



International  
Accounting Standards  
Committee Foundation®

## **“Future of IASB-Funding” Conference**

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**Deutsche Bundesbank Guest House**

**Wilhelm-Epstein-Strasse 14, 60431 Frankfurt am Main.**

Statement and comments of Prof Dr Tommaso Padoa-Schioppa, IASC Foundation:

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*(Dr. Schaub) We are talking at the very early stage about the financing and a quite logical question was asked: What is the order of magnitude of the financing needs for the International Accounting Standards Board so that we have a more precise idea about what we are really talking about?*

Let me first of all apologise for arriving late. I allowed myself a margin of two hours which in the seven years I spent in Frankfurt was always much longer than was necessary to be sure to be here in time. But today was an exception. So I am late, and I am sorry if this has caused any inconvenience regarding the programme for the meeting.

On the specific question you have asked, I can tell you that for 2005 the order of magnitude of the total financing of the organisation was around \$19 million, of which Europe has contributed about \$4 million through 43 donors. But I will go into that in more detail in my remarks, if you still allow me to give the remarks for which I have come! From the United States there were 44 donors in 2005 for an amount slightly lower than the total European amount, leaving aside the large accounting firms which contribute, on a global basis, an amount of some \$4 million.

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Well, thank you very much Prof von Rosen and to the organiser, Prof Kotz. It is rather emotional for me to be here. I have been here in various capacities for many years and spent some nights in the Guest House and met you when you were with the Bundesbank, so I have the impression that there is a wealth of experience represented in the lives of many people who are together here.

I also realise that it is the first time that I am speaking in public as Chairman of the Trustees of the IASC Foundation and I am speaking to a gathering that represents its European constituency. So perhaps I can start by very briefly sharing with you my initial reflections and impressions after being in the chair of this organisation for two months today.

I am a relative newcomer in this field. As someone involved in central banking and banking regulation I have interacted with the IASB, particularly in the last two years on what was then the hottest issue in the IASB's work—IAS 39 and the debate over the implementation of the full fair value option. I was fighting hard to have that option removed from the standard. As we know, in Europe the best way to become friends is to fight. In fact we did become friends and we came to develop, I think, a mutual esteem.

This may be the reason why Paul Volcker called me last November to ask whether I was willing to be his successor in the chair of the Trustees. With Paul Volcker I share only one thing, which is a past as a central banker. The difference is that Paul Volcker is a walking central bank in himself. He can create money by just picking up the phone and asking donors to contribute to a good cause like the IASC Foundation. I don't have that capacity, so the problem of the funding of the organisation is much more of a challenge for me than it was for him. I will come to that in a second.

What struck me most when I first became involved in the IASC Foundation came from comparing this particular experience in international standard-setting with my experience in other kinds of international standard-setting in which I had been involved over many years. By 'international' I mean both the narrow, regional sense

of Europe, as in the Banking Advisory Committee or Committees on Payment Systems, and their global equivalents when I chaired the Basel Committee on Banking Supervision or again the Committee on Payment Systems based in Basel, or in the IOSCO framework. So I think I have a fairly broad range of terms of comparison.

I must say, and I don't say this because I am a novice and am still coming to terms with my new task, that the IASC Foundation is an absolutely extraordinary experience in the field of standard-setting. In five years it has created accounting standards that have been adopted or adapted by 100 countries in the world. It is completely independent. It is based on a working method (I deliberately avoid the term 'negotiation') that is unique and the uniqueness is one of the reasons for the concern, for puzzlement about the way it works. The uniqueness consists of the fact that the standard-setting board itself comprises a group of 14 persons who are working full-time. International standard-setting is normally done by bodies that are much larger. Those bodies are usually made up of people who serve in a national capacity full-time and from time to time go to a meeting where they negotiate an international standard. This is the case for all the standard-setting bodies I know. In the case of the IASB, people reside in London, serve the global public interest and of course this is one of the reasons why the national constituencies may see them more removed from their own national debate and function than is so in other cases.

I have just visited Japan, where I met the Japanese standard-setting body, the ASBJ, and the Japanese regulator, the FSA, and some of them told me that the Japanese member of the IASB does not represent Japanese interests. I said to them that he should take them into account but he is emphatically not their representative: the constitution is clear on this point—a Board member does not represent any particular interest, just as I myself was not representing Italy when I was on the Board of the ECB or as a Commissioner in Brussels is not representing his or her country. Of course you want the composition of a body to reflect the variety of needs and of situations so that when the standards are written they take account of the reality of needs and interests. But that is very different from being simply someone who is more or less taking orders from a particular constituency.

