

Introduction

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In November 2014, Christian Noyer, then Governor of the Banque de France, welcomed participants to the International Symposium of France's Central Bank acknowledging that "Central Banks have been considered the only game in town" and wondering whether "the very high expectations placed on them might backfire in the future".

The participants had no way of knowing that, five years after, a global pandemic would shake the world's economy once again.

Are Central Banks still "the only game in town"? In the European Union, not anymore, I would say.

The rebound we are experiencing in Europe is the result of an unprecedented and coordinated policy response that we have been adopting together, combining fiscal and monetary policies.

The activation of the general escape clause of the Stability and Growth Pact, the settlement on the State Aid Temporary Framework, the set-up of emergency instruments such as SURE (Support to mitigate Unemployment Risks in an Emergency), and the historic agreement on the Recovery and Resilience Facility, happened quickly.

We thank the ECB (European Central Bank), and the Eurosystem of Central Banks, for engaging in a broad set of monetary policy instruments, which supported the transmission of fiscal policy impulses. The mutually reinforcing effects of fiscal and monetary policies have been crucial for alleviating the impact of the crisis. Now they are supporting the recovery.

So, may we say: "Mission accomplished"? No. A series of downside risks and of legacy challenges is looming over our future.

Global value chain bottlenecks, surging energy and fuel bills, and strategic dependencies are affecting relative prices and competitiveness.

Some internal imbalances have increased. The correction of large and persistent current account surpluses has stalled.

Additional investment requirements in the green and digital transitions are set to soar to nearly 650 billion euros per year until 2030, according to the European Commission.

We are trying to shoot a moving target, and the financial effort is getting bigger, as our ambition is on the rise.

The international community cannot afford anymore to seek just a rebound towards pre-pandemic growth paths.

We need to lay the foundations for a new and more resilient economic paradigm, which is digital, sustainable and inclusive. This is one of the key messages from the G20 under the Italian presidency and the COP26 in Glasgow.

We are living in an era of change, or perhaps a change of era, as I like to say. Changes are necessary. Technology and innovation will be their drivers. We all want the European Union to live up to these epochal challenges and the expectations of its citizens.

The recovery has now taken hold, but we need to turn it into sustainable, inclusive long-term growth. To do so, we must embed the lessons learned from the successful EU policy response to the crisis into the EU economic governance framework.

80 years after the Ventotene Manifesto, let's finish what we started.