

Beat: Politics

Speech by President Draghi at the Rimini 2022 Meeting

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USPA NEWS - I will speak especially to young people at this time.

You live politics as ideals to be shared, social commitment for their affirmation and, above all, the testimony of a life consistent with these ideals.

Together you reflect, fight, hope, build.

This is why your enthusiasm today and this welcome affect me a lot: you are the hope of politics.

It is a great, great pleasure to be here in Rimini with you in this 'Meeting'.

Naturally, I want to thank President Scholz and Director Forlani for the invitation. You, President, recalled the warmth of your welcome two years ago here in Rimini, and of course I remember it too, and I remembered it when I was preparing for this speech.

We were in an acute and painful phase of the pandemic and here at the Meeting, however, we were already trying to reflect on how to rebuild our society, our economy after that terrible trauma.

In my speech I tried to design an economic policy suitable for such a difficult time.

I spoke of the absolute need to support families and businesses in a period of deep recession, and I said to return to sustainable and shared growth.

I talked about the distinction between "good debt" and "bad debt", that is, between spending that allows an economy to strengthen and that for interventions that do not increase production or social equity;

the importance of supporting the weakest and the youngest.

These ideas inspired the action of the national unity government that the President of the Republic then asked me to lead, a few months later, to respond to the crises we were going through.

Now as then, the Meeting is a unique opportunity to look ahead, with imagination and also with pragmatism.

To think about the country we are, about what we want to become.

Even today we find ourselves in an extremely complex moment, for Italy and for Europe.

The geopolitical picture is rapidly changing, with the return of the war on our continent, the tensions in the Taiwan Strait.

The economic situation is marked by profound uncertainty:

the significant increase in the inflation rate started from the cost of energy, was transmitted to food, and today weighs heavily on the budgets of families and businesses;

slowdown in global growth negatively affects exports;

the conditions of access to credit begin to worsen, this will certainly have effects on investments.

Climate change is manifesting in a threatening way and requires a decisive and urgent response.

Extreme weather phenomena are increasingly common, with often tragic consequences.

I am thinking of the drama of the drought, which hit the Po basin in particular; to the melting of glaciers such as that of the Marmolada; to the violent storms.

These crises - geopolitical, economic, environmental - have origins that are often outside the borders of our country.

But it is up to those with government responsibilities to tell the truth and, at the same time, to reassure citizens with clear and concrete answers.

The challenges are many, and not easy to solve:

how to continue to diversify energy supplies and calm the bills for families and businesses;

how to accelerate on the path of renewable energies to fight climate change;

how to maintain the right momentum in reforms and investments, to preserve growth, the stability of public finances, equity;

how to continue to ensure Italy a leading role in the world, within the European Union and the transatlantic link.

These questions, taken together, present a dramatic historical passage, which must be faced with depth of analysis and courage for action.

The decisions we make today are destined to mark the future of Italy for a long time.

In February of last year, when the executive experience began, we were in a different context from the current one, but just as difficult. The pandemic seemed to be out of control and - as we had observed right here at the Meeting - generated in us a paralyzing uncertainty.

The employment of intensive care units was at a critical level, while vaccinations progressed slowly, amidst supply and distribution difficulties.

The bulletin of the dead and sick of Covid-19 returned a tragic picture every day.

Schools were often closed and distance learning failed to represent a valid and fair alternative to face-to-face teaching

The economy was struggling to get out of the most serious post-war contraction, with businesses and workers suffering from the consequences of the necessary measures to contain the epidemic, due to the collapse of the business.

In Italy and abroad there was skepticism regarding our ability to present and begin to implement a valid plan to reform our economy and spend well the funds that had been allocated to us with the Next Generation EU.

We seemed to be heading for a slow and uncertain recovery.

Eighteen months later, we can say that it did not happen.

The Italians reacted with courage and concreteness, as they often did in the most difficult moments, and rewrote a story that seemed already decided.

Together, we have shown once again that Italy is a great country, which has everything it takes to overcome the difficulties that history puts before us again.

