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SPECIAL ISSUE SELECTED PRESENTATIONS

40TH IAFEI WORLD CONGRESS 2010



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Charts shown at all other presentations, given at the IAFEI World Congress 2010, can be viewed by going directly into the website of the Congress hosting Italian IAFEI Member Institute Andaf,

www.andaf.it

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Letter of the Editor

January 28, 2011

Dear Financial Executive,

Today you receive a **First**, the IAFEI Quarterly Special Issue, **Selected Presentations 40th IAFEI World Congress 2010**.

We decided, to present 3 very outstanding presentations, given at this IAFEI World Congress 2010, to the broad IAFEI audience worldwide. These 3 presentations have a solid bearing on the presence, but more so as well on the future, and they are worth of being taken notice of by many more than those having attended the Congress.

The Charts of all other numerous presentations given at the 40th IAFEI World Congress in Rome, Italy, October 13 to 15, can be viewed by going directly into the website of the Congress hosting Italian IAFEI Member Institute Andaf, at www.andaf.it And there through the search path: Eventi, 40th IAFEI World Congress 2010, Congress Presentations Read more, Documenti Correlati.

We reiterate: IAFEI is most grateful to the Italian IAFEI Member Institute Andaf, for successfully and impressively organizing and hosting this excellent World Congress 2010, of which all attendants will keep longterm good and grateful memories.

Our thanks go especially to the team - constituting the large Organizing Committee for this Congress, which due to known adverse circumstances had to operate under great time pressure - and to its mastermind chairman Mister Romano Guelmani, who is also a most senior member of the IAFEI Advisory Council. The great work of this team is a challenge for all of us at IAFEI for the future.

With best personal regards



Helmut Schnabel

Vatican City State, Presentation: Ethics Combined with Performance
by Ettore Gotti Tedeschi, *Chairman, IOR*
(*Vatican Bank*)

Presentation given at the IAFEI World Congress, Rome, Italy, October 14, 2010.

The Vatican banker explores the boundaries of business ethics and the performance expectations in tomorrow`s business environment



Normally, when you speak about ethics you think of something boring, done by the priests. Actually, “in order to look forward”, you have to think ethically and thinking ethically just means giving meaning to one’s own actions. If you don’t give a meaning to actions they become the purpose themselves and take on a sort of upper hand even on people’s conduct and ideas.

Now I don’t really want to make a sermon so I’ll get into the heart of the issue which I prepared, to show you what kind of disasters you can come across when you don’t think ethically and, I repeat, thinking ethically means that “Man gives a meaning to his actions”. Obviously you will say: “why do you have to give a meaning to your actions and what kind of meaning?” and this surely implies an introduction and a conclusion and it’s this one: “in order to give a meaning to actions, life itself needs to have meaning”. And this is the ethical principle, otherwise they wouldn’t have called me, they would have called someone else to explain what ethics is. You see, as a jusnaturalist would say

that positive law must comply with natural law, this is true also in economics. The laws of economics should comply with natural economics and I will try to explain what natural economics is.

What do we need economics for? This is a question people don't ask since probably a long time. Economists don't, even university professors don't, maybe they have forgotten. We just question ourselves over this when things get bad, when some disaster occurs, and you ask "what is economics?". And the answer is: "economics is an instrument". Economics is just an instrument, as banks and finance are. People shouldn't say that economists created disasters or that bankers created disasters or that financiers created disasters, I repeat and will continue to say, if human life has no sense, why should the behaviour of a banker have sense? Or that of a financier? His end is reaching the target so he can gain his bonus, but this is not how life goes and I will try and show it to you.

So, let's go back to the main question: "what do we need economics for?" Economics has three main aims: the first one is to use all the available resources well, without wasting them; the second is creating affluence by using these resources, affluence for Man and an integral development for Man, not just material; the third main aim of economics is to distribute the richness which has been created in the best possible way and quickly. Therefore, the first warning and blame goes straight away to pauperists, because there's no point in them saying richness is the devil's dung and that richness is bad for Man and ethics. If you don't create richness you can't distribute richness. In order to distribute richness to those who need it, some fool must have invented it, so this fool isn't that fool after all, maybe he deserves more than all the others who moan.

Yet today, in 2010, if we look at economics and at the results of the last 20/30 years, can we say these targets have been reached? The answer is no. And I'm not the only one saying this, even Pope Benedict 16th says it in his encyclical. The three main targets of economics have not been reached, And why haven't they been reached? I'm doing some marketing to the encyclical, because the encyclical is the greatest manual of economic issues of the last 30 years and a perspective of solutions for the forthcoming years. In the first and second chapter it says: why haven't these results been reached? And the answer that pervades the entire encyclical, and it is the truth, is the following: because economics gained moral autonomy, and what is moral autonomy? It's the incapacity to distinguish between ends and means, economy is a means, if economy doesn't have an end it becomes the end itself and this is a disaster for Man.

Don't be astonished, don't look at me wrong, I'm here to talk about ethics and since I'm here to talk about ethics and I like speaking about ethics in a tangible way (because catholic ethics is the most rational ethics I know) I am obviously doing some marketing to the things I believe in. The current crisis confirms the fact economics gained moral autonomy, therefore economics is no longer referred to aims related to Man's development and improvement and therefore of the instrument.

When does this crisis begin? All the people who will follow me from today to after tomorrow, when asked this question will tell you that the crisis is caused by the bankers' greed, by the stupidity of many politicians, by the bad use of financial resources from the systems, but this is not true. Why would the banks have to blow up the debts? Why would they have to reach the excess of financing subprime mortgage loans? Why have the bankers and financiers been free for the last 15 years to use extremely sophisticated banking and financial systems they themselves didn't know how they started and developed? Why?

The answer is: because they had to use all the possible instruments to support a GDP which was not growing. And why was the GDP not growing in the western world? Because, whether you like it or not, in the years from 1975 to 1985 the western world stopped having children. And the population's zero growth, i.e. the exchange rate – and I'm not being moral, I'm speaking as an

economist -100,000 people produce an effect, and the GDP only grows if each person consumes more. If the population doesn't grow then there is no economic growth, unless every person that makes up the social economic structure of society doesn't increase its consumptions, so if people don't grow, the growth of the GDP is exclusively tied to the increase in consumptions. But this is not all.

Because the structure of the population changes, less young people who work, produce, marry, have children, and more elderly retiring, and more elderly retiring means an increase in fixed costs and if these fixed costs increase, by how much do they increase? It will be in relation to the population's decrease, or of how much it doesn't increase. So go and have a look at the old curves, the ones forgotten by economists where you can see: zero population growth, increase in fixed costs and taxes increase. In 1975 tax burden on the GDP in Italy was 25%, in '95 it went up to 35%, in 2005 to 45% and now we may be over 50%. How do you compensate the growth collapse? With two instruments: productivity and delocalisation. However, productivity is like a man doing overtime work, it has a limit. Delocalisation is like a man who tells his wife "from now on don't go shopping at the boutique, go to the supermarket". And this too has a limit.

The only two Schumpeterian attempts we have used in the past 25 years to compensate the phenomenon I just described are: greater productivity and delocalization. Where delocalization means we transferred capitals, technologies, know-how, people, capacity in Asia and we have imported goods at half the price, this increased our purchase power, we created richness, value and positive economic cycle in the entire Asia, 3 billion people almost at the end, and we've been good but we haven't set – and this is the main point – the western populations haven't defined an economic-industrial strategy for themselves. We divided the world in two: producing but not consuming countries and consuming but not producing countries, and this doesn't stand up. But that's not all we've done, we've divided Man in 3 dimensions. The economic Man is made of three dimensions, each one of us is a person who produces, works and owns a wage, then we're people who spend their wages and consume and finally, if we manage to save, we invest. Therefore each one of us as an economic dimension is made of three economic dimensions: producer, consumer and investor.

The collapse of the western world at the moment derives from the fact the economic Man is currently divided in 3 parts, and these 3 parts are no longer compatible, they are in conflict. Because, I work in company A but I don't buy the products made by company A, thanks to the global market I buy products competing with that company and so I invest in company B because it gives me more returns...after 3 years, company A closes down. And I lose my job, which is what is happening today almost everywhere, and the first one who showed it is Marchionne in Fiat, recently. Is man divided in 3 sustainable? No, it isn't, so we must solve this issue quickly. As I was saying before, after trying with productivity and delocalisation we entered debt-driven growth, GDP was not growing and the western world needed high growth and not just to guarantee expenditures, think of what happened after September 11th 2001, and how the American budget for Defence grew again and to compensate this they had to make the GDP rise. Who tells me subprimes weren't an attempt to correct the growth of the need for the GDP to rise to support all this? And if a country in the western world grows by 3% per year while an Asian country grows by 13% per year, the GDP's double growth increases proportionately, and geo-politically speaking, a big country like the USA, for example, cannot allow another country after 10 years to have a global GDP – and consequently power – which is higher than its own. The growth of the GDP is a competitive trend, so what is the final compensation? The debt-driven one. I want to show you what debt-driven growth has meant.

1998-2008. The source is the analysis made by the Boston Consulting Group which I imagine you all know. In 1998, so 12 years ago, the weight of the American families' debt on the GDP was 68%. 10 years after, it rose to 96%. What does this mean? That American families run into debt by 28

GDP percentage points, allowing a 28 points GDP growth just with their debts. If we divide 28 by 10 we get 2.8% of annual average growth of the American GDP, on 3.2% which has been the declared average. Therefore, almost 85% of the GDP's growth in this period of time is ascribable exclusively to families' debts. Did you know this? Maybe you did, but they have to be valued with this precision. The growth of the GDP over the last 10-12 years in the USA is ascribable to this, and now I'll show you another curve.

When we normally speak about debt, everyone thinks of public debt. But this isn't true, somebody always bluffs when using data and statistics, what counts is a system's debt, and what is the debt of a system? It's the public debt, the families' private debt, the industrial system's debt (i.e. industries' debt) and the debts of the financing banks. This expresses a system's debt. Well, over the last 12 years the debts of the Italian and American systems, which in terms of pure numbers, as percentage, are more or less equal (allow me a 2-3% approximate variation, more or less), range from the 200% of 1998 to the 300% of year 2008. Which means that the system's total debt, i.e. public, private, companies and finance in '98 on the GDP was 200%: 2 times more than the GDP, today it is 3 times the GDP, i.e. the system's debt has grown by 50%. And it's what we in our third part (the one of savers) are all paying, we have zero interests on our savings, and where do the zero savings on our interests go? They end up supporting the growth of the debt of those who run into debts. Otherwise the governments, the families, the banks and the industries would not be able to hold a market price debt. This is a transfer of richness.

You know better than me what this practically means, and what impact it will have on the stability of the economic systems if it lasts too long, especially in countries which are rich in savings as we are in Europe, especially in Italy. I'll just give you an example of the difference which explains to what extent this distinction is important. You see, for example, that on the 300% in Italy, the public debt is worth approximately 33-34%, so 100 on 300%, in the USA instead the public debt is low, it's half the one we have in Italy but the families' debt is the same percentage of the public debt in Italy, why? Because over there, those who supported the GDP were the families, with the debt, in Europe, in Italy, we have public debt. Do you realize now that the reaction to solve the problem has been totally different? They can no longer use the families' debts, so consumptions, we can no longer use the public debt, so we transfer public debt into zero interest private debt and they have to do the opposite, they have to make public, nationalise the families' debt. Is it clear? But what does this mean? It means two totally different exit strategies, opposite and probably in conflict.

This is very interesting. In the end, in 2008 somebody found out, after making some calculations, that the hole of the system's estimated losses amounted to €50 trillion, the bank's write offs-have been estimated to 10%, the capital increase another 5-6%, the hole we still know very little of is worth 43 trillion, and the question is: "where are they?", "where will they be in the system?". So, this is a carefullness index, so we don't exactly know where we could end up.

Today, we are in a phase which all economists and bankers call "of necessary deleveraging", deflation, we have to deflate this debt which has been created and we don't know how to. The doctrines say there are four ways. The first one is called "default": Argentina model, and don't think no one has still thought about it. The second is called "bubble": here too, pointless to tell you, don't think no one is thinking about new bubbles. The third one is called "inflation", and we are pretty good at this, we did this two times already, inflation deflates the debt. This will never happen until Tremonti is here. The fourth one is called "austerity". Everyone talks about austerity but I believe very few have really thought about what austerity is. What's happening now is that governments are investing in infrastructures, as in Keynes's theory, when governments can afford to do so in an intelligent way, we are going back to making these types of investment. Austerity means we have to tighten our belts for five years, we have to forget we earned what we've earned and having

valuables, assets we thought we had, we will have to reorganise them by a 30-40%. I know nobody will like this, people touch wood, but I'm sorry for you.

