

PAOLO ZAMBONI GARAVELLI

A PORTRAIT

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ABSTRACT

La professionalità di Paolo Zamboni Garavelli e la sua ineffabile personalità nell'ambiente professionale ed in ogni contesto nel quale si sia trovato a svolgere i propri incarichi era fortemente e direttamente influenzata dalle sue qualità umane. La ragguardevole predisposizione amichevole di Paolo e la sua gentilezza d'animo nella vita privata e nelle relazioni familiari gli avevano guadagnato il sincero attaccamento di tutte le persone che lo hanno conosciuto. Viveva i suoi rapporti personali con un gusto per la discrezione e il buon senso che non gli vennero meno neppure nei momenti più cupi della sua infermità.

Con una miscela unica di gentilezza, capacità professionali e preparazione giuridica, conquistò l'apprezzamento e la stima di tutti i partecipanti al Gruppo degli Esperti Legali costituito dal Comitato dei Governatori per la preparazione della bozza dello Statuto del SEBC e della BCE, del Gruppo di lavoro di Esperti Legali e infine del Comitato Legale, in cui egli fu un maestro per più d'una generazione di legali della Banca d'Italia coinvolti in questioni internazionali. Nonostante il segno profondo lasciato nella sua carriera dalla lunga esperienza internazionale, il ricco novero di incarichi professionali assegnati a lui all'interno della Banca d'Italia dimostra l'intensità del suo coinvolgimento nell'attività della banca centrale.

Affrontò esperienze impegnative come la privatizzazione del sistema bancario italiano e la predisposizione della bozza del nuovo Testo Unico Bancario, offrendo un significativo contributo grazie alla sua ampia preparazione giuridica di base.

Compito rimarchevole e difficile fu l'avvio dell'Ufficio Diritto dell'Economia, che, nei primi tempi dalla sua istituzione, egli venne anche chiamato a dirigere. Dopo la nomina a Capo del Servizio Consulenza Legale, si era riproposto con la consueta positività nella tradizionale attività giuridica.

Egli ha segnato il cammino per l'attività della Consulenza Legale negli anni a venire, in cui l'interazione tra la dimensione internazionale e quella nazionale delle questioni giuridiche è destinata a crescere.

A PORTRAIT

Reviewing the many occasions on which Paolo and I worked together, I found it difficult to choose one that could capture, like a flashback, the kind of person he really was and how he approached his work.

These two aspects were closely connected, for in all his work Paolo brought to bear his truly unique personal qualities: courtesy and moderation, and the ability to listen and to empathise. He was also always capable of being enthusiastic, and in a contagious way, about a new undertaking. His manner, urbane and politely authoritative, owed much to his upbringing in a family with a strong naval tradition, which counted many admirals among his ancestors.

And I still remember clearly the day when Paolo telephoned me to ask me, with his usual tact and courtesy, to take part in drawing up the rules for Monetary Union and the single European currency project; both were in their early stages at that time and would later evolve into the Treaty of Maastricht. To give you some idea of the context, at the beginning of the 1990s, when economic and political conditions in Italy were not good and there was little prospect of the country's becoming involved in the project, such efforts seemed aimed at a very distant future and unlikely to prove successful. As I hesitated, Paolo observed that "when the lawyers are called in it means things are taking a serious turn", adding that the decision of the Committee of Governors to pass the project on to the legal experts was a sign of confidence in its success. The upshot was that I agreed, and I did so with feelings of youthful enthusiasm, looking forward to working with someone so reliable and so remarkably talented.

After graduating in law from the University of Bologna Paolo completed his military service and then worked for a short time in the legal department of a multinational corporation in Milan before joining the Banca d'Italia's staff of lawyers.

During the early part of his career he spent some years in one of the banking supervision departments, working side by side with colleagues engaged in the daily reality of monitoring the commercial banks. There he built up a fund of knowledge and experience of the banking sector and the broad spectrum of its operations which was later to play a crucial role in his professional life.

In the same period, he was often involved in the Bank's international activity owing to his good command of English and the knowledge he had acquired during his university studies. It was a time when this type of work often seemed pioneering, given the closed nature of Italy's banking and financial markets in the 1970s.

After transferring back to the Bank's Legal Department, Paolo worked in the usual areas of the legal profession, qualifying for the rolls of attorneys authorised to appear before the higher courts. His professional development and career advancement continued, and toward the end of the 1980s he became one of the Bank's leading senior counsels.

I have another very clear recollection, that of Rome in the hot summer of 1989 when a scandal broke involving the US branch of a well-known Italian bank that had granted excessively large and risky loans to a Middle Eastern country. The senior management of the Bank felt it was only natural that Paolo should be the one to set off at a moment's notice, with a member of the banking supervision department, to handle the matter.