The government did its best:

to respond promptly to the needs of Italians;

to make all the necessary choices with independence of judgment;

to maintain high credibility vis-à-vis citizens and international partners;

and to always seek unity of purpose, dialogue, social cohesion.

This has been our working method.

In a few weeks, the Italians will choose the composition of the new Parliament, which will give confidence to a new government, on the basis of a new program.

In this regard: I invite everyone to go and vote.

I want to thank all the ministers, technicians and politicians, for the dedication and skills they have put at the service of Italy.

In the months we had available, we managed the emergencies that arose and began to design a stronger, fairer, more modern country.

However, much remains to be done, in a context which, as I have mentioned, is difficult and does not allow for stopping.

Leading Italy is an honor for which I am grateful to President Mattarella, to Parliament, to the political forces who supported us, to all the Italians who, like you, have accompanied me with their affection

I hope that anyone who will have the privilege of doing so, of leading the country, will be able to preserve the republican spirit that has animated our executive from the beginning.

I am convinced that the next government, whatever its political color, will be able to overcome those difficulties that seem insurmountable today - as we overcame them last year.

Italy will make it, again this time.

Especially in times of crisis, government action must be swift and convinced.

There are a few days left before the beginning of the school year and I want to remind you how the reopening of schools has been one of our main objectives since the beginning of the vaccination campaign.

We could have waited for the overcoming of a higher vaccination threshold in the population, the lifting of all restrictions on commercial activities before reopening the schools.

But it would not have been fair, especially with regard to young people who had long had to give up face-to-face teaching.

We chose to reopen as soon as possible.

We did so aware of the 'calculated risk' we were facing, despite the many skeptical voices that called us irresponsible.

The result has rewarded us: the students have returned to the desks, the schools have remained open, the pandemic and the pressure on the hospitals have remained under control.

The government had simply correctly assessed the impact of vaccinations. But he then chose as a whole with courage and a sense of responsibility.

The energy crisis caused by the Russian invasion of Ukraine also required speed of action.

In just a few months, we have significantly reduced gas imports from Russia, a radical change in Italian energy policy. We have made new agreements to increase supplies - from Algeria to Azerbaijan. The effects were immediate: last year, about 40% of our gas imports came from Russia. Today, on average, it is about half. We have accelerated the development of renewables - essential to reduce our energy vulnerability, to cut emissions. In the first eight months of this year alone, there were requests for new connections to renewable energy plants for a power equal to almost four times that installed overall in 2020 and 2021.

Our Russian gas diversification agenda has been essential to give citizens and businesses greater certainty about the stability of supplies. If the installation of two new regasifiers is completed on schedule, Italy will be able to become completely independent from Russian gas starting in the autumn of 2024. It is a fundamental objective for national security, because Russia has not hesitated to use gas as a geopolitical weapon against Ukraine and its European allies. There is a lot of talk about sovereignty, but depending, as has happened in the past, for almost half of its gas supplies from a country that has never stopped pursuing its imperial past is the exact opposite of sovereignty. It must never happen again.

The results of our efforts are already visible. Unlike other European countries, Russian gas supplies to Italy are less and less significant, and their possible interruption would have less impact than it would have had in the past. The filling level of the warehouses has now reached 80%, in line with the goal of reaching 90% by October. The government has prepared the necessary gas saving plans, with increasing intensity depending on the quantity of gas that could possibly be missing. But you have heard from Minister Cingolani and what he foresees regarding energy saving.

However, maintaining the volumes of gas supplies does not prevent the increase in costs, which have reached unsustainable levels. The price of gas on the reference market has been well above 200 euros per MWh for several days, with peaks just under 300 euros - more than ten times the historical value. The Italian government has pushed hard at the European level to have a ceiling on the price of the Russian gas we import. Some countries continue to oppose this idea, because they fear that Moscow may cut off supplies. However, the frequent shutdowns in Russian gas supplies this summer have shown the limits of this position. Today Europe, and especially these countries more than us, finds itself with uncertain supplies of Russian gas and also exorbitant prices.