Yet, why did all this happen? It's because for 20 years we've seen a lot of bluffing and we didn't say anything, we were pleased, somebody even got rich and in any case, nobody blamed anybody, until these last days, when everyone's saying "ah...they're all thieves!" Personally, I don't think so, and I'm ready to start a debate on this. This is demonstrated by the fact George Bush, at the last G8 he participated to, said: "We were wrong and I take up my responsibilities, we lived to higher standards than we could afford". And he implicitly admitted he perfectly knew there was a lot of bluffing, when he had to aid the two famous agencies Freddie Mac and Fannie Mae, which had been established to support the banks in case they collapsed after granting subprimes.

So from the ethical point of view you may well say, "ok, now you've bragged us and said all this is related to the fact we didn't have children, so what does this mean, that we have to keep on having children? To support the world? Well, maybe not. But if you think of it in Cartesian terms, you cannot invent economic growth if there isn't a growth in population. Because the sole growth in consumption has an indecency limit and we can't use debt-driven growth and so what is the consequence of the non-growth of the western world population? That we have to tighten our belts before, we have to tighten the belt today for what we've done over the last 20 years, we have to be satisfied with little. Less GDP is produced, less investments are made, less investments in technologies and research, taxes will increase, investments will be reduced, financial assets values will collapse, the poorest countries will not be helped because there will be no money to do so. Look at the Abruzzo problem...there won't be any money to help Abruzzo. It's unavoidable, mathematical, we have to meditate on this point.

The western world, the one that some time ago was called the "Economic triad": USA and Canada, Europe and Japan stopped making children and destroyed half humankind, from the economic point of view, it is unavoidable. And it's pointless to say "it's a moral problem", it may well be a moral problem, somebody did not have children for selfish reasons, but this immediately became a material problem we don't manage coming out from.

Conclusion: can you do economics and finance and ignore ethics? You can make profits also thanks to speculation, corruption and all the rest. Richness can also be created doing bad things, but is this sustainable? The other day I found myself in a debate with a very famous sociologist, he said a new form of capitalism is rising, a mix of geopolitical change, especially Asian etc. Because evidently, if Asia and India will have 50% of the GDP in 10 years time they will not just export shirts and computers, they will export cultural values, we can understand this and it might also be a good thing because given the nihilism that's reigning in Europe probably an injection of new meditations could be a good thing, and I say could..

But the question is: is it true capitalism will change for this reason? Personally, I believe over the last 20 years capitalism has already been adequately mined, the figure of the entrepreneur is over, finance has been de-naturalised, in the sense that it has been used as a means for growth completely regardless of its fundamentals. The governments themselves made plans completely ignoring the real growth of the GDP, stock exchanges have increasingly become systems for the creation of unbearable value, the famous shareholder value – I've worked for many years in McKinsey until 1984 and I saw the birth of the idea of shareholder value and completely de-naturalised from the way it has been used.

So, as an economist, said few years ago capitalism has ended because the creation of richness today is not in the hands of those with the real entrepreneurial skills, of those who can take risks and create something big and sustainable in time, richness is in the hands of too many idiots, who become a negative benchmark for the others and for the new generations. If this is true, and it gives

me the shivers, there is only one way to take the reins of the economic systems back, and it's by remembering there is no such thing as ethic economics, ethic banks don't exist, ethic funds don't exist, what exists is man who gives moral sense to his actions.

And so playing on words and saying we have to change economic models is pointless, we have to change the form of capitalism, gentlemen, we have to change Man, after 30 years of nihilism where Man has completely lost his sense of direction, he has no more references, neither moral nor ethical, how can we think we can go on saying to the world "we need more ethics", who gives us ethics? Who do you give ethics to? Regulations? You perfectly know that regulations can be overcome, they can be bypassed, it's not regulations which make the world ethical, it's Man who gives sense to what he does, and to give sense to what he does he must believe in something, this is why I repeat, Pope Benedict's encyclical is the greatest manual to make economy grow again. Let me finish with a word, if Man lost the sense of life and the sense to give to his own actions, it's because there's a lot of responsibility in many priests who instead of teaching doctrine over the last few years, taught politics and sociology.

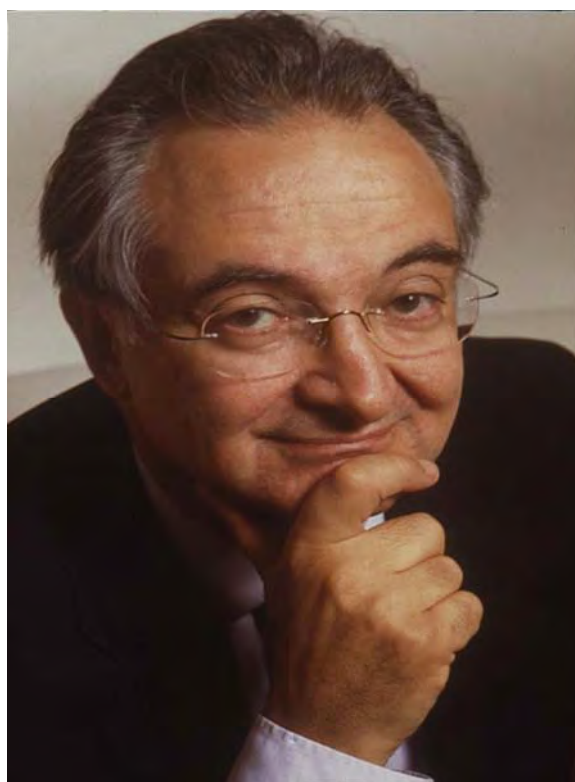
Thank you.

France, Presentation: The Future Ahead

*by Jacques Attali, President of Planet Finance,
Economist and Writer, former President of European
Bank for Reconstruction and Development*

Presentation given at the IAFEI World Congress, Rome, Italy, October 14, 2010

The world renowned economist who authored *A Brief History of the Future* shares his insights into the possible and probable future transformations of the economic systems



I'm very happy to be with you today and to think about what could be a way of thinking the future. I know how difficult it is to think about the future because I try to do it since many years and I know that it's much easier to think about the future in 50 years than tomorrow because in 50 years not a lot of people will remember what we have said but tomorrow is more an urgent urge.

Let me tell you rapidly what I think are the most important trends of tomorrow compared to what we are doing today and let me then focus more on what Europe should think about.

When we try to think about the future in the book you just mentioned I tried to explain that there are ahead of us five different waves that will come one after the other or maybe simultaneously but I think one after the other, that will express the future.

Actually, I hate to think in more sceneries because when you think in more sceneries you can't be wrong, there's always one scenario which is right and therefore you don't take risks and I think that someone who dares to make forecasts should take risks such as explaining really what he thinks the future will be.

Rapidly, the 5 waves of future are coming one after the other.

The 1st one is the relative decline of the US power, which is of course already difficult to speak when so many people are speaking with me. First wave is relative decline of the American power, and this relative decline is now working, relative decline does not mean absolute decline but simply means that the relative share of the American economy will be declining not only in terms of "sharing the pie" but in terms of political power and in terms of political influence.

And here in Rome we are more than elsewhere well placed to remember that the relative decline of an Empire can last for centuries. And that here in Rome we are well placed to remember that the relative decline of an Empire can even lead to the fact that this empire disappears but the followers of this empire swallow the most important rules of the deceased empire and use the same kind of rules and when the Roman empire disappeared in the fifth century actually the whole of the world, the so-called barbarians, became Roman.

Therefore, the relative decline of America in society, power, influence, doesn't mean that this decline will not last for centuries but the power of the American empire will not last for a lot of time and that even after the disappearance of the American empire this set of values that we have put in place will not be very important.

... So, first: decline of the American empire.

Second wave of future coming after, is a world of polycentric order: many countries ruling the world together, that's my first bet. I do not believe that any power will take control of the world after the US. In the past we have seen that there was a ruling country or a ruling city, ruling the world one after the other and the economic historians today agree that there were cities ruling the world one after the other the first one being in the Flanders, then Venetia then again in the Flanders then Genova, then Amsterdam, London, Boston, New York and California as a ruling economic and politic scene of the world.

My bet is that no one will replace the US as THE leader of the world, and if you want to make a list of the potential leaders you will see that no one except (and I will come back to that) Europe as a union can do it, China will never wish or will to become the leader of the world, as it has never been in the Chinese culture to be a universal power, an imperialist power and it will not be, and there are so many parts of the country which are in middle age that we have a huge problem to face before anything like that can...India of course not and no one else.

Therefore, we enter in a very dangerous period where after the decline of the American power there will be a lot of... many poles. I think between 10 and 15 that I can name will share the power, and it is a very very dangerous moment because we are then at a moment where no one is leading, where the formal leader is hated as always. When a leader becomes weak that's the moment where it is attacked, you don't attack someone who is strong, when he becomes weak then you attack and then that's a very dangerous moment which is happening.

After that, the 3rd wave could be/should be/will be, if we don't try to avoid it, not the replacement of a world leader of the US, not even the ruling by group will be... the G20 or whatever and I will come back to G20 and the hypocrisy in a minute, but to the fact that in absence of governance we'll have simply the market governing the world. Nations fading, as will power, and the market becoming the real leader of the world: financial markets, economic markets, whatever, all the markets will be stronger, are now, even in a certain sense, much stronger than states in order to impose the rules of the game and impose the different set of values.

After that, I think, the 4th wave will be that the world will become a global market without a global government is unbearable and unsustainable because market without rule of law creates such instability that it's unbearable, it creates a lot of inequalities, it creates development of illegal activities by lack of governances and we have an example of that, we have an example of a country with free market without governance which is Somalia, kingdom of drug lords, warlords and whatsoever. And actually the 4th wave of the future if we don't act seriously to avoid it, will be a global market without a global rule or law, maybe a "Somalisation" of the planet.

That's exactly where we are moving. That of course will lead to a 5th wave, I said: the decline of the American empire; a government by 10/15 nations; global market; global war as we see in Somalia, global war of warlords of different kinds. And after that or before, I'm sure we'll see a period of global governance put in place either before the war or after the war as we have seen after the 1st and 2nd world war.

These are the main phases, we are just at the beginning of the first of these 5 waves, just at the beginning of the decline, relative decline of the American empire and we see that with many many instances, we see that with many different characteristics, we see that with the amazing decline of the American financial strike this year, we see it in the decline of innovation, we see this in terms of relative power of GDP, population etc. that doesn't mean an absolute decline, as I said. The American army is still larger than the total of the 11 armies following, the American army, the capacity of innovation, of attracting the talent of the rest of the world is still amazing, very important, that doesn't mean an absolute decline, but a relative decline.

The financial crisis we are in, as it has been said before me, I think is a sign of that, because as always in the past when a core of the world one of the 9 core I just mentioned before the us begins to be exhausted the will to react or to try to survive is to borrow. You borrow. Just wait for the future and hope that something will happen, and actually as we are in Rome, here we are at the centre of one of the most important doctrines of the world, which is having and still waiting for the Messiah. In the US where there's a kind of childish version of the messiah, and a more free ideology we see in the Western movies. In the Westerns you have the cowboys and you have the Indians. The cowboys are attacked by the Indians and at the end of the movie the cavalry is coming and the cavalry is saving the Indians, it's a kind of childish version of the Messiah and it's exactly what is happening in the financial crisis.

Everybody's waiting for the Messiah to come, or for the cavalry to come. Then of course we are not going to be bankrupt, something will happen, we will be saved and that will not be forever and actually it was true. Very often in the past. In the US through technology or through war, something happened and it's exactly where we are in the crisis, everybody believes (in Italy, in France, in Europe, in the US) that the crisis is not forever but something will save us. Actually when you look at the past it's not always true. At the end of the game, cavalry does not come, and it's the end. Actually we use cavalry in banking term, we use cavalry in order to postpone a debt, with another meaning, different languages.

But that's only hiding the fact that the western countries are declining globally, in relative terms and that we don't put in place any solution to our problem. If we look at the eve of the next twenty years from now, where are we after 2 years of financial crisis? Nowhere, no solution. Growth: 0 or 1%. After -5 or -6, which means that if you have -6 +1 you are still -4 or -5, don't forget that. Second, in terms of global regulations, capital ratio of banks are still very fragile, no agreement between Europe and the US in terms of regulations, we only have began to transfer the private debt of the banks to the public debts of the tax payers.

There's a slight beginning of deleveraging of the private sector, by a huge entry of leverage by the public sector and the figures are enormous and there's no solution at all. And as this doesn't trigger the engine of growth and if it's not real debt it's producing a lot of money and increasing them and euphemistic term of quantitativism which means producing banknotes and throw it away on the system. That's where we are, no growth, no real growth, no way out of the crisis for the moment.