Paolo had just arrived at the seaside resort between Rome and Naples where he usually spent his holidays, and had not even had time to unpack, when he was urgently recalled to Rome to take the first possible flight to the US. Without turning a hair, Paolo came back to Rome to prepare for the journey. As he took his leave of us he remarked, with the ironic air he often adopted, that it was no great problem having to depart in such a hurry as at least he did not have to pack.

On that occasion we glimpsed an important aspect of Paolo's character: his ability to cope with situations others would find irksome and disagreeable with a great sense of responsibility and professional commitment, but also with just the degree of detachment that allowed him to adopt a thorough but well-balanced approach to his work, without allowing it to overrun his life.

That summer was not the only difficult one for Italy's financial sector and for the Banca d'Italia. The 1990s marked the beginning of an era of extraordinary change for Italy's banking and financial system. At home, the publicly-owned banks were progressively being privatised as a series of major laws were passed. The restructuring of public banking was an extremely ambitious project that went hand in hand with the introduction of the group structure for companies in the banking sector. Paolo contributed significantly on these issues, writing one of the most important papers on the subject.¹

Abroad, the project for the single currency was forging ahead, and by February 1992 the regulatory structure of the Treaty of Maastricht was already in place. Paolo was able to participate in both events, taking it upon himself to monitor developments in the field of national legislation and of the implementing regulations issued by the Supervision Department. He drafted in several lawyers from the Legal Department and organised their work.

These were extraordinary years, years when Paolo was given important assignments that were to have a crucial influence on his later career. Thus, he was appointed, almost contemporaneously, a member of the Treasury Committee set up to draft the new banking law, which was passed in September 1993 as the Consolidated Law on Credit and Finance, as well as the Banca d'Italia's representative in the Working Group of legal experts assisting the Committee of Governors to draw up the Statute of the European System of Central Banks (ESCB) and the European Central Bank (ECB).

¹ "Il gruppo creditizio: profili di vigilanza", in Banca d'Italia (1992), *La ristrutturazione della banca pubblica e la disciplina del gruppo creditizio*, Quaderni di ricerca giuridica della Consulenza Legale della Banca d'Italia, 26 (Rome: Banca d'Italia).

Those fortunate enough to work with Paolo on these projects realised what a crucial role his personal qualities once again played. His positive and constructive attitude, together with his acceptance of new ideas, naturally led him to be of great assistance to the Supervision Department's experts in drawing up the rules of the new Consolidated Law. His liberal ideas were fundamental in understanding that for banks to evolve from public law credit institutions to public limited companies, operating with all the structures and instruments permitted by private law, the old ways would have to be left firmly behind and the laws of the market adopted in their place.

One should always consider the effects that regulation can have on market forces and the behaviour and decisions of market players. This is one of the greatest lessons Paolo passed on during those years to the people working with him on the reform of the banking sector, especially the first implementation of the antitrust law passed in the autumn of 1990, which also regulated competition in the banking sector. Paolo's ability to assess the economic repercussions and concrete consequences of regulatory options was to become a deciding factor in his further advancement.

The area in which Paolo made the greatest contribution, however, was surely that of monetary union. As a member of the small elite that helped to draw up the Statute, working alongside the Directorate of the Bank, its senior management and the staff of the Economic Research Department, Paolo never wavered in his optimistic belief that it would become a reality.

During another unsettled summer for Italy's financial sector in 1992, when the storm triggered by the unfavourable outcome of the Danish referendum on the Treaty of Maastricht struck many European currencies, including the Italian currency (*lira*), the project for a single currency, or the ECU (European Currency Unit) as it was known then, seemed a very distant goal. In the autumn of that year, with a heavily devalued *lira* and little prospect of monetary unification, plans for work at the European level floundered.

This scepticism did not lift immediately, but instead persisted for quite a long time, that is until, with the creation of the European Monetary Institute (EMI) and the commencement of convergence by the countries involved, progress towards the introduction of the single currency resumed, at an even faster rate.

In 1995 the EMI set up the Working Group of Legal Experts (WGLE). Paolo was involved from the outset, contributing all the experience he had acquired during the preparatory work carried out on behalf of the Committee of Governors. The years leading up to the adoption of the single currency were unforgettable. At the EMI in Frankfurt and at the Commission in Brussels, the lawyers played a crucial role in designing the regulatory and legislative framework needed for the introduction of the single currency.

Paolo took part himself in the work of the WGLE and coordinated all the efforts of the Banca d'Italia's lawyers engaged in drawing up the legal framework for

the adoption of the euro, during what was certainly one of the most significant phases of his career.