The Commission is working on a proposal to introduce a gas price cap, which will be presented at the next European Council. I don't know what outcome it will have because - as I say. the locations are very different. But the Commission will also present a reflection on how to unlink the cost of electricity from the cost of gas. This link that exists between the cost of electricity produced with renewables, and therefore water, sun, wind, and the maximum price of gas every day is a link that no longer makes sense. Renewable energy producers in a world dominated by gas production may need to be subsidized and they have been, and they are a lot even today. But today it no longer makes sense that the price of electricity is linked to the maximum price of gas and the producers of renewable energy are the ones who have achieved the highest profits today.

However, whatever our idea of the future we will have this discussion in the European Council and on this reflection of the Commission I imagine there is much more agreement and much more support from all countries. That said, at this stage of the business cycle, however, it was fair to give and not to take, and so we did. The government has never raised taxes - with the sole exception of taxes on the extra-profits of companies in the energy sector. These companies, as I was saying now for renewable producers and other sectors, have recorded unprecedented profits only due to the increase in the prices of fossil fuels - an increase that, at the same time, penalizes the majority of citizens and businesses. It was right to ask energy companies to contribute more - and it is essential that they do so, instead of postponing or even avoiding paying what they are asked to do.

For other companies and citizens, the government has begun a process of reducing taxes, as far as compatible with the balance of the budget and with the time we have been given. I refer to the reduction of VAT on bills, the revision of IRPEF, the reduction of the tax wedge. The goal was to start making taxation lighter, and at the same time fairer.

Eliminating injustices and opacity does not mean increasing taxes.

This is the purpose of the land registry reform: to increase transparency on housing values, to bring out the so-called "ghost houses", on which the owners pay nothing or less than what is due.

We have initiated the tax collection reform and are committed to ensuring that there are no new amnesties before its completion.

Tax evasion should neither be tolerated nor encouraged.

This economic policy agenda has clearly had a positive impact on growth.

Gross domestic product increased by 6.6% last year and the growth achieved for this year is already 3.4%.

We have returned to the levels of GDP we recorded before the pandemic in advance of the estimates of the European Commission.

According to the International Monetary Fund, we will grow more than France, Germany and the euro zone as a whole.

The employment rate has also grown and has reached its highest levels since 1977, which is the beginning of the historical series.

In June of this year there were 900,000 more employees than in February 2021, of which almost 40% with permanent contracts.

However, the Italian labor market continues to be characterized by low wages and widespread precariousness, especially among young people.

The pandemic and the return of inflation have hit the weakest particularly severely.

However, the increase in jobs, the cut in taxes for families, the substantial support measures have made it possible to curb the increase in inequalities.

The government has taken particular steps to support families.

With the IRPEF reform and the single allowance for children, we have allocated almost 14 billion more to families, reorganized and simplified tax benefits.

We have increased the duration of parental leave, extended the right to maternity allowance to new categories of workers, and reformed assistance for the dependent.

We have enabled tens of thousands of young people under 36 to purchase a low-tax home with state-guaranteed mortgages.

In the second half of last year, under-36 mortgage applications grew by 54% compared to a year earlier.

This has been our social agenda: growth, employment, giving the elderly dignity in old age, the young people with confidence and the means to achieve their goals.

This year, aid and support for families and businesses did not need any budget variance.

We have confirmed our debt targets.

Public debt in relation to gross domestic product fell by 4.5 percentage points in 2021 and the government expects to continue to decline by another 3.8 percentage points this year as well.

The debt / GDP ratio remains at very high levels, but if these forecasts were to be confirmed, it would be the largest decline in absolute terms in a two-year period since the postwar period.

The improvement of public finances does not depend only on the presence of an expansive economic phase.

Never in the last twenty years in Italy had the exit from a recession been accompanied by a significant reduction in the debt / GDP ratio.