From Japan which is diving in crisis, to US with a housing system which is revealing a system bankrupt, no increases in the salaries, no increase in the assets value, therefore the asset being the surrogate of the income to increase the revenue of the people, nothing therefore the system is blocked. And Europe is more blocked than the others because we are, as we all know, divided. Each one of us has its own debt we have 1,2,3,4,5 countries ruined. The Americans are kind enough to call some of our countries "big" but an American economist was fair enough to say that in the US there are 50 bigs which are the 50 states of the union and that we are all in a global debt without any real solution. That means that we are still waiting for governance but as I said, no governance by the rule is just beginning and not implemented, accounting rules are totally divided and contradictory, surveying rules are totally different, discussions about our banks too big to fail ... we see the Americans going in the directions that in the US they are too big to fail but out of the world they should fade while in continental Europe we say they should not fail...no agreement on nothing.

Except one thing: we have put in place a hiding process, called G20 and if you look at what the G20 is about, the G20 is a way to hide that the G8 is becoming a G2. Between US and China. That's exactly the real move of today, the centre of the world is moving from the Atlantic to the Pacific and the real governing body is the relation between China and Russia... I mean China and the US!!! The other countries are disappearing and the G20 is only a device to hide that. Of course, Europeans are more than half of the 20, which are actually 34 if you look at who is really having a chair at this meeting, which means nothing, but in term of decision-making process everything is decided between the US and China and both have interest in keeping this equilibrium. In America this equilibrium is badly needed to try to avoid too large unemployment and they need also this equilibrium in China in order to produce the money to financing the disequilibrium and reciprocally the Chinese need the American equilibrium to buy their products in order to avoid a political crisis. One avoids economic crisis the other avoids political crisis by this kind of consensus on disequilibrium.

That's where we are, but it's not a long lasting solution but it can last as long as we can wait for cavalry and cavalry can come, and cavalry can be either huge technical progress, something we don't know yet, or something we know (and we'll come back to that) or can be a huge inflation that

can in a certain sense not as in the past, wipe out the debt and organize a real way out of the crisis or a war as we have seen in the past, but this growing accumulation of unbalances in the US and in China, the two ruling nations, is of course not sustainable in the long term.

If I get back out of this system of the 5 waves...I would just say that when I try to predict the future I try to understand as it is for a company, for a nation, for the world as a whole? I always try to understand 5 parameters and I will urge you to think of these 4/5 parameters for a nation or for a country or for a group of nations, or for a company or even for a family.

1st parameter of course is demography and I heard talking a lot, it's absolutely crucial, it's the first one, the most easy to predict even if we make a lot of mistakes, and demography says a lot. It says for instance that in 30 years from now there will be more French than Germans, more Turkish than Russians, and that the only western country that will not lose population except France is the US, because of immigration. The only 2 countries having a real development are France and the US that's it. No one else. The others are declining and Italy is one of the worst, Italy is committing suicide, if I have only 1 advice to give to Italian politicians is family policy, family policy, family policy, demography...nothing else, the rest is bullshit, second best.

Demography is changing everything, is putting the world from 7 to 9 billion people in 30 yrs from now, is moving the world from less Chinese than Indians another reason why I believe more in the future of India than in the future of Russia, demography is also putting Africa in the first row on stage, Africa is more than 1 billion and will be more than 2 billion people in 40 years from now 2 billion will be our nightmare or our dream according to the way we behave with African nations and African system and of course we know another dimension which is migration. Today, 200 million people migrate in another country than the one they are born, only 3 million are students, it's amazing that only 3 million are foreign students around the world but this number is growing drastically. According to agreement of different thinkers we believe that we are going to more than one billion in 30 years from now for reasons I will come back to in a moment. Plus the fact that people are moving from rural areas to the cities, today half the population in the world is living in cities, in 30 years from now it will be more than 2 thirds and that also will drastically change the structure of the world population.

There is also another thing that's changing and it's the unbalances between men and women and that will also create a lot of problems, we'll have less women than men because of the traditions. A girl is considered as a cost while a boy is considered as an asset in many countries and because of new technologies, abortion or even murder of children is growing and forecasts are that 50 million

girls will be missed in India and more than 50 million girls in China in 30 years from now which will create a lot, as we have seen in Rome in the past, a lot of wars to get more women around. That is the most easy to forecast and on that forecast Japan, Korea and Europe are in a very gloomy environment, the worst will be in Russia, of course Italy is in terrible place and as we know it's not a matter of happiness, the rule is that the happier you are the more selfish you are and when you are selfish you don't have children. Selfishness is the core reason of the decline of demography and selfishness is linked to happiness, happier you are, the more selfish you are.

Second dimension is finance, if your finance is in place it works well and as I said finance is not in place but it's more a matter of governance than nothing else, the GDP of the world is something like 60-63 trillion \$, saving ratio is still very high in the world and we increase the capital of the world by 15 trillion a year which is enormous, then no problem of saving, no problem of finance, it's a problem of governance, get the savings through the system in order to finance better investments and avoid to use finance to finance speculation and not real investments, that's a problem of governance of finance today. The lack of governance today is pushing finance to finance finance and not to finance real investments and that's something that can kill the market economy, if finance is acting for itself and not as a useful way to channel funds for real innovations.

Third dimension: technology. We know quite well what's coming in terms of technology today. And we know quite well what's coming in technology in the next 15 years. Of course we can get out of this room and learn a new technology but we know that we are at a moment where we have never had so many technology called innovation ahead of us.

In the past, technology innovation was always linked to only 1 change, today we know we have at least 4/5/6 new innovation waves coming ahead. One is still IT and we can predict quite well what is happening with IT, computing, 3D, web procedure, semantic web with a lot of technology that are going to change all the different activities, service, banking, retails teaching health all that will change with IT devices and electronic devices which are linked that. We can predict that quite easily as it was easy to predict at the end of the 19th century telephone, airplane, cars and all that.

After that there is biotech, which is just beginning to enter into application and by the way for It and the other one what is very new is the fact that the implementations from technology to real products is shorter than ever. At the beginning of the 19th century it took 25 years as an average for one technology to come from the innovations place to the rest of the world, today it's less than 10 years. That means technology is spreading very rapidly and not only in the developed countries, biotech for animals, plants and for humans will change drastically and is already changing drastically. And

unfortunately Europe is not using it enough, there's not enough research and there's too much fear of innovation. Face this question: would you agree to launch a new innovation, that will change drastically the life of millions of people forever, but the cost would be: no. This technology is electricity. And I will give you 10 examples...when we launched the car we knew that it will kill hundreds of people, thousands a year? Would you do the Suez canal or the panama canal knowing that the Panama canal did 25000 death? No we will not, actually in Europe because we have a very low sense of the risk, the value of human life is very high which is good but the consequence in terms of capacity to take risk is very low.

Biotech, nano-science, which is not science fiction, which is transforming drastically today and nations which are not strongly involved in nanotechnologies are not going to be in place even in technology in vending sectors which in Italy are crucial such as textiles, housing, public works, a lot of things. Nanotechnology will be the core of the future in terms of materials, drugs industry etc. and unfortunately weapons. Neurosciences will change everything in terms of how we learn, how we teach, how we change health condition at the moment when each girl today has 1 chance out of 2 to live more than 1 century, illness linked to brain and neurosciences are vital and are going to change drastically a lot of things. Of course other technologies are appearing, energy saving technologies are of course very important: solar and new sources linked to new sources of energy, that means 5 fields of change that we know quite well and other may come, but there are at least 2 other dimensions if not 3 that we must take into account when we want to predict future.

One is culture, the second is ideology and the third is governance and this is true for individuals as well as for companies.

Culture.

As we said you can predict demography, there can be some mistakes but not a lot. You can predict technology, you can predict finance, you can even predict the war (as it was, unfortunately) but it was almost impossible to predict fascism, communism, nazism, it was worst, even more difficult to predict the change in music, more difficult to predict divorce, to predict the acceptance of gay marriage, more difficult to predict the change in art and all these changes are maybe more important than the changes in demography, technology and finance that I just mentioned. Therefore it's very important, if you want to understand the future, not only the rough dimension but also the cultural, ideological and governance and this is much more difficult. We try to predict these dimensions: culture, ideology and governance.

In terms of culture, when I try to predict culture since a very long time I always look to one dimension which is music, if you look at music you have a chance to understand what is happening to the future more than by looking at accounts. Music was the first industry to be produced on an assembly line, at the end of the 19th century, was the first industry to become digital and to have a fight between free and non free in the digital market, music is the first to have been really globalised, music is the first to become really the sign of the appearance of Africa on the world scene and I believe that if we look at music today what do we see? We see the birth of the global culture, we see the appearance of new instruments, new singers, we see a huge beginning of appeal to revolution. Look at what music is saying in Africa today, look at what music is saying in Latin America today, look at what music is saying in India, in China, you will hear revolution, something that is appealing to a real drastic change in your world. Of course it's also saying that people are willing to produce more music than to listen to music, if I were to bet on the industrial sector I would bet on musical instruments, which is doing amazingly well because people want to make music more than to listen to music. And new technology makes it possible to merge, we see that with DJs and with a lot of technology. That means a world where people make music by themselves, listen to their own music and not the music of others and be outraged by the society and not believe in the world. We see that also in the way people are not willing anymore to buy CDs but they are ready to pay a lot to attend to a concert.

What does that mean? That we are turning to a world where the only thing that has a real value is time. We can pay for going to a concert or going to a soccer match because it's a live event, we pay for time because it's the only scarce resource, nothing else is really scarce as time and we see that in the future that is going to change drastically. Live services are going to be the most important thing with real value. Entertainment but not only entertainment, many things linked to live events. A lot of other things can be said about music but time is short.

In terms of values, of course it's very difficult to predict. My own understanding of what is coming is the fact that the world has the possibility to choose many values, and if we look at the huge amounts of thousands of civilizations behind us there was a lot of values in those civilizations, there was immortality, solidarity, fraternity, individual freedom, collective freedom etc etc. the filter of time has led one value to become more important than any other else. And the word is: overwhelm, by the victory of one value: individual freedom. Each of us, we want to be free, individually free. Free to choose wherever we are, free to choose whatever we buy, who to vote for, free market, free democracy, individual freedom. Which is actually a wonderful fight, human rights is individual freedom but also largely an illusion: we are not free to be born elsewhere but where we are born,

not free to be born in another time, a lot of freedom is limited by that and also we have the limit of time life and we don't know our time life therefore our freedom is just an illusion we are free within the limits of the walls of our jail. But that's another issue.

Freedom is taking everything as a future, that means that one: free market is the future; second: free democracy is the future, it means that. On the long run China is becoming a democracy, it will happen, everyone will be free but on the contrary we can say that if the market is easy to implement, it's enough for a merchant to move, on the contrary democracy is more difficult to put in place, you need a common decision. And that's why we enter into a world where free individual victory leads to what? To selfishness, back to the question of demography, and selfishness is a consequence of individual freedom. "I want to be free" leads to the precariousness of contracts, "I don't care about the future I care only about myself, I don't care about the others", precariousness of marriages, precariousness of work, any kind of contracts and then lack of loyalty, "if I am free I have no reason to be loyal" that's why I see in the future also the birth of another value, which is beginning to appear, something that we may call altruism. Consider the fact that the happiness of the otherwise is important for me and I think that this is the beginning of new values that are happening, I see that for me music in the huge development of NGOs, people taking care of others even in terms of rational selfishness, a lot of people begin to have a rational interest in the happiness of the others.

It's what we may call rational altruism. As the last dimension of individualism and the first dimension of altruism. I have an interest if they're not ill so they don't transmit illness if they are not poor so they don't make a revolution etc. in the global world we have a lot of integration, rational altruism will be the beginning of real altruism maybe the of another governance of the world, another governance of companies.

That means a lot of things, that companies will have more difficulty to survive, more precariousness, that companies will only be able to survive if they are able to have a vision of the long terms, who they are, the identity they want to survive, more than products, more than their markets, values, competences, talents, capacity to understand the world, capacity to have a long term vision, stability of financing are the key condition of the future of companies as well as the future of each of us.

Thank you very much

USA, Presentation: Audaces Fortuna Iuvat

- A Nobel Prize Address:

Financial Crises and Their Consequences

*By Edward Prescott, Nobel Prize Winner for
Economics 2004, USA*

**Presentation given at the IAFEI World Congress, Rome, Italy, October 15,
2010**

Policy changes after financial crises are necessary. The quality of any such policy change affects the subsequent recovery or failure of the real economy.

The Nobel Prize Winner explores the cycles in government spending levels and in the related higher or lower level of the future taxation.



