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How to rejuvenate and rekindle growth in the EU?

Good evening, ladies and gentlemen. I am quite mindful, as I stand up in front of you all, that the day has been very long and you have participated, I am sure, in many, many seminars. You have heard many different speeches, and I am sure some of you will have events to go to this evening and other commitments, so I am just going to take four or five minutes of your time. In that time I want to give my perspective about politically where we stand, as Minister for Finance for a country that is very proud to be in the European Union, and sees our membership of the Eurozone as a critical building block of our economic success and our political freedoms. I also want to address this topic as somebody who has had the great privilege and honour of now being elected President of the Eurogroup by my peers within the Eurogroup. I want to address the topic that you have very correctly identified here this evening about how we rejuvenate and rekindle growth.

First, from the eyes of those that I serve, which is the citizens of the European Union, those within the Eurogroup, within the euro area, and of course those citizens that elect me in Ireland. As we do so – and as I acknowledged – it is so important to begin any economic analysis, any discussion of a policy framework and of different options with a very clear identification of the many, many great challenges that all of those face at the moment. When we saw the figures that are reported to us from Euro staff, the most recent figures that came out towards the end of July indicate to us now that we have 15 million citizens that are unemployed, 12 million of those within the euro area. The same study indicate that we now have nearly 3 million euro citizens unemployed who are under the age of 25, 2.4 million of whom are within the euro area. That is why I think the analysis and points that were

made by Klaas a few moments ago are so pertinent and so powerful, because he posed the question about consent, and he posed a question about the level of political consensus that you need to support economic structures. At the heart of this great project of the European Union and at the heart of the great project that is the euro are economic institutions that rest on political consent, trust, and the idea that their continuation offers a way to a bigger and better future.

As we look at the crisis that we now face, we are dealing with a phenomenon that does not know what a border is, that does not see national boundaries as being in any way relevant to its existence. That phenomenon is of course the virus called COVID-19, and in many ways that surely reminds of what the rationale of the European Union is and what the rationale of the euro is, because that is something that also transcends boundaries. It is something that looks to say that we can achieve more together than we can individually, no matter how mighty or powerful we are as individuals. If the European Union is a project that also looks in its own way to make boundaries and national boundaries in some ways less relevant and to find ways in which we can transcend them, surely this is the point at which the many, many strengths of the euro and the European Union are called into play on behalf of our citizens when we confront something else in a biological virus that of itself knows no boundaries or no national promises either.

I therefore think that the great political challenge that we face at a time in which the great financial crisis for so many of our citizens still casts a shadow onto their families, business and lives is to demonstrate in the clearest way we can – for those of us in public life, for those of us who are politicians – the role of the euro and the role of the European Union in being an intrinsic part of the solution in responding back to such a great challenge, which is casting such darkness now and such shadow into millions of people, lives and dreams that I mentioned.

The foundations for what a recovery looks like at the moment are familiar to us; we know what they are, but they now have to be seen against a far more urgent context. The first pillar to this is how we can look at effectively implementing the new instruments and the new tools that were created by the European Council with the work of the institutions of the European Union just before the summer, in a way that delivers against a more sustainable future for all of us. It is about how we can have them implemented at a time when policy tools that may be available to national governments are no longer as powerful in the future as they are now, and in which those new instruments such as the Recovery and Resilience Fund and Next Generation EU can be brought to life in a way that is effective but also respects the fact that they are being funded by the European Union for very, very particular purposes.

The next pillar will be – particularly within the euro area – how we can ensure that budgetary coordination and making the right budgetary stance at the right point in the economic cycle is of help to all. This challenge is so great – and it is a reminder back to the great lesson that we had a decade ago – that the technical language and the economic analysis of spill overs and externalities now mean so much in supporting individual member states and the people of the European Union in trying to pull through this great crisis. This is a great crisis which has at its foundation where we are with our private health and where we are with the public health of our countries and Europe. That concept of coordination – something we are all too familiar with, in

particular as we move into 2021 – will be a topic that will be so important to what recovery does look like.

The final area of it will be – and I heard much debate about it earlier on this evening – what the banking union looks like. It will be what kind of progress we can make in that, and in that, above all, the context for that debate and negotiation has changed. For me, the purpose of that debate and negotiation is how we serve and how we protect those who are at the heart of the European Union. How can we protect more capital for more jobs to be created? How can we create confidence about the deposits and their uses of those who are at times now feeling so vulnerable? How can we ensure – and I heard some reference to it this evening – that our banking systems and our financial structures play their part in a recovery that is resilient?

I want to end on a note of resilience and a note of inclusivity. Economic growth and a rebound in economic growth will of course occur in some statistical way at some point in our future. The great political challenge for all of us will be the nature of that economic recovery. Can it be inclusive? I am reflecting on the challenge that we experienced not so long ago, looking at economic recovery across a period of what was now a very moderate period. A political challenge for many of us is that kind of economic growth did not meet the needs of those who experienced it then, and what we now have to strive for is an economic growth as we emerge from this crisis that is inclusive, that benefits everyone, and one that is resilient. That is certainly the kind of economic growth that as the new President of the Eurogroup, working with all of my colleagues in the euro area, we will strive to create. Thank you. ■