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Pier Carlo Padoan: The EU Should Work Together to Promote "Inclusive Growth"

For the second time in a row, Italian Finance Minister Pier Carlo Padoan attends the Trento Economics Festival: a momentous occasion to evaluate the economic performance of our country. Is an unexpected 1.2% growth of GDP in Italy encouraging enough to pull ourselves out of the crisis? Is the budget for 2018 intelligently defined or do we need additional intervention to avoid VAT increase up to 25%? Does the rise of nationalistic, sovereignist, and populist parties change the European agenda? Minister Padoan replies thoughtfully and authoritatively to these questions surrounding the current political and financial situation in Italy in his speech and debate with Valentina Romei, editor at the Financial Times, and Alberto Faustini, editor-in-chief at the local newspaper "Trentino".

In Padoan's response to the question of whether or not he takes comfort in the positive data on Italian GDP growth, he states that "forecasts for the future of Italian economy could be even better performing, nevertheless we should not forget that international financial crisis costed our economy -10% of GDP". He continues that "there is another negative heritage found in the unresolved issues that followed the crisis, an insurmountable amount of public debt and a lack of reforms". To overcome this, Italy must call on the European Union for help.

The Italian request to the European Union for a "discount" of 9 billion euro for the next budget law concerns not only Italy but also all European countries. The White Paper proposed by the European Commission a few days ago is going in the right direction, in Minister Padoan's opinion. Yet, he does believe that Italy, France and Germany should work together in order to implement an "inclusive growth" or a "union in technological innovation". At the same time, in Europe more broadly a balance needs to be found among member states in sharing economic risks. In short, European countries should apply the same spirit they use for establishing the European Central Bank in other sectors of the European political economy. Turning his focus to the national, Italian level, concerning the crisis management of Italian banks as Monte dei Paschi di Siena and Veneto Banca, Padoan explains that "the only realistic option to find a way out [of the financial crisis] is a precautionary and sustainable re-capitalizing of suffering banks, without state intervention".

Will we see Minister Padoan attending the Trento Economics Festival in 2018? He jokes about himself stating, "Maybe I will be back in Trento as a retired University professor..." Stay tuned!

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