Please turn over

Financial Crisis and Their Consequences

Edward C. Prescott



A Financial Crisis is a Symptom not a Cause of Bad Economic Times

- Financial crises often lead to a policy regime change
- If change is good, good times happen
- If changes is bad, bad things happen
- If the reason for the current Not-So-Great Depression is not the financial Crisis, then what is it?
 - I will answer this question are listing some economics facts

Most of the World is Doing Well Economically

- Asia is booming
- South America is doing well
- Eastern, Central, and Northern Europe doing well
- Japan is growing at trend, but not regaining its lost decade of growth
- Even Africa is growing slightly above trend and in time will boom as Asia is now

**Most of the World is Doing Well
Economically**

But not the U.S. and Italy!

Not the U.S.

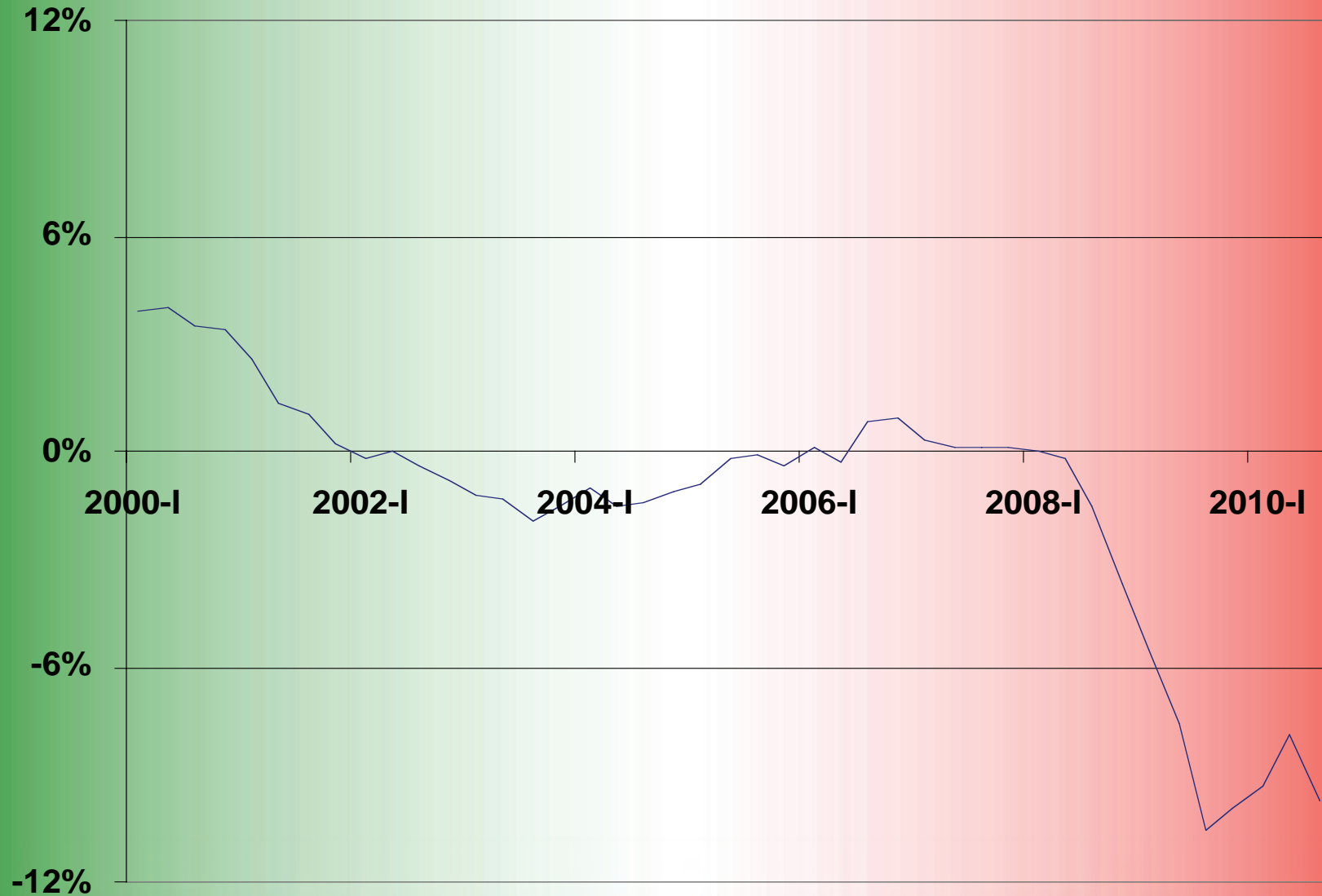
- U.S. is depressed 10% relative to trend and is not recovering
- I base this statement on a very good measure of economic activity

What is it?

Hours worked per adult

- First some results before explaining why it is the best measure

Percentage deviation Hours per Person 2008 Q1 = 0



Summary

- The U.S. economy began falling relative to trend in the 2008.II
- It stopped falling beginning 2009.IV
- Since then it has been depressed by 10%

There has been no recovery

There are Problems with the GDP Measure

- It is calculated using a limited amount of data that are subject to major revision as more data become available
- The big revisions necessitated by new census information come out three years after the census.

But, there is a bigger problem

The Big Problem

- GDP is *measured* output
- Output is GDP plus *unmeasured intangible investment*
- Unmeasured private investment is as big as measured private investment (McGrattan and Prescott, *American Economic Review*, 2010)
- And its inclusion changes the picture of the 1990s and almost surely the current Not-So-Great Depression

First, What is Intangible Investment?

- Some intangible investments are
 - Training workers
 - Spending on research and development
 - Developing a new brand
 - Building a customer base
 - Building an organization

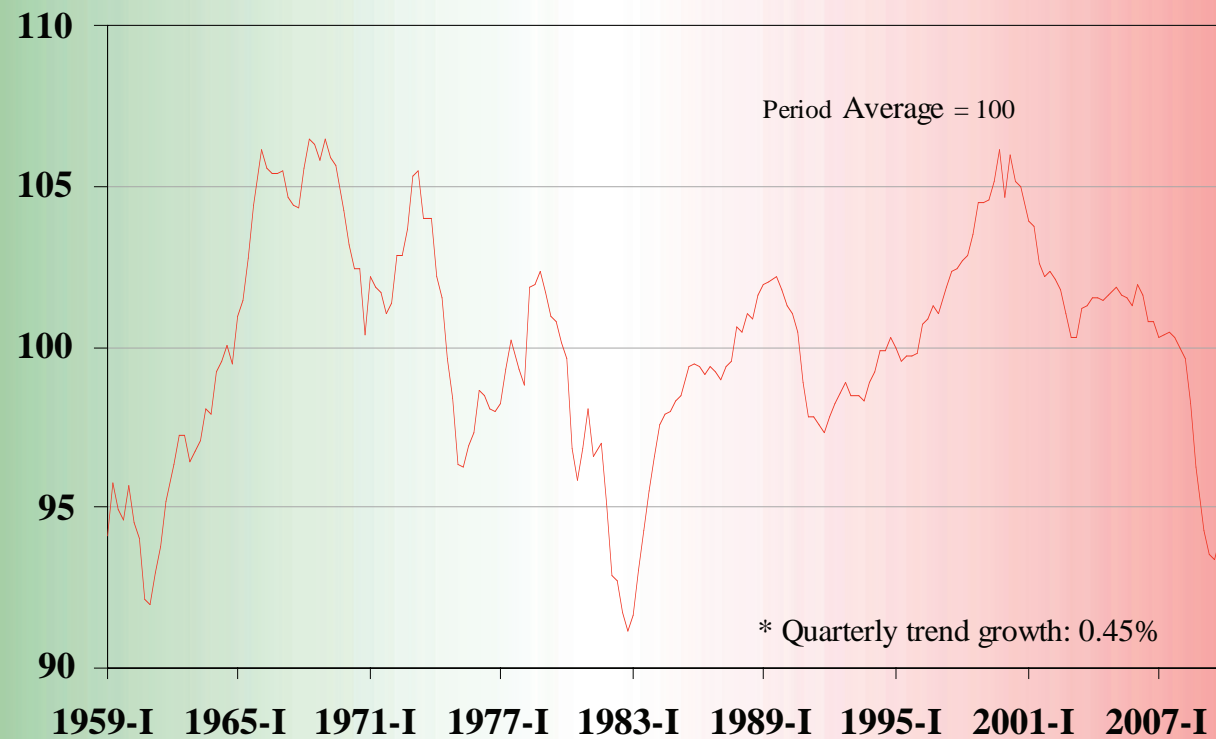
Including Intangible Capital Investment Can Change the Picture

- In the 1990s, detrended GDP increased modestly while market hours boomed
- The puzzle then was why were people working so much
- Everybody new the economy was booming, but the GDP numbers said it wasn't
- In fact, unmeasured intangible capital increased by a huge amount and what everyone new was true was indeed true
 - This is established in McGrattan and Prescott, 2010, *American Economic Journal: Macroeconomics*)

Business Cycle Theorist Know Why the U.S. Economy Has Fluctuated the Way it Has

- Let's look at post 1959 U.S. fluctuations, but first some comments
 - A 1.9% trend growth rate in living standards is used
 - These numbers are per person 15-64, which is my proxy for working-age population
 - A flat line is healthy trend growth with living standards doubling every generation
- The population and trend corrected GDP picture is

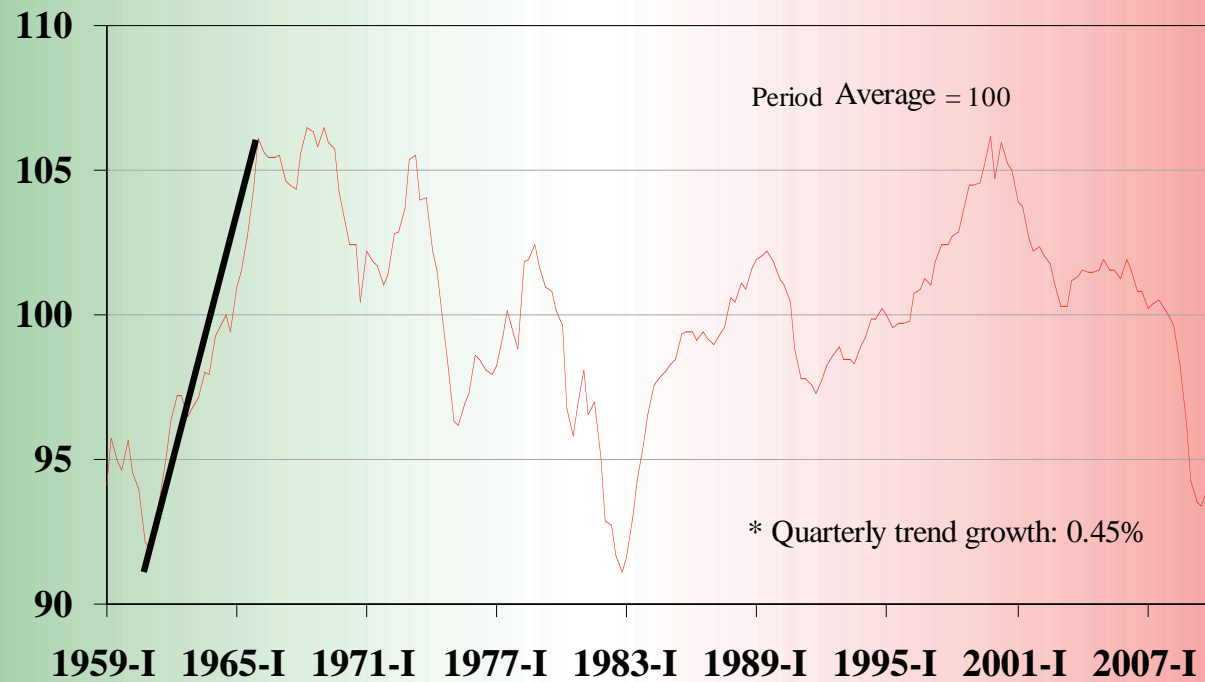
Detrended GDP per Person 16-64 1959-I to 2009-IV