And if it is true that inflation contributes to the reduction of the debt / GDP ratio, it is not sufficient to explain it, since comparisons between Italy and other European countries are also favorable to us. France and Germany will be close to the 2020 level at the end of this year, instead of the sharp decline in Italy.

The international economy is now deteriorating sharply and this deterioration has started to hit our country.

The economic policy that we have followed in recent months, however, puts us on solid foundations, and shows a possible path to follow.

Economic growth, social justice, fiscal sustainability are fully compatible with each other, and can mutually reinforce each other.

The credibility of each government's action also lies in the response it receives from citizens.

I am thinking of the vaccination campaign, an impressive logistical effort for which I once again thank the health personnel, the army, the Civil Protection, the volunteers.

We have set ourselves ambitious goals and we have given priority to the elderly and the frail, according to the principle of vulnerability - the only ethically correct one.

Faced with the seriousness of the institutions, the Italians reacted with a truly exceptional sense of responsibility and civic spirit.

In just six months, between February and August 2021, 38 million people received the first dose.

I remember with pleasure the words of praise towards our country by the German Chancellor Olaf Scholz during his first visit to Rome.

Internal credibility must go hand in hand with international credibility.

This is essential for Italy to have a weight in Europe and in the world consistent with its history, with the expectations of its citizens.

Italy is a founding country of the European Union, a protagonist of the G7 and NATO.

Over 25% of our public debt - among the highest in the world - is held by foreign investors.

Thousands of foreign companies get their supplies from our companies, place their orders or employ their capital in Italy and contribute to growth, employment, the public budget.

It is for these reasons that protectionism and isolationism do not coincide with our national interest.

From the autarchic illusions of the last century to the sovereign impulses that recently pushed to leave the euro, Italy was never strong when it decided to go it alone.

The place of Italy is at the center of the European Union and anchored to the Atlantic Pact, to the values of democracy, freedom, social and civil progress that are in the history of our Republic.

It is with this vision that our fathers and grandparents rebuilt Italy and made its economy one of the most dynamic in the world, with one of the most generous welfare states.

It is thanks to our belonging to the single market that we have been able to build an economy on this basis with strong protections for workers and consumers.

And it is thanks to the participation of Italy as a founding country if Europe has become a Union of peace and progress.

Italy needs a strong Europe as much as Europe needs a strong Italy.

In recent months we have never given up on our proposals - from the improvement of vaccine supplies, to the ceiling on the price of gas imported from Russia, to the enlargement of the European Union to Ukraine.

Last December, together with the President of the French Republic, Emmanuel Macron, we described the principles that we believe should underpin the new European budget rules.

The current ones are not very credible, not very transparent and do not allow to use fiscal policy effectively during a recession.

Furthermore, it is not clear how the ambitions of the European Union in terms of industrial policy, ecological transition, common defense can be compatible with these rules.

It is not clear how, with them, a "European sovereignty" can be built, an objective which is particularly important today in the light of the geopolitical conditions in Europe.

The Italian government has explained its positions, sought alliances, tried to lead the Union towards results that would be in everyone's interest.

On budgetary rules, we will look at the European Commission's proposal with great interest and we hope it will be a good compromise between the various positions in the field.

Italy knows how to be an authoritative country and it is with authority that respect for others comes.

The National Recovery and Resilience Plan is essential proof of our credibility

Our European partners have pledged to tax their citizens in the future to allow Italy to recover more quickly from the pandemic crisis, to modernize its production structure.

The majority of Italians have long expected reforms and investments that make the economy more efficient, fair, sustainable, that put the South, young people and women at the center of the country.

This spirit animates and has animated the policies we have put in place - from competition, to the substantial simplification agenda, to justice.

This spirit animates and has animated the policies we have put in place - from competition, to the substantial simplification agenda, to justice.

This spirit guides the investments we have started, from nursery schools, to railways, to improving the water network.

The disbursement of PNRR funding - amounting to 191.5 billion euros - depends on the assessment that the European Commission makes of the Plan and its implementation.

It therefore depends on our ability to implement the innovative policies we have devised within the established time frame - as we have done so far.

