetary policy are the responsibility of the national central banks.

Pursuant to the constitutional precept on the protection of savings, Parliament has assigned new tasks to the Bank concerning banking supervision, market supervision, the protection of banking competition and the oversight of payment systems.

The autonomy and independence of the Bank are inscribed in Italy's de facto Constitution. Critical analysis, pluralism of ideas, dialectical discussion are always the foundation of our activity. They require acceptance of rigorous styles of work, independent judgment, morality.

Decisions that have European and worldwide implications demand broader and deeper market analysis and economic and institutional research than in the past. The tools used are growing more complex, the professional skills required more advanced.

In addition to promoting research for its own activity, the Bank performs important advisory functions for the constitutional bodies and in the country's interest.

The only constant is the Bank's commitment *pro veritate*, hence to the common good. How laborious and complex is this commitment to *veritas* and the *bonum commune* is a consideration especially familiar in this place of study and research named after Thomas Aquinas. His high theological, philosophical and political vision is again being recognized as one of the main sources of modern political thought; it is a vision that aims at the truth, going beyond relativism and syncretism. Knowledge acquired starting out from the "truth of things" is laborious. Even one who assumes the fallibility of human knowledge — I am pleased to cite Popper, a teacher dear to President Pera — does not indulge in scepticism and relativism, but affirms that it is possible to arrive at an objective truth.

Supervisory action has two main spheres: its national domain and forms of international cooperation.

The exercise of independence may meet with incomprehension at the time, but in the long run it gains appreciation and gratitude.

The effectiveness of supervision depends on its proximity to those supervised; it requires a long-term perspective, the enhancement of entrepreneurship. It is a mistake to give importance to sectoral interests, biased criticisms and proposals based on erroneous assumptions and shortsighted views.

Supervision has its roots in national laws owing to the close connection between its tasks and public and private legal institutions, the insurance of deposits, the carrying out of on-site inspections, the possible implications of insolvencies for the public finances; it ties in with other institutional bodies of the State; it is involved in increasingly advanced forms of cooperation at the European and world levels.

The efforts aimed at ensuring the efficient and secure introduction of the new currency have been stepped up and will have to remain cohesive and resolute. The changeover is based first and foremost on the central banks' wealth of professional skills and experience.

The Bank of Italy measures up to the needs of a reality that is evolving continuously. In handling change, the Bank perpetuates a culture and a style.

The knowledge and experience accumulated by the staff must be preserved and exploited. There is a need for greater operational flexibility and recognition of ability, so as to achieve an increasingly efficient utilization of human resources that motivates staff and meets new requirements.

Change is gradually losing its earlier connotation of exceptionality and is becoming, instead, a recurrent feature, a factor of stability.

During this celebration of our work, it is inevitable that we should look at what is happening outside the Bank.

Unemployment breeds social exclusion and inequality; it prevents the exercise of the right and duty of every citizen to contribute to the creation of the wealth of the community; it results in lower levels of social protection.

The effects of globalization are of great importance; they are positive for the world economy and for the economies best able to take advantage of them, but they can overwhelm existing equilibria.

In the light of the new situation, the organization of the economy and industrial relations need to be reformulated in order to give substance to the right to work enshrined in the Constitution.

It is necessary to increase labour force participation rates in order to alleviate the dramatic problem of irregular work, joblessness among the young and long-term unemployment.

Steps have been and are being taken in the right direction. There is acute awareness of the problem. On the whole, the thrust of the new policy proposals appears consistent. We are all called upon to contribute to a choral effort.

The most important guarantee of increased employment, apart from the legislative and contractual measures needed, is the ability to achieve a higher rate of economic growth. By no means has the present uncertainty led to pessimism; the underlying note in a long-term perspective is still one of confidence.

It is now up to economic policy and a greater drive on the part of firms and institutions, not least as regards innovation.

I wish you “thirty-year olds” and your families a “happy birthday” and renew my thanks to the President of the Senate and Chancellor Compagnoni.