We Know Why the U.S. Economy has Fluctuated the Way it Did

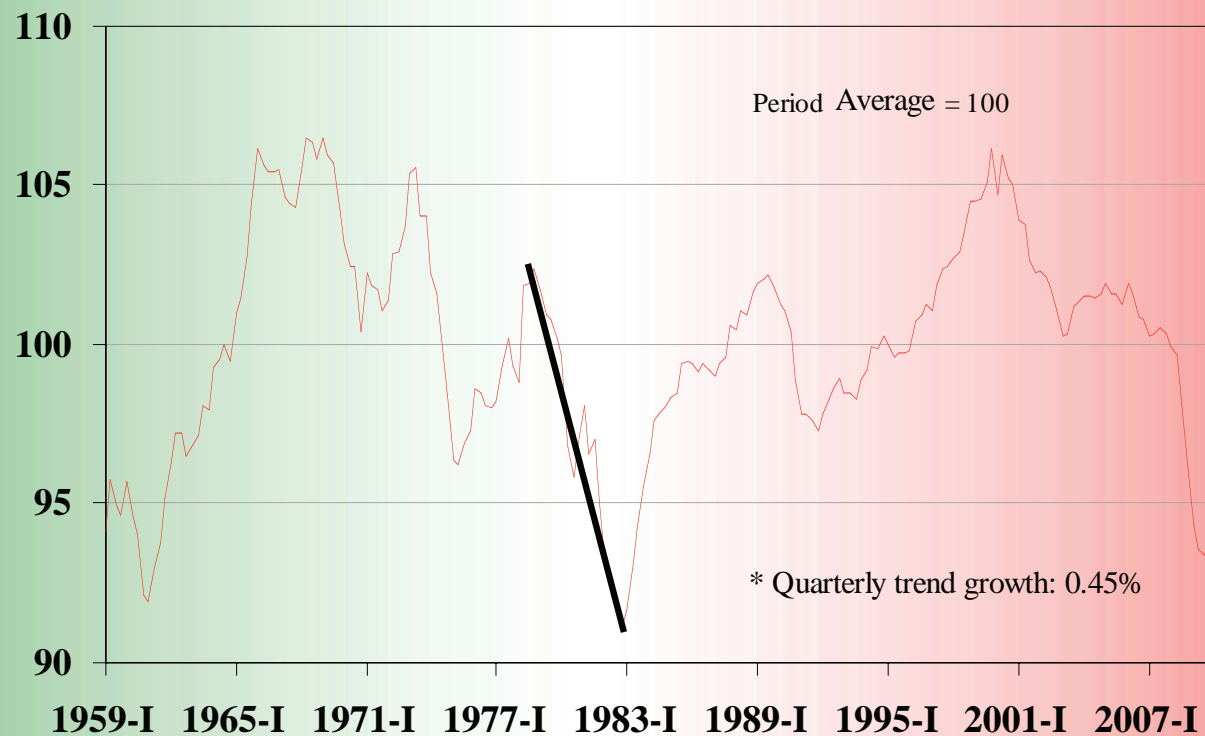
- Macro economics is a hard economic science and all the models say the same thing if restricted to be consistent with the growth facts and micro observations
- By the way, I listen to what the models say and not what the developers write in the introduction to their research papers

The Biggest Expansion Technology Advance Driven



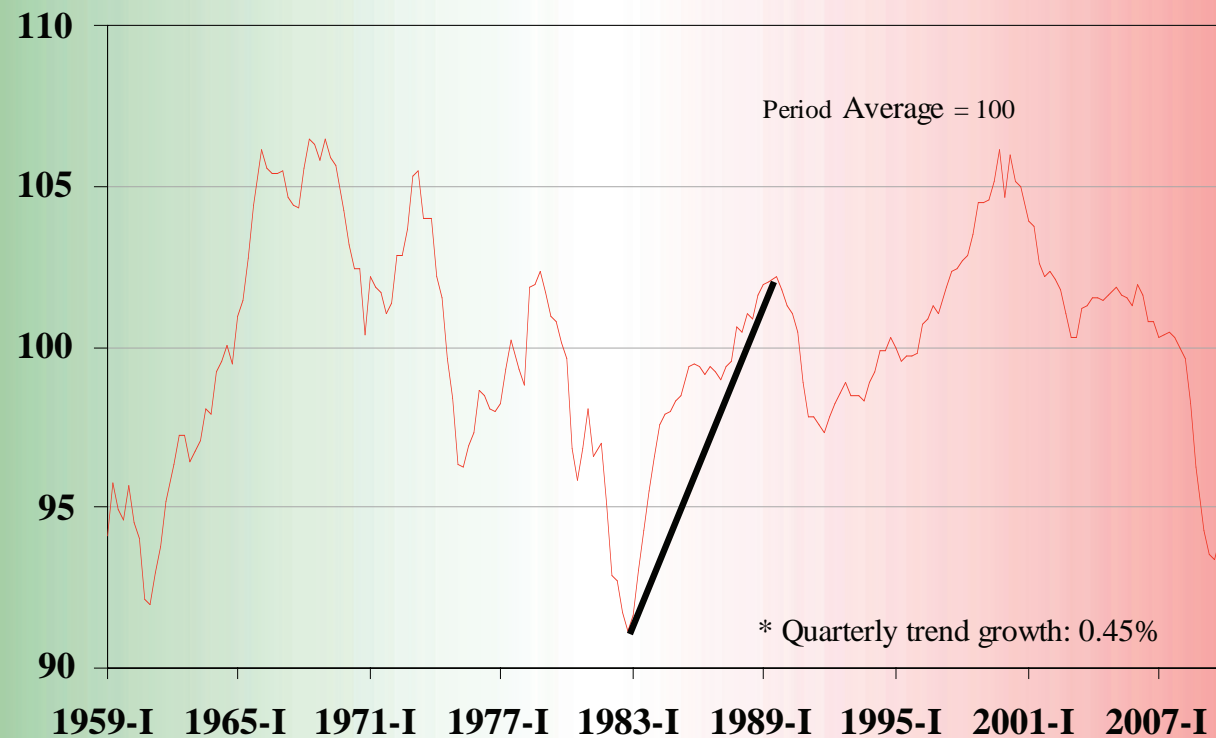
The Biggest Contraction

Tax Rate Increases and Low Productivity Growth

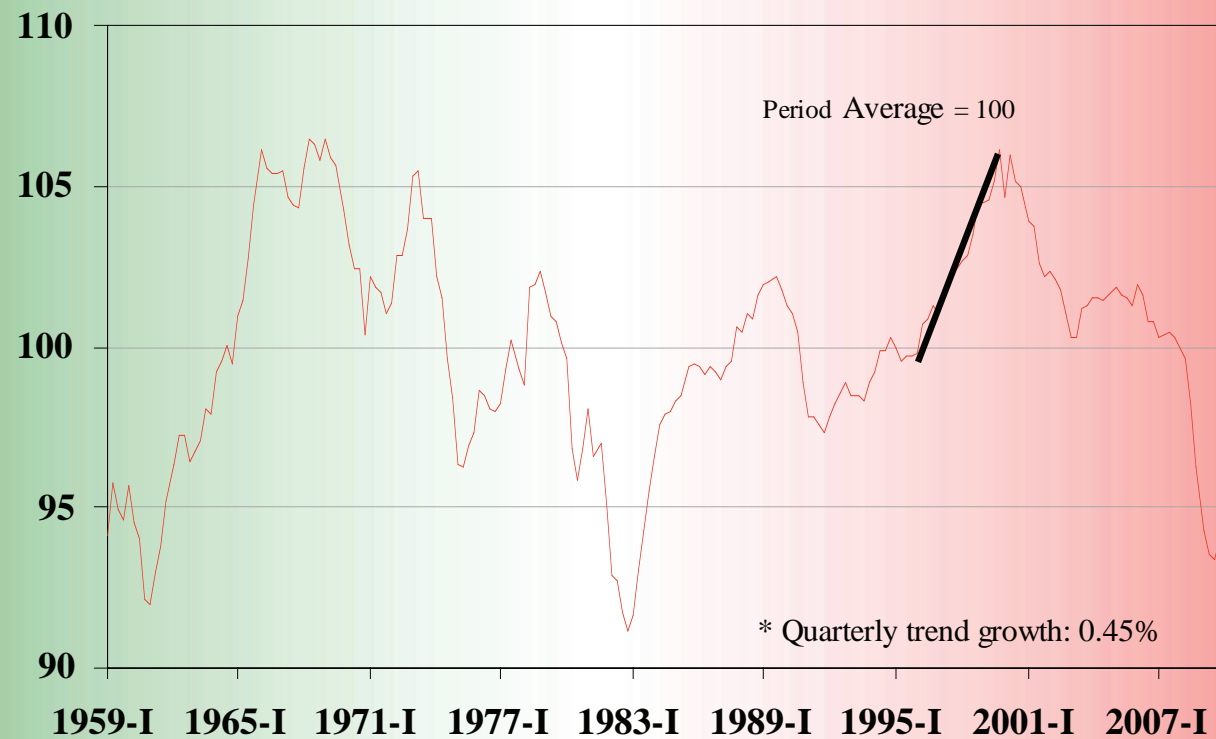


The Longest Expansion

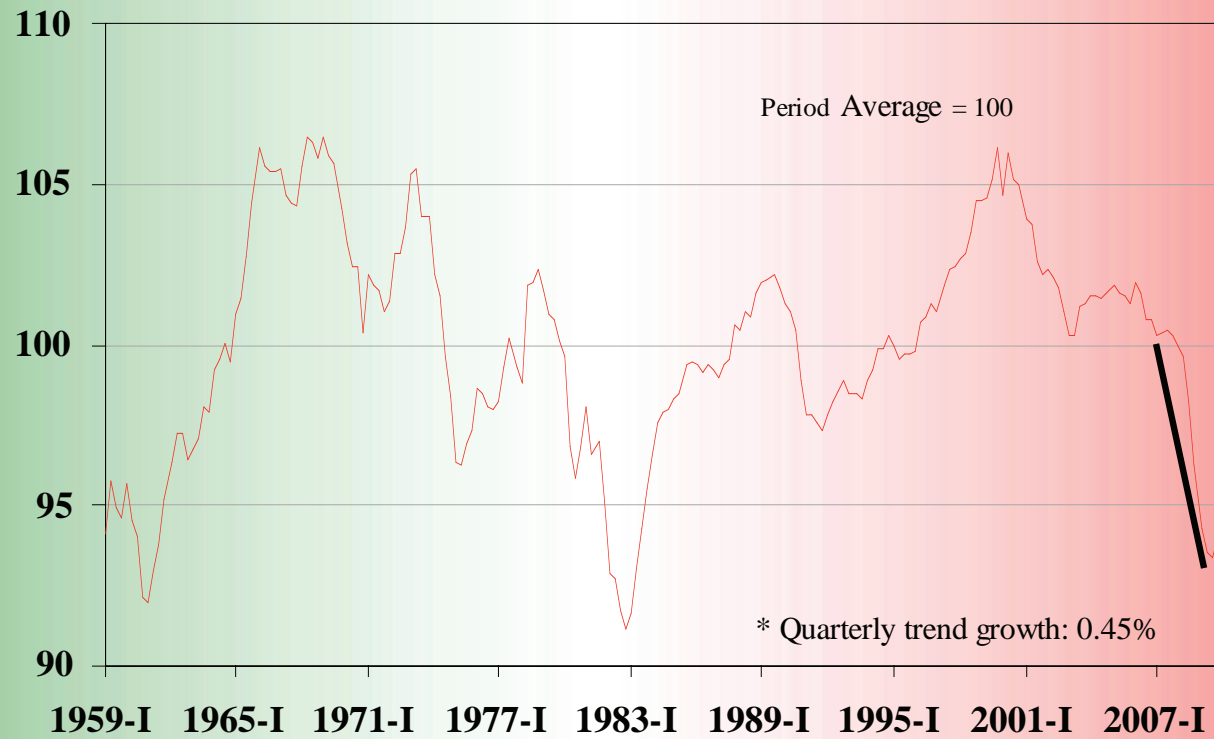
Tax Rate Cuts and Recovery of Productivity Growth



The 1990s Expansion High Tech Boom



Recent Contraction Expected Higher Tax Rate



Real Factors Account for Most of the Fluctuations; Not Financial Crises; Not Monetary Policy

- This is why I say financial crises per se do not depress the economy
- The Fed has been doing a good job of stabilizing inflation at a low level
- The Fed can not be blamed for bad economic times nor credited for good times

No Lack of Borrowing and Lending in Recent Years

- There is a large quantity of intermediated borrowing and lending between households
- Home mortgages are about a quarter of this quantity
- Note that the size of this borrowing is equal to the size of this lending

