

EUROPE DAY FOR REGIONS AND CITIES

European Committee of Regions-9 may 2020

Speech of Gaetano Armao, Vice-president of Sicily, member of CoR.

The dramatic conditions under which economic and social activities will restart, after the lockdown caused by the spread of the pandemic, require us to rethink European economic policy and to consider the necessary, urgent and extraordinary measures to be taken not as a derogation from an obsolete model, that must be definitively shelved, but as a major change of course.

Ideas that have guided European economic policy, such as austerity, fiscal compact and stability pact policies, already forced and twisted, have now become incompatible with the needs and anxieties of European citizens who are calling for a Europe of solidarity, capable of rebuilding a future of cohesion and growth.

European Union will be able to regain momentum and offer solutions only by restoring its values to the project that has made the EU the most relevant institutional innovation in a continent torn by wars and devastation. The Europe of rights and democracy cannot be the same as the Europe that is now even slow to find convergence in order to give itself a common budget, overcoming the rigours that have dramatically increased the economic and social gaps within it and weakened, if not undermined, its international competitiveness.

We need to redesign and plan the recovery by finding the reasons for a Europe of peoples, their territories and their cultures and not of governments and bureaucracies. We therefore need to take responsibility and the courage to finally overcome a Union focused on states, their diktats and their vetoes.

The conference on the "*Future of Europe*", especially after this dramatic health, economic and social crisis, must become an extraordinary opportunity to redesign from the foundations this building that, after eliminating its redundancies, must be restored to its original aggregating function and recognise the role of cohesion policy and, in particular, of insularity conditions.

As at the end of the last World War the concrete need for the reconstruction and integration of Europe arose, today we must lay the foundations for a new destiny, designed by the unifying force of European idea, starting with Regions and autonomies.

Time has come to reconsider the rules of operation of the EU, and the European Committee of the Regions must play a driving role in this process. It is in fact the Committee that gathers together the expectations and the drives of European citizens and their territories, in synergy with EU Parliament.

The European Commission has developed a series of initiatives to counter the effects of the COVID-19 ("*Coordinated economic response to the COVID-19 Outbreak*"), in addition to widening the link on state aid (Comm. n.1863, "*Temporary framework for State aid measures to support the economy in the current COVID-19 outbreak*"), has proposed the reshuffling of EU funds, now approved by the European Parliament in the context of a broad initiative ("*Coronavirus response investment initiative*"), The *Sure program*, and the *The 'general escape*

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clause 'within the Stability and Growth Pact, a fiscal flexibility for severe economic shocks. Very important for my country and for my Region.

But it's still not enough.

The appropriate withdrawal of the Stability Pact and budgetary austerity measures must lead to their definitive revision and "*whatever it takes*" must become, for each institution, the model for governing the recovery and revitalisation of the EU economy, ensuring the credibility of the Union project.

Fiscal and banking consolidation needs to be completed, the "*Fiscal Convergence and Competitiveness Instrument*" needs to be implemented, and the structure and functioning of the "*European Stability Mechanism*" (ESM) needs to be completely overhauled and the "*European Recovery measures*" launched.

The European Central Bank, which has finally announced a first intervention part of the *Pandemic Emergency Purchase Programme*, must in fact become "*bank of last resort*", defining programs for the purchase of government bonds indefinitely renewed (exceeding the limits of the "*capital key*") and also of bonds without maturity issued by States, with zero yield or close to zero, to be placed with the National Central Banks.

The European Union and governments - as Italian delegation pointed out few weeks ago - must choose a new path with courage and determination and agree that:

- a) apply the budget balance to current expenditure only, freeing up investment spending;
- b) immediate issuing of European Recovery measures without conditions;
- c) fiscal policy may be used in a counter-cyclical way, even at the cost of increasing the public deficit;
- d) avoid the use of a balance sheet surveillance model based on unreliable and harmful parameters such as potential GDP and *output gap*;
- e) strengthen and consolidate the state aid choices made to support the recovery.

This is the only way for the European Union - as President Tzitzikostas pointed out - to achieve its goals of progress and prosperity and to move forward by offering a peaceful future, otherwise it will be heading for oblivion, giving place to the surges of nationalism fuelled by a growing number of disappointed European citizens

This is the last chance to save Europe, let us not miss it. The virus and its economic consequences will not prevail

Let me conclude these words of mine today - May the 9th, Europe Day - remembering a quote by Alcide De Gasperi, who together with Schuman and Adenauer are the founding fathers of the European Union. The great statesman, speaking to the European Parliamentary Conference in 1954, a year before the Messina Conference, in Sicily, signalled the start of the European revival., said: "*we are all equally animated by the concern for the common good of our European homelands, of our Motherland Europe*".

In this spirit, as Region of Europe, we must lead our peoples out of the most serious emergency since the WW2 and make our motherland Europe stronger, more resilient, closer to its people.