Another feature of the organisation is that of accountability and transparency—of course I came into the meeting late but I was in time to hear those magic words, without which no talk about these things is possible any longer. Well, the meetings of the IASB are open to the public. They are broadcast live on the Internet. So was the meeting of the Trustees I chaired for the first time last week. You can imagine that for a central banker this is quite an unusual experience. I think it would also be quite unusual for the European Commission, and it would be quite unusual for the Council of Ministers in the EU. So again, it is something absolutely unique to this organisation.

My last general point is that I sense there is some uneasiness in Europe about the organisation, a feeling by some that this body somehow has a lot of influence on Europe but Europe has no real ownership of it, it is not really controlling it. I hesitate to use the word 'control' because it is of course incompatible with independence, but I have the impression that some people in Europe perceive the IASC Foundation and the IASB as something that can be governed. Some simply condemn it as an Anglo-Saxon body that has somehow got immense power to dictate rules for Europe.

Imagine now a case in which the American standard-setting body—which is called the FASB and has a structure that is very similar to the organisation's—was simultaneously the global standard-setting body and it had been so successful that in five years its standards, which are the US standards, were adopted in 100 countries around the world. If this were the case, the global standards would be US GAAP. Now, this would certainly generate outcries of American imperialism and imposition upon the world of American standards.

Well, the IASB is the European standard-setting body as well as the global standard-setting body and Europe, obliged by nobody of course, has decided in Lisbon (in 2000, I think) to make this move. To me this is an extraordinary act of leadership, equivalent to the Galileo experience, equivalent to the definition of standards for mobile phones, one of the few cases in which Europe has shown an ability to lead, to pursue simultaneously the effort of adopting its own internal rules and making them the rules of the world. That is, I think, one of those examples in which the present fashion of being pessimistic and destructive about Europe proves to be completely

unfounded. This is my view. I put it to you very candidly and I would be interested to see where the counter-arguments are.

So, I think it is an extraordinary experience. The problem is that it is so extraordinary that people are waking up to it only now. Probably, had they known exactly how miraculous the move they were making five or six years ago was, some government officials, I mean those with the usual instincts of not letting this kind of thing happen because it would be too wise, too far-reaching, too courageous, too creative, would have impeded that at the start. The world woke up, Europe woke up to that in 2004/2005 when the work was well advanced and the standards were reaching the point of being applied.

Let me also add that in many respects, in my view, the worst is over. It is clear that changing a standard is always uncomfortable. Even when you move from a bad standard to a good standard, the change in habit is more painful in the short term than the benefit of living with the better standard and this has to be done in one jump. I like to take the example that changing the standard in Sweden from driving cars on the left-hand side of the road to the right-hand side of the road is something that could not be implemented in a gradual way. The cost would be immense so you have to have a big bang: you cannot say that the tracks will start this week and the car will start next week, it would only cause disaster.

In my view the painful part is over. I understand perfectly that it has been painful but the signs I see already are that after all it was probably less painful than expected except for the change in habits but not in terms of managing a different picture of the company resulting from the change in standards.

So, coming to the key issue of this meeting, when I and my fellow Trustees met last week—my friend Max Kley is here and I am glad that he took part so actively in preparing this Conference—and remember that some 40 per cent of us have been newly appointed, including myself, we saw our task as being to consolidate—to stabilise the organisation and put it on a sort of permanent footing. This of course has many meanings. First of all, of course, the technical meaning in the sense of

having a period for the next few years in which there will be no significant change in the standards and secondly, in terms of resources, there is the issue of financing.

I have already said that for me, having lost control of the press that prints the banknotes since I left my profession as central banker, I have no other experience in financing. The financing of the organisation is a cause of very serious concern to the Trustees, for various reasons. First, it is clear that the way in which the financing was put into place at the start cannot be a permanent arrangement. There is also another reason, which has to do with Europe: it is that the formula for financing the organisation is something with which our mentality in continental Europe is not as familiar as it is in, say, the United States.