Liabilities of Households and of Nonfinancial Businesses They Own

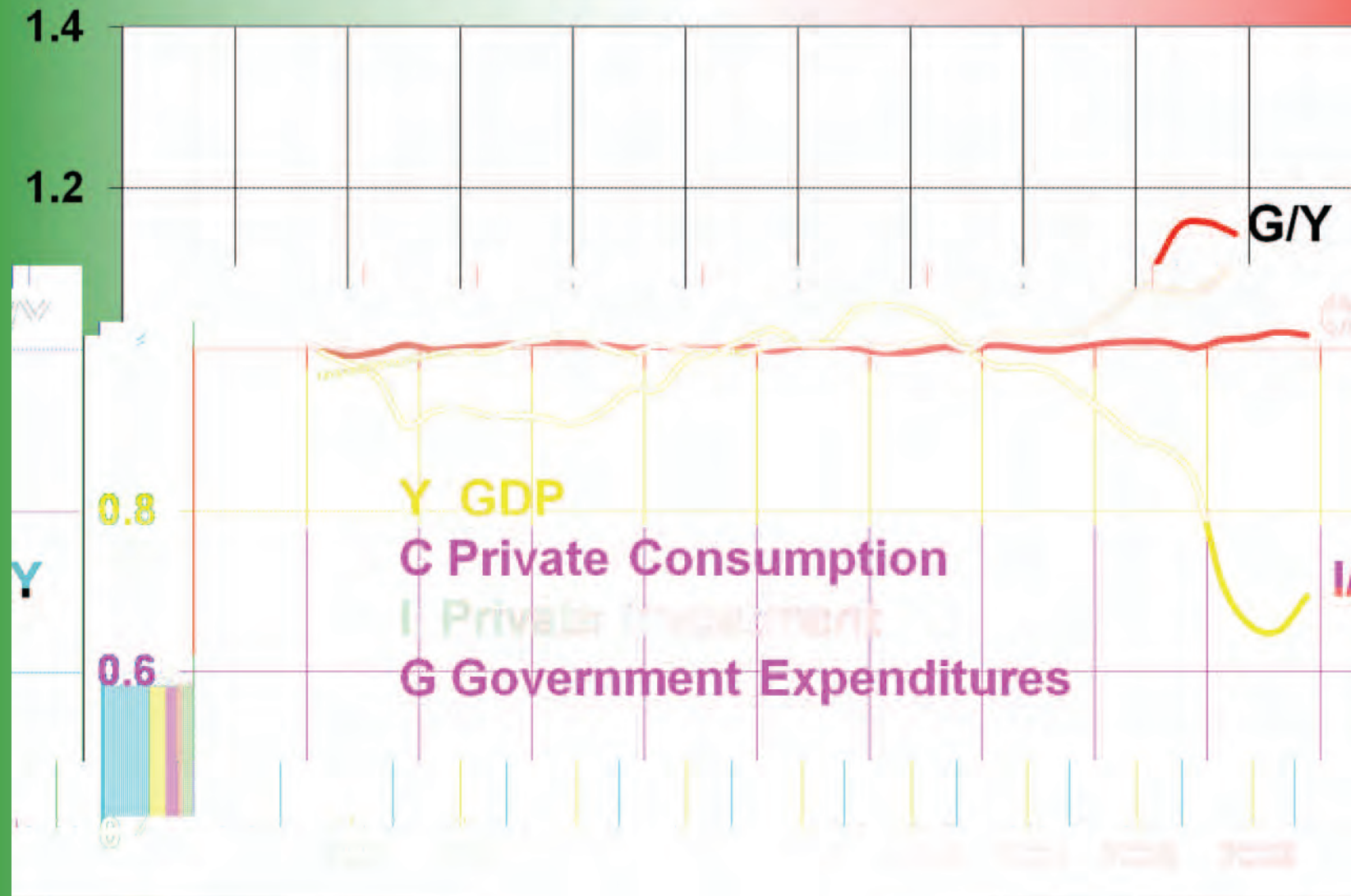
	End 2007	End 2008	End 2009
Total Liabilities (trillion US\$)	32.5	33.2	32.9
Composition Shares			
Mortgages	44.9%	44.4%	43.1%
Business Borrowing	38.3%	39.5%	39.3%
Other	16.8%	16.1%	17.6%

Source: Flow of Funds, March 11, 2010 Release, Tables L100 and L101

Then What Depressed the U.S. Economy?

- Fact: Investment suddenly became depressed in the last third of 2008 – Reason: a policy regime change
- Business owners **feared** higher tax rates with the regime change and
 - Rationally cut investment
 - Rationally cut employment
 - Rationally took more cash out of business
- Workers fearing job loss rationally cut auto buying

Private Investment Is Depressed (2006 Q4 = 1)



Fears Are Being Realized

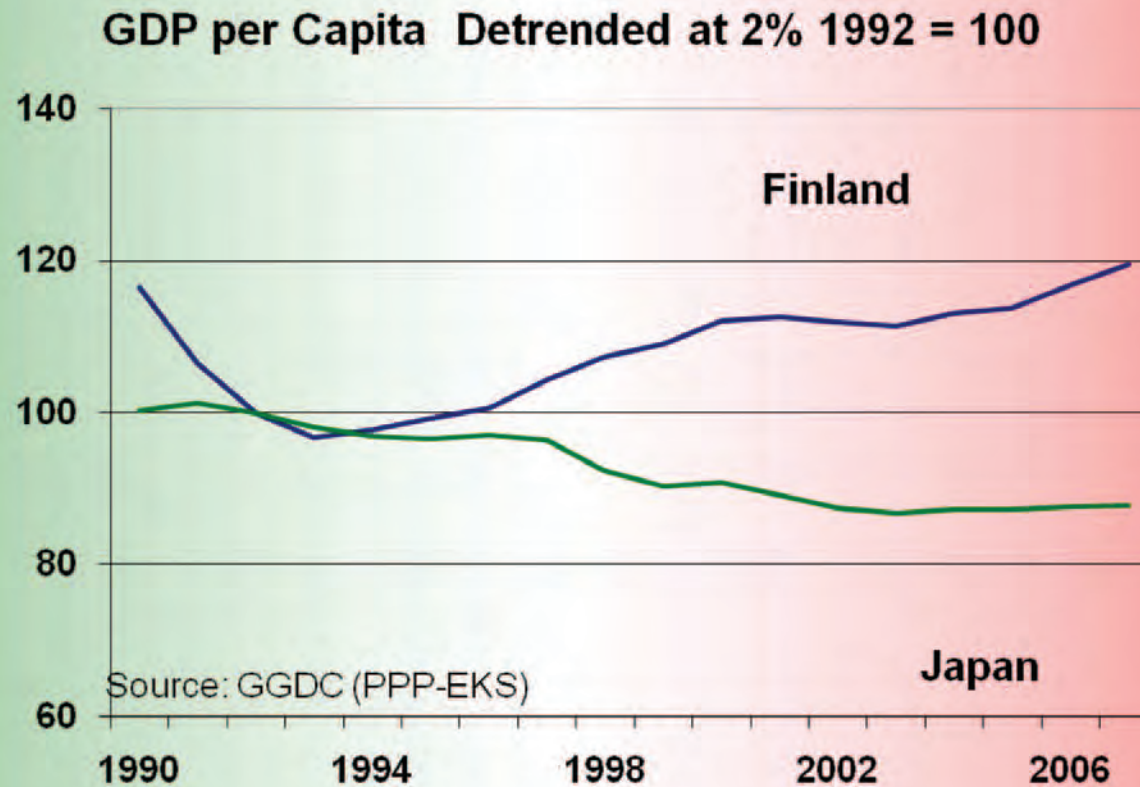
- Tax rates have been increased and will be increased more almost surely
- These tax increases lower amount of capital a firm chooses to have
- Reason for low investment is not problem of getting loans – it is expected future high tax rates and higher costs due to bad regulation

What Happened after Financial Crises?

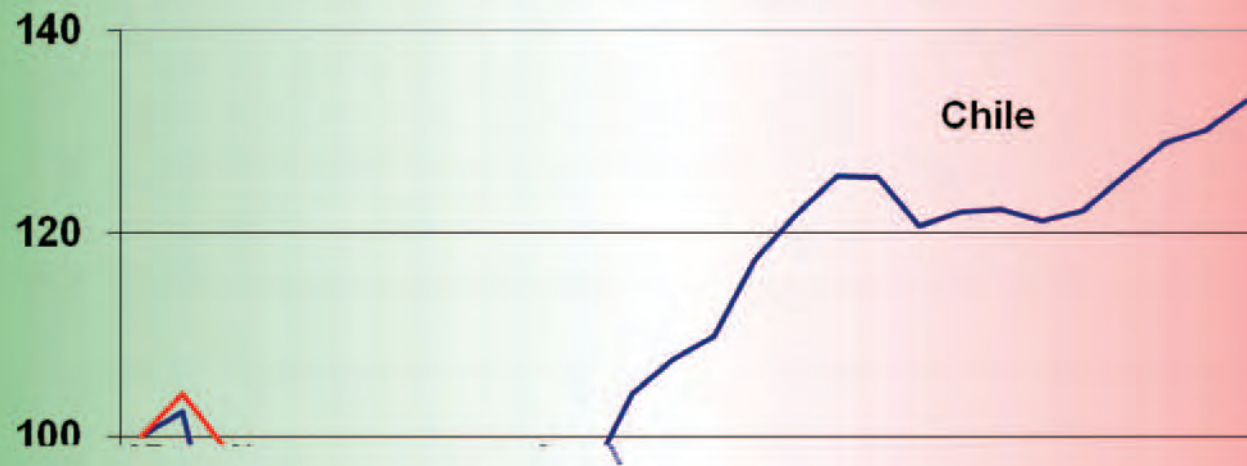
**Sometimes bad things
and
Sometimes good things**

Numbers are trend corrected so flat line is growing at trend

Experiences Differ after Financial Crises



GDP per Capita Detrended at 2% 1980 = 100



Now the Italian Economy

- The Italian economy is doing poorly.
- Hopefully, Italy will discuss its problems and come to a consensus as to the nature of the needed reforms.
- And then implement these reforms.

Now the Italian Economy

- The Italian economy is doing poorly.
- Hopefully, Italy will discuss the problems and come to a consensus as to the nature of the needed reforms.
- And then implement these reforms.
- **But is Italy ready to do this?**

The Italian Economy Today

- The Italian economy is doing poorly.
- And has been doing poorly for 15 years
- Italy lost a decade of growth due to very low productivity growth over the last 15 years
- I hope the U.S. does not follow in Italy's footsteps
- Japan in the 1992-2002 period lost a decade of growth (Hayashi and Prescott, RED, 2002) due to low productivity growth
 - While productivity grew at a healthy rate in tU.S. and EU

Italy's Problem Is Not a Shortage of Creative and Entrepreneurial People

- The problem is the business environment Italians face
- Given the right environment, businesses will grow the economy
- You don't want your entrepreneurs to flee the country and set up their operations elsewhere, as some are doing

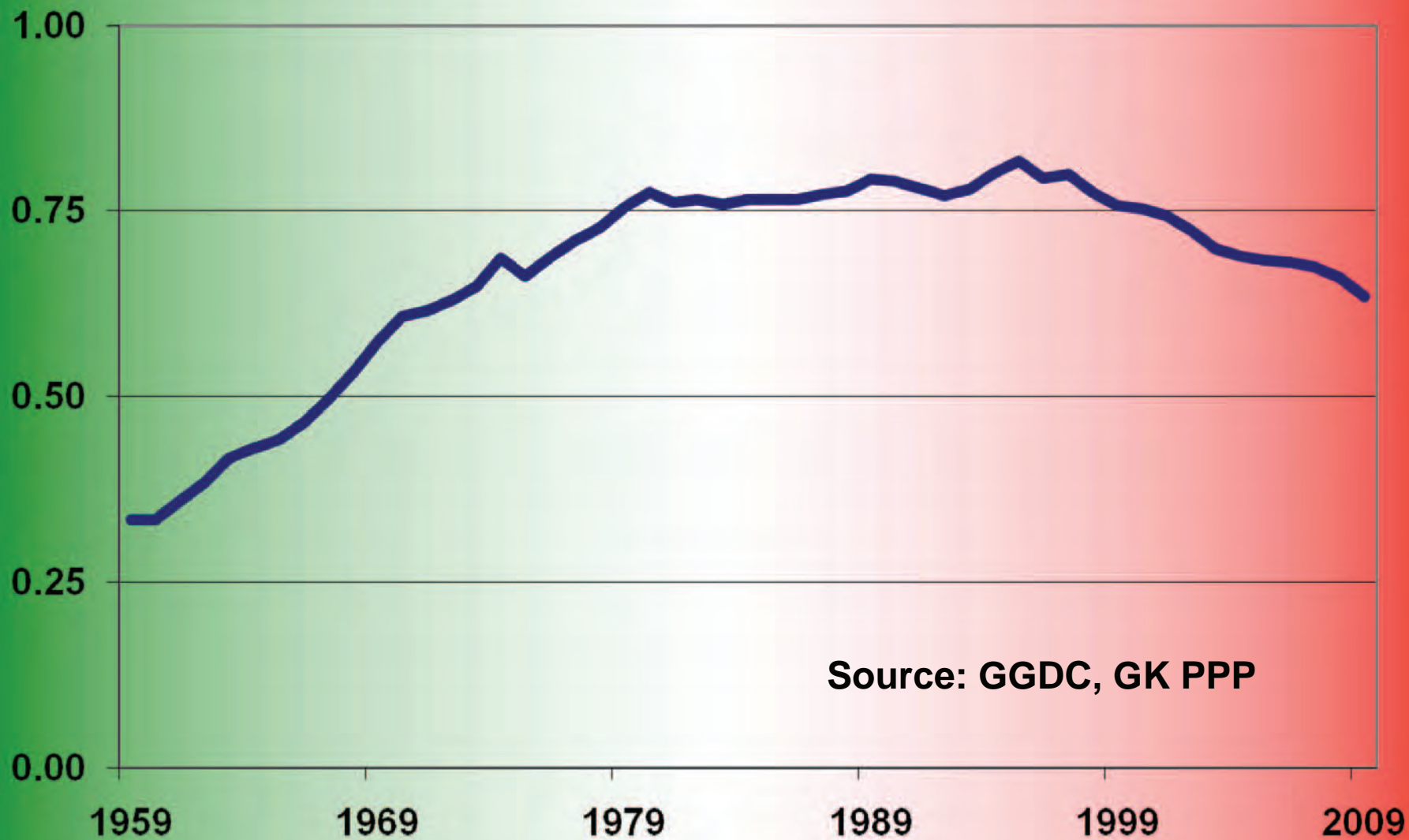
Italy Had a Productivity Growth Miracle

- Growth Miracle 1955-1995
 - From 40% as productive as the U.S., to over 80 percent as productive

