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PRESS RELEASE

Tommaso Padoa-Schioppa and the origins of the euro

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Tommaso Padoa-Schioppa was one of the great architects of the euro. He is remembered in particular as a co-rapporteur for the Delors Committee and as a founding member of the European Central Bank's Executive Board. He studied Economics at the Bocconi University in Milan and at the Massachusetts Institute of Technology (with Modigliani). He started his professional career at the Research Department in the Bank of Italy.

In this Working Paper, we analyse Tommaso Padoa-Schioppa's involvement in the establishment of European Monetary Union, focusing very much on his time as Director-General at the European Commission's DG II (from 1979 to 1983). This was a defining moment in both his career and life. At the Commission, his main priority was the European Monetary System, which was launched in March 1979. The early years of the EMS were difficult, with tensions on the exchange markets, several currency realignments and the shelving of plans for a second institutional phase. Padoa-Schioppa was very closely involved in several projects to strengthen the EMS and to improve economic policy convergence. Moreover, he tried to strengthen the position of the ECU and to relaunch European financial integration. The most forceful exposé of his ideas was probably the inconsistent quartet, stating that the combination of free trade, free capital movement, independent monetary policies and fixed exchange rates was not sustainable. The other main objective for Padoa-Schioppa, as Director-General of DG II, was the strengthening of its analytical capacity. Coming from the Bank of Italy, and with strong contacts with the Anglo-Saxon academic world, Padoa-Schioppa sought to develop DG II's model-building capacity and its links with the academic world. As such, he played a crucial role in the professionalisation of economics at the European Commission. Together with the strengthening of the Monetary Directorate, this was crucial for preparing DG II for the important role it would play in the EMU process.

At the European Commission, Padoa-Schioppa became further immersed in several European networks. Of crucial importance here were his contacts with Jacques Delors. This would determine his further career, in which he would be involved in several initiatives to advance the monetary union project, especially the Delors Committee. Thus he became one of the architects of the single currency. However, he was also among the first to warn of the dangers of "a currency without a State".