Essentially, creating a standard means creating what economists call a 'public good' and in every textbook we learn that public goods are not generated by the market and they need to be generated by a public entity and financed through taxation. Here, however, we have something which is a public good, there is no doubt, but it is a public good to which users are left free to adhere and which is based not on taxation but on some form of voluntary contribution. This means having a capacity to internalise a public good, to acknowledge that in the existence of a public good, there exists a public interest, which has to be very high because after all so far every institution, every donor was free to donate or not to donate. I could tell you some good stories, I could also tell you some bad stories: there are some cases which are really a shame, cases of free riding, counting on someone else to contribute and not really making the necessary effort and it is strange that some of this is in the very country where the organisation is based, geographically.

Certainly the magic of the name of Paul Volcker plus the frightening effect of Enron and other scandals were two very powerful incentives to start but it is clear that this cannot be the sustained form of financing. There are, today, less than 200 donors for the total amount that I mentioned, of which, as I said, about 90 are, in total, in the US plus the Europeans. A quarter of the total sum I mentioned is by the bigger firms but these can be counted and in fact these 170 donors or so were approached by telephone more or less one by one on a personal basis, an enormous effort for the Trustees and an enormous effort by Paul Volcker in person. This is clearly

something that cannot last. In fact it was put in place in this way for a period of five years.

So, with 1 January 2006, an alternative scheme should already have been in place. Max probably knows better than I the reason why it was not put in place. The constitution of the Foundation was under review and it was felt that the review should be completed before a new scheme for financing was developed. And so the original arrangements were extended for two more years, which I think was again a very painful effort, coming back to the same donors and asking for two more years.

The Trustees had a very long discussion on the financing. They, by the way, are wholly responsible for organising the financing—it is one of our key tasks. There is no legal obligation upon the national or even the European institutions to ensure the financing. There is a political and moral connection, there is a technical need and obligation, and the institutions' help is indispensable, but in the end those who have the responsibility to organise and satisfy themselves about the validity of a financing scheme are the Trustees. So, we had a long discussion last week—in fact the meeting was held in public, so you might know about it—and we defined some of the features that the future financing system should have around the world, not for Europe in particular. But it is applicable to Europe and I will explain.

The four features that, in the Trustees' view, should characterise the financing scheme after 2007 are the following; I will list the key words and will explain each of them:

- broad-based
- compelling
- open-ended
- country-specific.

'Broad-based' means that to count on less than 200 donors is no longer possible. The very kind letter that Axel Weber wrote to me a few weeks ago to express the renewal of the very generous contribution by the Bundesbank said that it was on the

understanding that the contribution will be for 2006 and 2007 but that a new scheme will be in place after 2007.

Indeed, the essence of the new scheme is to involve thousands of contributors rather than the few dozen (less than four dozen in Europe) that currently subscribe. If the order of magnitude of the European share was the one I said earlier, and I think it is a reasonable guess because the budget of the organisation will remain in the order of \$20 million then, say, a quarter of that could be Europe's part, which would mean \$5 million. Suppose, just to give an order of magnitude, that all the listed companies in Europe, which are about 8,000, were to contribute, it would be a contribution of a completely manageable size, it could be proportional to the size of the contributors, so a small bank with three branches would not contribute as much as bank which has 3,000 branches around Europe. It would be a very reasonable order of magnitude.

Of course it is not possible to approach thousands of contributors by making thousands of telephone calls on an individual basis, so the linking of associations of banks and of companies in various forms would probably be indispensable. Let me say that some countries are already on such a scheme. Japan has already been on this scheme for the past years. From what I understand, France is already working on the implementation of a scheme of this kind for 2006 and 2007.

The second feature is to be compelling. 'Compelling' means that it is voluntary but the pressure to participate in a voluntary scheme that has a collective element should be such as to discourage free riding as much as possible. It is nothing really very peculiar, most organisations I know of in industry, manufacturing, banking and insurance have a technique of collecting funds for common purposes that is inspired by the same principle.

The third feature is that the scheme should be open-ended. 'Open-ended' means that it should not have a date of expiration after which, if nothing happens, the resources stop coming. It is simply not possible to have a serious organisation with a fixed period of funding—again it was appropriate in an experimental phase when things were still in the take-off period. There could, of course, be periods of

periodical review. Open-ended does not mean permanent, immutable, not subject to revision, but there should be no automatic expiration.

Finally, it should be country-specific. I am not sure that the Trustees should form a scheme that is so detailed as to be imposed on or proposed to every country without any flexibility. In fact flexibility is a feature that we already have today and I think it is perfectly appropriate to have it in the future too.