Italian Productivity Trends Since the Postwar Period

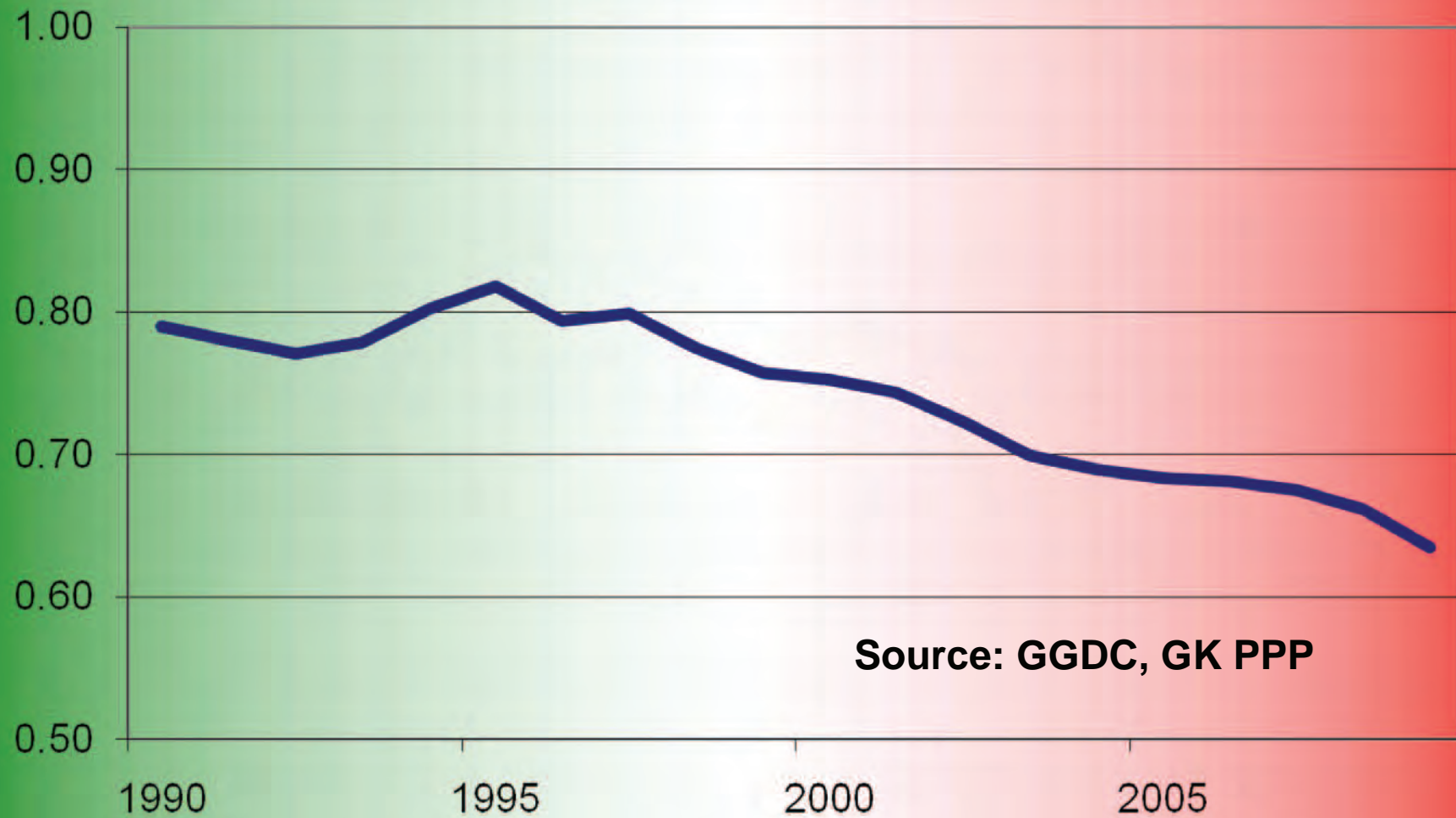
- But declined with respect to the U.S. after 1995
- Declined relative to the rest of the EU-15 after 1995

Italian Productivity relative to USA 1959-2009



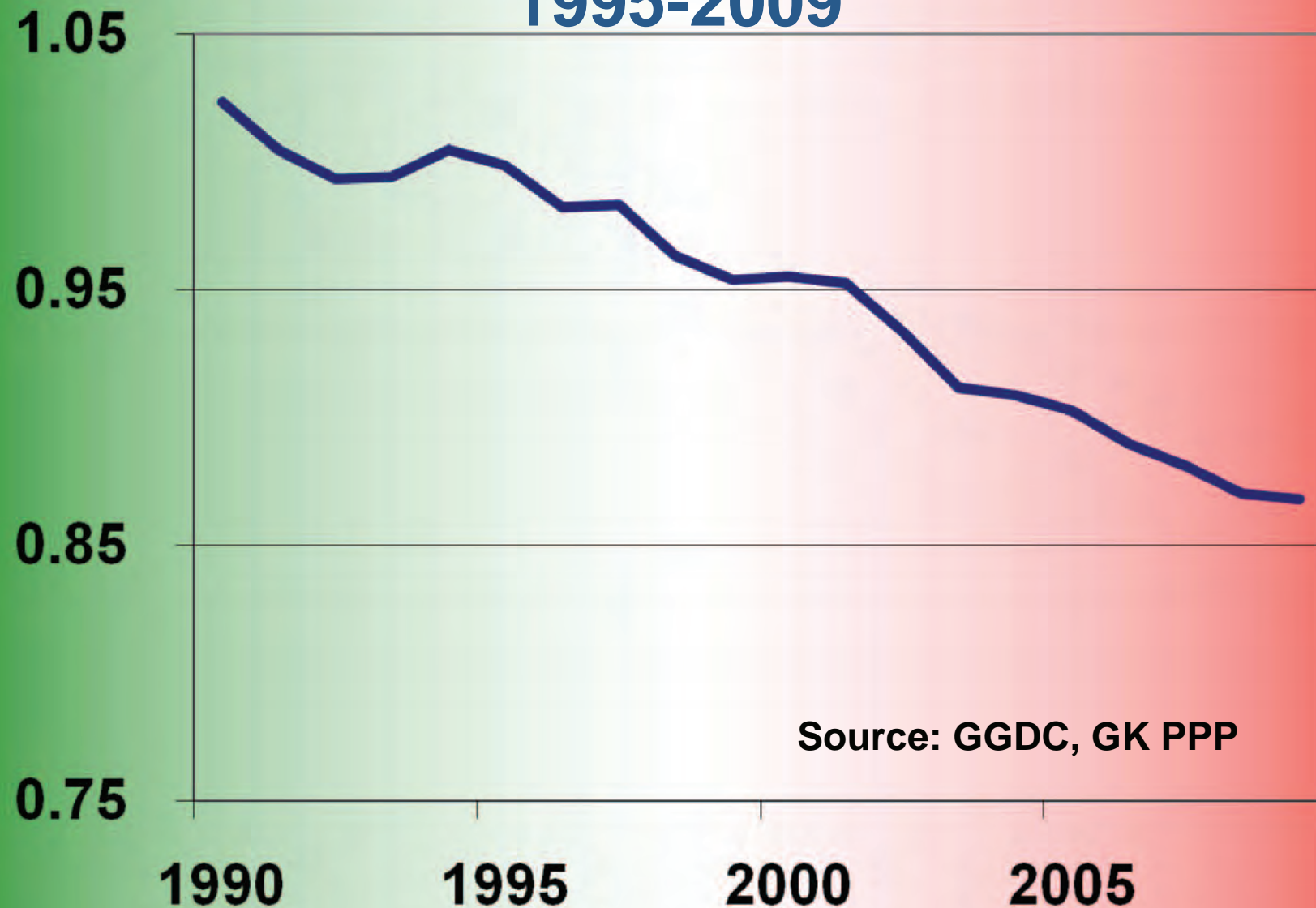
Source: GGDC, GK PPP

Italian Productivity relative to USA 1995-2009



Source: GGDC, GK PPP

Italian Productivity relative to EU-15 1995-2009



Source: GGDC, GK PPP

Italy Must Take Action to Catch Up

- In 1939, Franklin Delano Roosevelt shifted to pro-competition policies that increased productivity in the U.S.
 - Abolished the New Deal cartels
 - Again enforced antitrust laws
 - Shifted away from pro-union policies
 - Shifted away policies to increase wage of political supporters above market levels
- As a result, employment and productivity jumped, and the Great Depression ended
 - Military expenditures jumped after recovery

Japan Lost a Decade of Growth 1992-2002

- Why? It followed policies that depressed productivity growth
- Japan subsidized inefficient business
- USA and most of EU did well in this period

Italian Government Must Become Pro-Productivity and Cut Expenditures and Tax Rates!

Increasing Productivity

- More competition will boost productivity growth
- More flexible labor markets will boost productivity growth

Create a Flexible Labor Market

- This will increase productivity
 - Workers will move from where they are less productive to where they are more productive
- This also will increase employment
 - Make finding a job easy
- Be like the Danes, Swiss, and Americans

Abolish Article 18

- Article 18 is a big barrier to productivity
- Provides incentives for businesses to be small, i.e., not grow
- Without business growth, there is little innovation
- Without innovation, productivity stalls
- If a business becomes large (more than 15 employees), managers will be very reluctant to hire new workers

How Can Market Hours Be Increased?

- Cut expenditures
 - Cut the size of the bureaucracy
 - Cut subsidies and transfers
 - Use mandatory savings to finance retirement rather than transfers
 - Transfers are expenditures
- If an Italian works more and produces 100€ worth of output, he or she gets to consume 35 additional units of consumption
 - This is a 65% marginal tax rate

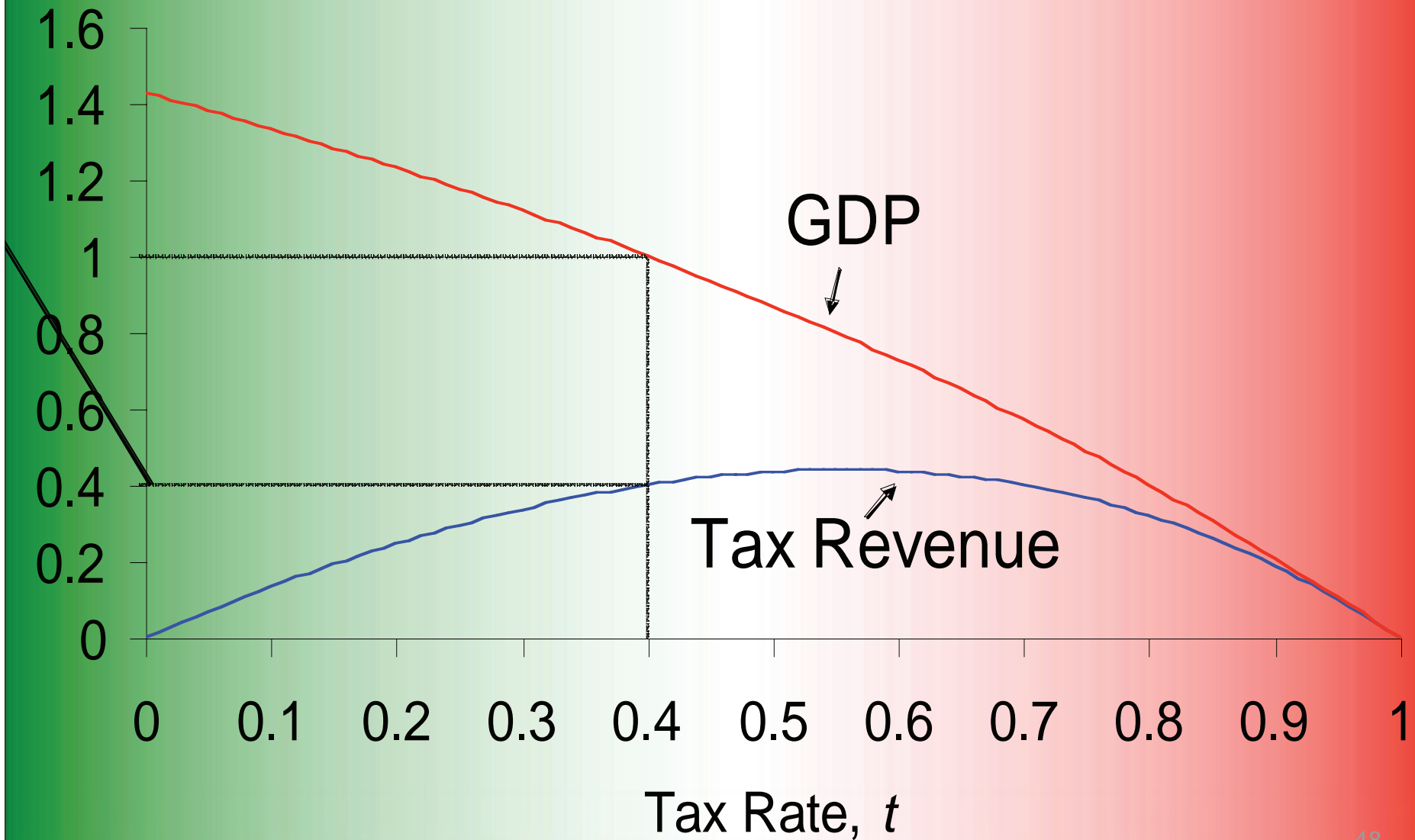
What About Tax Revenue?