The rules governing the introduction of the euro in Italy and the amendments to the legislation concerning the Banca d'Italia during the delicate stage of implementing the principle of legal convergence represent the high point of his work. It is understandable that the legislative decree adapting Italian law to the principles of the Treaty of Maastricht is regarded in the Banca d'Italia as the fruit of his personal efforts.²

He instantly became a conspicuous participant in the WGLE, contributing well-balanced and constructive proposals. His affable and helpful manner once again proved highly valuable, and contributed greatly to the working of such a large committee, which brought together widely differing cultures and attitudes.

The greatest challenge at the time was to reconcile the different positions based on different legal systems rooted in very diverse traditions. It was not just a question of the old conflict between common law and continental law, but something more. A point of encounter had to be found between the various legal systems regarding money, and this meant using the instruments of private and public law contemporaneously. It was in this field that the experience Paolo had built up over the years, working on typical issues not only of commercial law but also of banking supervision and hence public and administrative law, proved to be particularly useful.

With the creation of the ECB and the introduction of the single currency, the WGLE was replaced by the Legal Committee (LEGCO). Once the Eurosystem was established, the Committee's task became less demanding in one respect but possibly more arduous in another, since the role of assisting and advising the ECB's Governing Council in its decision-making required even greater mediating skills. It was in this area that Paolo's easygoing personality and openness to other people's ideas proved invaluable. As a consequence his contribution was always greatly appreciated and he became a clear point of reference within the Committee. It was a real privilege for me to take part in the work of the LEGCO alongside Paolo.

In 1999, however, a new task awaited him. In that year the Law and Economics Office was set up at the Banca d'Italia, with the mandate to carry out research in the fields of economics and finance, based on a multidisciplinary approach that combined law and economics. As a result of the high regard and esteem in which the Directorate of the Bank held Paolo, he was appointed head of the Office.

Launching a new project is always an onerous task, and being at the helm of such a unit, in a unique sector, dealing with extremely new topics, was in many ways

2 Legislative Decree No 43 of 10 March 1998. Together with Carlo Santini, Paolo edited an important work on this subject, "La Banca d'Italia nel Sistema Europeo di Banche Centrali", in Banca d'Italia (1999), *Scritti in memoria di Pietro De Vecchis* (Rome: Banca d'Italia).

a great challenge. Paolo took it on with equanimity and succeeded. Today, the Office is very busy carrying out research on the sectors of the economy that are of greatest interest to the Bank. Paolo's frequent and close experience of the concrete requirements of banks and financial intermediaries certainly played a fundamental role in his new field of work.

Despite his new commitments Paolo retained a deep interest in Community matters, participating as constructively as ever in the work of the LEGCO, although on a less frequent basis. He continued to do so even in 2002, when he left the Law and Economics Office to rejoin the Legal Department as Head of Department.

Although this period was one of the high points of Paolo's career, he was simultaneously contemplating retirement. The ability to maintain a degree of detachment from work – which had always been part of his personality – seemed to be taking over, as he began to want to spend more time with his family. It was almost a presentiment that the time left would not be very long. It goes without saying that when his closest colleagues heard of his intention to take early retirement, they found a thousand reasons why he should not do so.

This evokes another important memory. In May 2003, at the meeting of the LEGCO hosted in Dublin by the Central Bank and Financial Services Authority of Ireland (CBFSAI), we found a further reason to persuade him to stay on: the next meeting of the LEGCO had to be organised in Rome, at the Banca d'Italia. It was the last project on which Paolo worked. Even during his illness, at the time when a recovery did not seem impossible, he continued to follow the organisational aspects and drew up a programme for the event, although he did not come into the office. As fate would have it, he was unable to take part.

There is no denying that we all miss Paolo greatly. At the same time, he leaves behind some important lessons for all those who knew and worked with him.

Paolo was very good at delegating, and allowed those who worked with him plenty of scope, although he was always available to discuss problems and offer advice. The door of his office was permanently open to anyone eager to engage in discussion.

More than one generation of lawyers now following the subject dearest to him, the goal of the single currency, have learnt considerably from his guidance, his style, his method of tackling matters. Such a precious gift will help them cope in the coming years as more and more areas become ever more closely regulated by Community law, making it increasingly necessary to consider European issues.

The people who knew and respected Paolo from meetings in European fora were greatly affected by his death, and his family received many expressions of sympathy. One of the most moving tributes was contained in a letter to his family from friends and colleagues at the CBFSAI: in Gaelic it reads "Ar dheis láimh Dé go raibh a anam dílis" (May his soul sit at the right hand of God).