Let me conclude. These are the preliminary thoughts by the Trustees about the approach for post-2007, preliminary because the Trustees want to reflect further and decide whether to confirm exactly or to add some procedure to what I have just described before starting the work to implement schemes, so as to promote the implementation of schemes. There is a broad division of labour by areas so that the European Trustees work together under the leadership of Bertrand Collomb to work and to contact the European Commission and European institutions on the European scheme.

One word on Europe, concerning the idea that the scheme should be compelling. As you know—it is visible on the Website of the Commission—an alternative to this idea would be to have a mandatory scheme, something that generates (either through European or national legislation) a legal obligation to contribute. This would be equivalent to something like a tax, something that you cannot escape. The Trustees would not exclude this if a country was capable of generating, or if the EU was capable of generating, a legal obligation. There would be no reason to refuse it but I don't think the Trustees will invest effort in order to produce this particular type of approach, firstly because it would be too big a jump from purely voluntary to entirely obligatory, but also because the time necessary to introduce legislation is absolutely incompatible with the need to have a financing scheme that functions from 1 January 2008. Alex Schaub knows as well as I do what time is needed to adopt a directive. Apart from the fact that there are very serious doubts, I would, as a convinced European, be the happiest person if a directive that generates an obligation to pay could be adopted. It would mean that, under the present Treaty, the EU has the power of taxation. However, I don't think this could fly.

So, the timing and serious legal reservations make the route of a legally obligatory scheme most unlikely. It would be difficult, to say the least, to have 25 legislations under way in the 25 Member States. This is why the Trustees will not invest their efforts in getting a legally mandatory scheme. This leads us back to the features I have already described.

The two last points on Europe are the following:

1. Time is extremely short. To have the financing scheme working, namely producing resources from 1 January 2008, the basic features, those I have described or possibly variants of them, have to be agreed by the Trustees in the first place, discussed with the Commission and with the Council, blessed by a number of national authorities like the Securities Regulators and the Ministers of Finance so that there is a sign that this is seen as an appropriate scheme, and then there is the actual work to put it in place and make it operational, all of which requires many, many months.

So my impression—and I hope that Alain Joly will be able to tell us something about the French effort because it is a very important source of inspiration for us—is that the definition and launching of the scheme should be completed before the summer break, which means that the Trustees have to intensify their contacts with the Commission, the Commission should somehow interact with us, and today's Conference is very useful for this end. At some stage the whole issue should be on the agenda of an ECOFIN Council to receive the necessary support, I hope, by the Ministers of Finance so that before the summer break actual work on the implementation can start, which is a very long process because it involves associations and lots of steps. So much about the timing.

2. The other point is about the Commission and the European Institutions. I hope that there could be something like a recommendation from the Commission that could set the framework a European scheme consistent with the views of the Trustees. The group led by Bertrand Collomb is working exactly on that. If it cannot be a recommendation in the technical sense, I

hope it will be a recommendation in the substantive sense, namely in the form of a letter to the Presidency that could be on the agenda of an ECOFIN meeting. I think this is essential and it would be consistent with the fact that after all it was the EU (the Council and the Commission) who took the decision to make the IASB its standard-setting board and so, although the EU does not have the obligation to provide the finance, it certainly has a strong interest in not seeing a discontinuity or paralysis or too much of a distance between what has effectively been in many respects its adopted creature and the continuity of its work.

I am sorry I was a bit long but I have shared with you in full the state of thinking of the Trustees. The fact that these are not definitive views makes a discussion like this extremely useful because other views may be taken into account. Thank you very much.

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*Thank you very much. Two brief questions. The first one: Can you repeat the keys please? So you have in mind already an allocation of these funds that is pretty well set out and which reflects the past and I would like to hear the keys again. The second question is this: You hinted at the idea that the financing basically would make reference to listed companies' capitalisation but this was not one of your points. Is this something that has been discussed? Is this the preferable or realistic hypothesis? And the third question is for you but also for Dr. Schaub: I think private standard setting now has a strong tradition, despite the system of the internal market being well established. It seems important to me that we should agree at the same time to have a recognized framework – I like the idea of the recommendation very much for this reason – but a private system that should remain private. So there I would be rather nervous about a Commission-mandated scheme for reasons of principle but I would like to know what the Commission thinks about this.*

Well, on the first two questions, on the key. The figures I gave referred to 2005 and there is no precise elaboration for the future but there are, I think, some clear points. First, I do not think the order of magnitude of the resources needed by the institution is bound to change in any dramatic sense although you should know that it is a much

smaller body, about half or maybe less, than the American equivalent. So it is a very lean organisation. Any meeting jointly made between the IASB and the FASB has a ratio of 3:1 in terms of staff attendance by the two sides. It is very good because to be lean is better than to be fat, but people should know.