We have achieved all the objectives set by the first two deadlines of the plan, and we are working to reach as many as possible before the change of government.

The Russian invasion of Ukraine found an Italy that clearly defined its position: alongside the Ukrainian people, their right to defend themselves and decide their own destiny.

It is a position that we have agreed with the other members of the European Union and our allies.
It is a position that has been strongly supported by Parliament - both by the majority and by the main opposition party.
And it is a position that has crossed the great sense of solidarity of the Italians, with their moving welcome of refugees in homes, schools, parishes.
Once again I want to thank the families, the third sector, the teachers, for this collective effort of generosity and organization.
Ukraine is a free, sovereign, democratic country which has been brutally attacked by Russia.
We cannot call ourselves Europeans if we are not ready to defend the dignity of Ukraine and Europe.

At the same time, we must be ready to seize opportunities to achieve a peace that is lasting and sustainable.
There is no contradiction between the search for peace, support for Ukraine, the implementation of effective sanctions against Russia.
Italy immediately committed itself to the release of millions of tons of cereals blocked in the ports of the Black Sea.
This diplomatic success - thanks to the mediation of Turkey and the United Nations - limits the risk of a food catastrophe in many of the poorest countries in the world.
It can also constitute a first opportunity for dialogue between the parties. And I hoped until yesterday that the decision to allow UN inspectors to access the Zaporizhzhia nuclear power plant was another of these signs.
Unfortunately, last night Russian missiles bombed the area around the plant and therefore I can only associate myself with the words of the Holy Father to avoid a nuclear disaster.
In any case, in this search for peace it is essential that promises are sincere, that they are followed by concrete actions and that, above all, it is Ukraine that decides which terms of peace are acceptable.

Our credibility - internal and external - has greatly benefited from the cohesion that we have all been able to show in the face of adversity.
This cohesion was partly the product of national unity, which saw - at least for a while - the parties put aside their differences to find meeting points in the interest of the Italians.
Once the experience of national unity is over, this cohesion will naturally have a different declination.
Dialogue between political forces is also necessary in the confrontation and clash between different positions:
cohesion will have to be found in the common feeling of all the protagonists, in their sense of belonging to the same ideals of our Republic and our European Union.
But this cohesion was also the product of constant interaction with all the social forces and institutions involved in the life of the country. In the words of Vaclav Havel, "freedom and democracy require participation and therefore responsibility from all of us".
The confrontation with the trade unions and the social partners was particularly important, because good industrial relations are fundamental for the social and economic growth of the country.

The government has sought it with perseverance and conviction - from the management of the pandemic, to the commitment against deaths at work, to the drafting of measures against the high cost of living.
Equally essential was the collaboration with local authorities, which have had and will continue to have a central role in the implementation of the PNRR.
In particular, I would like to thank the mayors for their patient and active commitment in favor of their communities, which I self-appreciate at the ANCI assembly last November in Parma.
I would also like to recall the role of the Third Sector which, as Cardinal Matteo Zuppi said here "is an important and decisive interlocutor for present and future institutions".
Finally, Italy's ability to react in the face of crises is also due to the commitment of associations and volunteers, who every day lend help to the weakest, strengthen the spirit of community.

Many times I have been asked to describe my "agenda" which - in the intentions of those who want me to describe itself - should be a set of proposals to be left to the next government.
But I believe that the Italians, with their vote, will choose their representatives for the next legislature and therefore the program of the future executive.
I can only make - as I did with you today - a summary of the principles and method that have guided the action of our government and the results that have ensued.
Now I look at you and I see an audience made up mainly of young people: it is always true, but on this particular occasion the word must be of truth, but also of hope.
We must not be silent about the difficulties we face, but it is not honest to describe them as calamities that see us inert.
No. With your energies, with your seriousness, with your love for life and for Italy, you, all of us, will overcome these obstacles, we will overcome these challenges.

Confidence in the future is based on this awareness and will be our strength.
Thank you.

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