- Cutting tax rates will not lower tax revenue
 - Because increase in tax base will offset lower tax rate

Marginal Effective Tax Rate

- It is derived from the budget constraint and depends on
 - Income taxes
 - Social security taxes whether paid by the employee or paid by the employer
 - Consumption (value-added) taxes
 - People being paid not to work
- Let's look at revenue as a function of the tax rate

GDP and Tax Revenue per Person

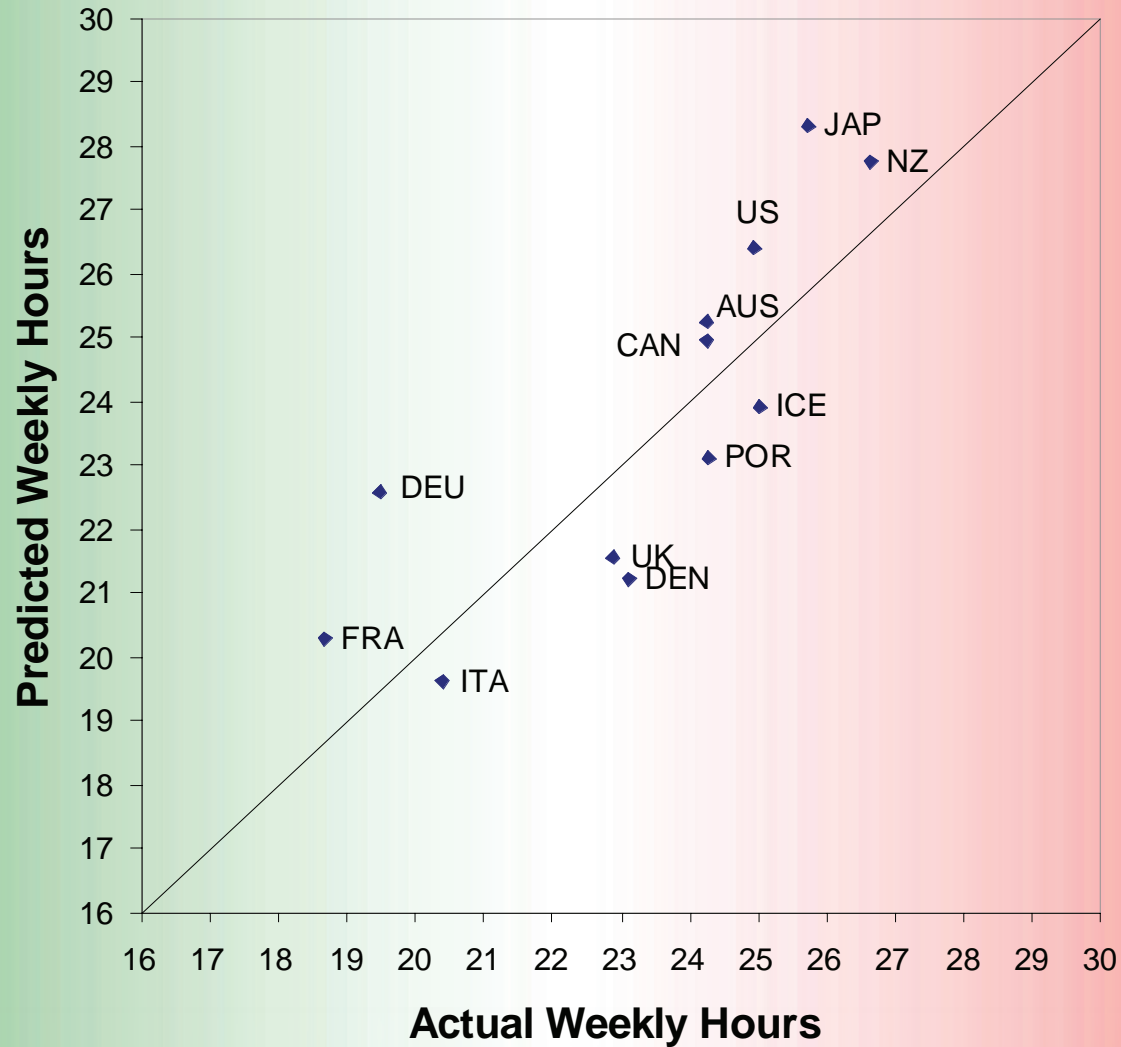


Numbers Used Are Consistent with All the Micro and Macro Observations

- In Western Europe full-time workers work 40 weeks a year
- In other advanced industrial regions it is 46 weeks a year
- The other half of the difference is that in Western Europe the number of years worked over the lifetime is lower

Macro Cross Country Observations

Predicted vs. Actual Weekly Hours 2005



The U.S. Subprime Crisis

- Result of government using the regulatory System to increase home ownership
- It was instrumental in leading to a bad policy regime change though this change can be traced back to the November 2008 mid term election
- The Savings and Loan crisis which occurred in 1989-1990 lead to an increase in tax rates and an end to the tax rate cut boom of the 1980s

The U.S. 1981 Crises

- Inflation was out of control and the U.S. was in the middle of the biggest post war in a recession bigger than the Great Recession
- In 1981 people could not get mortgages from a banks
 - I issued a mortgage to sell my house in Pittsburgh
 - I received a mortgage from seller in Minneapolis
- Interest rates increased to 18%
- By end of 1982 the financial markets in good shape

The EU Sovereign Debt Crisis

- Cause, excessive government spending by irresponsible governments
- Appears to be leading to good policy regime changes
 - Many countries reducing expenditures and therefore future taxes as spending is to tax
- There has been some tax cuts brought about by shifting to retirement schemes that have a larger savings component and less lump-sum transfers
- This is why I think Western Europe will probably recover before the U.S.

Thank you for your attention

Congress-Message,

of Chairman IAFEI 2010, Daniel Burlin

IAFEI, the International Association of Financial Executives Institutes, in its 41st year of existence, is proud to be able to announce, that its Italian member institute ANDAF, on behalf of IAFEI, does organize and hold the 40th IAFEI World Congress in Rome, Italy, from October 13 to October 15, 2010.

Italian ANDAF, Associazione Nazionale Direttori Amministrative E Finanziari, and IAFEI have worked intensely on preparing for this outstanding event, and both are very happy, that it will now take place.

To all congress participants of the 40th IAFEI World Congress in Rome, Italy, I wish to harvest good new professional insights from the rich congress program, and to make ample use of networking opportunities among congress participants from all over the world.

Let us all use this IAFEI World Congress as an expression of our common professional concerns and endeavours, to make this turbulent financial world better, safer and more prosperous.

Daniel Burlin, Chairman IAFEI

Congress-Message, IAFEI: The Asian Scene

of Vice Chairman IAFEI 2010, Hiroshi Yaguchi

In the first decade of the century, more member institutes joined IAFEI with the Vietnam CFO Club (VCFO) as the newest member. VCFO co-hosted with Japan Association of Chief Finance Officers (JACFO) the IAFEI Asian Day in Hanoi in November 2009.

Of major significance to member institutes in Asia is the Accreditation Project. During the Paris Board meeting, the IAFEI Board approved the Global Accreditation Project to be piloted in Asia. I was then Area President for Asia and I took it upon myself to champion the initiative. The Global Accreditation Project aims to establish the globally recognized accreditation system for finance and accounting professionals to support the certification and/or qualification activities implemented by the IAFEI member institutes.

Last September 4, 2010, as a follow through to the Asian Summit in Hanoi, Vietnam, as Vice-Chairman of IAFEI, I, together with a professional team from Japan, met with the Technical Working Group (TWG) in Hong Kong. The TWG is comprised of delegates from the different Asian IAFEI member institutes which include FEI of Chinese Taiwan, IFEA of Indonesia, JACFO of Japan, CACFO of People's Republic of China, FINEX of the Philippines, VCFO of Vietnam and KCFO of South Korea. In this meeting, the objectives and basic concept of the project were shared. The processes for developing the Asian standard and qualification program were also explained and the work plan was discussed.



The standard to be developed for accreditation will use as reference the JACFO's Financial and Accounting Skill Standards (FASS) and the Body of Knowledge for Finance and Accounting (BOK), as well as CACFO's professional qualification standards for Chinese CFO's. An IAFEI Accreditation Board or Advisory Group will be established to ensure the financial and administrative sustainability of the program. JACFO expressed full commitment to support the development of the accreditation/ qualification system in the different Asian countries represented in the Hong Kong meeting.

An initial step in the implementation of the program is the issuance of a Memorandum of Understanding to the different IAFEI Asian member institutes. The MOU provides the framework for the partnership agreement between JACFO and the participating IAFEI member Institutes. Based on the work plan, pilot tests for the Accreditation project for Asia will be implemented in the first half of 2011. The Asian roll out of the accreditation initiative will be the test case for the eventual worldwide implementation.

October 6, 2010

Hiroshi Yaguchi , Vice Chairman of IAFEI

Founder & Executive Director of Japan Association for CFOs

Congress-Message, What is IAFEI

of IAFEI Executive Director, Helmut Schnabel

IAFEI, International Association of Financial Executives Institutes, is an association of associations, and Italian ANDAF was one of its 11 founding members back in 1969. ANDAF is one of the largest and most important members of IAFEI, and thus a major integral part of IAFEI. Today, IAFEI encompasses 17 member institutes, which collectively have 15.000 individual CFO members.

IAFEI is the only truly global CFO association, and as such it has trademark protection for its name in all of the worlds major countries.

The key mission of IAFEI, according to its By-Laws is *“to build a wider understanding of financial practices throughout the world and the furtherance of their international compatibility and evolution, and the promotion of ethical and best practices of financial management throughout the world.”*

While these are great objectives, IAFEI, by design, is equipped with minimum financial resources and minimum personnel. But this is not the full picture. As an association of associations, IAFEI stands and builds on the resources which its national financial executives member institutes contribute on a voluntary basis to the association. It is this, and other aspects, which makes IAFEI A great association, worthwhile to be a member institute of, for the world`s national CFO associations. What the presently 13 active member institutes, out of a total of 17 IAFEI member institutes, are presently jointly and voluntarily producing is indeed impressive:

- One IAFEI World Congress, annually, now in Rome, Italy, in October 2010
- A regional “Asia Pacific IAFEI CFO Summit”, in every one or two year
- The IAFEI Quarterly, professional electronic journal, started in 2007, with already 11 issues having been produced by now
- An abundance of Networking Opportunities
- New professional task forces, at the request of member institutes
- Using the IAFEI Trademark, at the request of member institutes , as a platform to present opinions on draft proposals for the regulation of professional affairs to governments, supervisory agencies and similar institutions

Helmut Schnabel, Executive Director IAFEI





IAFEI's gift to Pope Benedict XVI given during the Wednesday Audience with the Pope on October 13, 2010.



The Members of the Board of Directors, the Executive Committee and Advisory Council and Guests at the 40th IAFEI World Congress at the Hotel Excelsior, Rome Italy on October 12, 2010.



The Art of the Forward Look

SUMMIT

Forward Look