There was no deep discussion on this topic last week. The main key today is the GDP and probably it is a wise choice. The key for sharing costs is an eternal topic for discussion in Europe for any common project, but people always more or less end up discovering that the GDP, the very much vituperated GDP, is still the best measure of the economic size of countries. For instance, if one took listed companies instead, the ratio between countries would change completely depending on the financial structure in a way that would really make no sense. If one took market capitalisation, which is something that, as you can imagine, some countries would like to see, it will also make no sense. In the end, even if it was a weighted average of several indicators, I think that the GDP indicator would have such a big weight that probably it would not completely change what we already know.

We count on continuing financial support by the big four firms as we count on continuing support by some official public bodies such as central banks, because this would be a very important indication of, say, political support, maybe for a completely different order of magnitude but just showing that the support is not withdrawn.

There are further complications in the key. What countries should contribute? Around the world there are 100 countries that have more or less adopted our standards, and there are other countries that are coming close to that. Probably this would not change fundamentally the share of the United States, of Europe, of Japan that I indicated earlier, so these I think are refinements but they would not really change much.

Regarding your second question on listed companies, we had a preliminary discussion and views are welcome, but the impression I have is that to make the contribution from listing fees may not be the best approach. I say that with caution and again I am open to arguments. First, it would mean that the main collectors will be the Stock Exchanges which are themselves now profit-seeking institutions

competing against each other and which are very reluctant to add a cost to their members. Another reason is that there are many relevant companies that are not listed but which adopt standards and are publicly accountable in a way that is not exactly the same as the listing, but which is economically equivalent. This may be, by the way, an aspect in which the country-specific feature of the scheme becomes relevant because there are associations: the easiest thing is to have a contribution by older members and some of them may be listed and some of them are not. So I was hesitant to give the 8,000 numbers of listed companies in Europe precisely not to create the presumption that being listed will be the key element and I used that just to give an order of magnitude. Probably it will be much more than those 8,000. Thank you.

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Well, your very harsh remarks should be substantiated with arguments. For the moment they are just an individual point of view. Well, let me just comment briefly on what I have heard and start by expressing gratitude to the organisers and to the speakers. It is difficult for me to imagine an occasion in which in so short a time I could have absorbed so many ideas, views and impressions on this topic. We all know the old principle 'No taxation without representation'. This conference is, so to speak, on taxation, on the funding. It was inevitable that the issue of representation would also come up and I think it's perfectly legitimate.

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But let me focus on the funding which is the object of the conference. First, the IASB is both the standard-setting body of Europe and the standard-setting body of the world. If you go to a place like Japan or Australia or the United States, you find a local standard-setting body and still you have the IASB as global standard-setting body. The fact that the IASB is both a regional (ie European) and the global standard-setting body puts both the IASB and the EU in a very special position both as far as the policy is concerned and as far as the financing is concerned. As far as the policy is concerned, because it is an honour and a burden for the EU to have adopted as its standard-setting body the global standard-setting body. In a way it is an advantage, for the reasons I have explained in my initial remarks, but I am, of course, aware that in some way it is a burden because it is more or less as if in the

policy making body of the Federal Reserve System there were a few Europeans, a few Chinese and a few Japanese contributing to defining not only the policy of the dollar, which in some way is used to lead the world in monetary terms, but also the policy for the United States. This is the position in which Europe is. To be the rule maker of the world is always a special burden in addition, say, to being an honour or a source of influence.

This has a bearing also on the financing, because if Europe had its own standard-setting body the cost of it would not be much smaller than the cost of the entire IASB (indeed the organisation would need more or less the same number of people), but Europe would have to pay 100 per cent of it instead of 25 per cent of it, plus possibly contributing to an international standard-setting body. So we have to be aware of this. It is simple arithmetic, but it is a fact.

The point which concerns me most is a point that I address to Alexander Schaub and to our friends in the Commission. It is clear that—as long as there is the expectation that the Commission and the Council will define some key features of the European financing of the IASB—work on the ground will not start. It will not start, simply because people will wait to know what are the guidelines set in Brussels. To have those guidelines is extremely important, very desirable and almost indispensable for 25 countries. Perhaps in the larger countries there is a greater sense of responsibility, but there is a free riding also at the level of countries, not only at the level of associations and companies.

So it is absolutely indispensable to have this signal from Brussels very soon. I say Brussels, because it is the Commission plus the Council, plus hopefully the European Parliament. Now, when this is made, then work on the ground could start. But if this is delayed it will be too late for the work on the ground to start and I beg the Commission to be conscious of that.

It is not possible to keep exploring alternatives to conclude that four out of five are impossible without very seriously risking that we shall go beyond the point at which it is too late. And then it will not be the Commission that will start to obtain from the 17 German donors and the 43 or 44 American donors another extension for 2008 and

2009. There is a very, very serious problem of timing and if the Commission wants to play its role, and I would consider it almost catastrophic if it didn't, it has to speed up. Let me be very clear, this role has to be played in the next two months, it has to be concluded in June and if you make a countdown you see that you have to start by putting this on the agenda of an ECOFIN-Council in June, you have to work very quickly on a simple fewest of guidelines. Guidelines can be those I have illustrated, they can be different. I am quite open, but it is absolutely indispensable to be aware of this time constraint.

Another point, with which I will conclude, is on safeguarding independence and on accountability. There is, as everybody has said, absolutely no good way or bad way to ensure the funding, provided efficiency and independence are assured. I would have no objection if, say, the funding of the IASB was twinned to the funding of the EFRAG. But I would have serious reservations if the donor was EFRAG. There is a thin difference but it is not a small one.

EFRAG is the adviser of the Commission in the exercise of the Commission's power to refuse or to accept the standards. It cannot be the one who has the purse and at the same time be able to say: look, I not only give advice but I can also keep you tight on money. So, my advice would be to be very, very careful in not mixing the two elements because I think it would be inappropriate.

The last point concerns accountability. The term accountability has been coined to indicate the obligation to report to the electorate or to a political responsible entity, an obligation that falls on those who exert public policy functions without being themselves elected and are independent in the way they pursue the policy objective entrusted to them. Central banks are the foremost example, but there are other examples. Now, the IASB falls into this category only to some extent, because the IASB does not have the power to make the standards obligatory. It is not like a central bank which has the power to change the rates, but doesn't need a green light by anybody to do it.

In our case, in the case of the EU, the key power, the power that transforms the standards into an obligation, rests with the Commission and the Council, and the

IASB is very well aware of that. It is very important that the EU institutions exercise their power and are accountable. True, there is a sense in which the IASB is accountable, but the equivalence to other public bodies has a limit in the fact that the IASB does not have the power to make the standards obligatory.

Therefore pressures, political pressures, EFRAG pressures, categories pressures, have to be exerted in the process of validation of the standards. What the IASB has to observe, and I fully recognise the need for it, is the so-called Due Process. I can assure you that the Trustees devote great attention and indeed increasing attention to this matter. Due Process is not accountability, but it comes close to that, I fully accept.

At the last meeting the Trustees adopted a handbook for the Due Process. The principles of Due Process are written in the Constitution. The Trustees will increase their oversight on the observance of the Due Process. Unfortunately I do not know whether the allegations made by the gentleman who just spoke are true, but if he has a concrete example to give me, of remarks that were not taken into account, I consider it my duty to look into the matter and to see if the Due Process was observed correctly or not. Of course compliance with the Due Process cannot make everybody happy. Hundreds of comments are collected, which often contradict each other, and in the end a choice must be made. But the meetings of the Board, including the very moment at which the Board makes its decisions, are public, and any of you can use the Internet to see how the Board discusses, because meetings are transmitted live, are visible to everybody. Also the comments received are considered publicly, so it is perfectly possible—if the evidence exists—to present a convincing case. I confess you that I am very keen to understand if the evidence for such a case does exist, because I sense that there is a degree of dissatisfaction and it is extremely important for me to understand whether it is justified or not. I do not pay attention to throwaway remarks—I have heard a few of them. I need evidence that is clear and convincing.

So you see, everything is possible, everything is public, everything is transparent: this is the Due Process, including a handbook for the Due Process. Again, I challenge a number of public institutions to tell me whether they have anything equivalent. I am

not saying this to imply that the criticism is unjustified, it may be justified but it needs to be articulated in a way that makes it convincing and effective. However, if this is linked to the financing in a kind of direct negotiation of one against the other, I think this is not the meaning of "Taxation without representation". After all, in elections the losers still have to pay taxes. Thank you.

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