# Europe, power and finance

By **Sylvie Goulard**

**Sylvie Goulard**, former Minister of the Armed Forces and Deputy Governor of the Banque de France.[1]

Finance has become an essential attribute of power. Its importance has grown given the substantial investments needed for the energy and digital transitions as well as the need to support economies affected by the COVID-19 pandemic. As regards financial power, the European Union has many advantages, not least its single currency, but must also contend with genuine handicaps, which were laid bare during the Trump presidency.

**politique** étrangère

The world is rapidly changing, and Europe is striving to find its place. In the debates over European sovereignty, the issues frequently revolve around diplomacy, defence and occasionally industrial policy, but only rarely finance. The most noteworthy advance in European construction was undoubtedly the single currency, but the European Union (EU) could make much better use of its strengths in the financial area. It took the global financial crisis for common regulatory rules governing finance to be adopted and for their control to be entrusted to European supervisory authorities. Even today, the domestic financial services market remains fragmented and the euro's geopolitical role unfulfilled. Yet the strategic nature of the financial stakes is evidenced by several factors.

First, financing innovation is essential to remain internationally competitive. The climate transition alone requires massive investments, without which it will be impossible to achieve the target of reducing $CO_2$ emissions to zero by 2050. Bridging the technology gap also requires substantial capital, in this case with a special twist: not only is finance

1. The following views are solely those of the author and do not reflect the positions of any institution. She would like to thank M. Després, E. Hermet, Q. Michel, A. Moreno and P.F. Weber.

indispensable for innovation, but innovation transforms finance. Tech companies, on the strength of their customer data, are also entering the payments market (e.g. Facebook with its Diem/Libra project).

Alongside these structural changes, cyclical factors also come into play. The COVID-19 pandemic forced governments to provide unprecedented and massive financial support. Guaranteed loans, deferred expenses and various subsidies along with the increased costs of the social safety net all weigh on the public debt. Private debt also increased. Company defaults threaten to undermine bank balance sheets. As for the European Central Bank (ECB), it had to intervene to stabilise the markets and ensure favourable financing conditions for member States and companies. Prudent management of the public and private debt, as well as a smooth exit from the extraordinary monetary programmes will be decisive for the future of our countries.

The City of London, the world's leading financial centre, is no longer part of the EU following Brexit. This departure is a source of great uncertainty. Will it lead to cooperation based on equivalencies or a voluntary split? This question remains open, especially for certain market infrastructures.

Lastly, despite the financial crisis and turbulence in the sovereign debt market, the euro remains the world's second-leading reserve, lending and payments currency, a remarkable success in its first 20 years of existence. And yet it remains a "stateless currency", a marked contrast to the dollar, which is backed by economic, diplomatic and military resources. With its federal treasury bonds, the United States enjoys a deep and liquid market that the EU lacks. Much like the EU, the euro zone is not represented in international circles in line with its economic and political weight. The Biden administration has chosen the path of multilateral cooperation, which will help to promote global financial stability, but Europeans would do well to remember the lessons of Donald Trump's unilateral use of the dollar.

## Financing, a global challenge – the climate example

In a competitive global economy, a financial sector that can support innovation is essential. The excellence of US universities, large-scale federal research programmes and above all a nimble private equity industry provide the United States with a decisive technological edge.[2] Successful

2. P. Aghion *et al.*, *Le Pouvoir de la destruction créatrice*, Paris, Odile Jacob, 2020.

measures have been implemented to help start-ups in France, but rapid growth companies inevitably have to cross a "death valley".[3]

Europe lags in the area of investment. This phenomenon also affects other advanced economies, to the point where Larry Summers defined the current period as one of "secular stagnation". And yet the two transitions currently under way, climate and digital, require colossal investments. According to the European Commission, EUR 260 billion of additional investments are needed each year to reach the climate targets by 2030.[4] Currently, in France the investments in the fossil fuel economy still exceed the volume of sustainable investments.[5] Bruno Le Maire described finance as the "linchpin of the climate war".[6]

The financial sector plays a dual role: attract financing and assess risks. In a ground-breaking speech in September 2015, the Bank of England's governor Mark Carney warned of the scale of climate-related risks: physical risks (climate-related deterioration); transition risks (asset impairment related to decarbonisation) and liability (legal) risks. The topic is not just environmental, but economic and financial as well.[7]

When President Trump pulled the United States out of the Paris Accord, the European countries responded. In December 2017, Emmanuel Macron convened the One Planet Summit, where various "coalitions" were formed, including the Network for Greening the Financial System (NGFS), which brings together central banks and banking supervisory authorities.[8] This measure constitutes a promising example of informal international cooperation, and despite its technical nature may transform the entire world of finance. NGFS develops data analytics and metrics for risk assessment, prepares stress test scenarios enabling the financial sector's resilience in dealing with climate events to be verified and provides incentives for central banks to green up their non-monetary portfolios and even commit to climate-focused monetary policies. Frank Elderson, a member of the ECB Executive Board, presides over this network while its secretariat is provided by the Banque de France.

---

3. "*Capital-risque et développement des start-ups françaises*", Trésor Éco, no. 276, February 2021, available at: www.tresor.economie.gouv.fr
4. European Commission, "A European Green Deal", 11 December 2019, available at: https://ec.europa.eu
5. H. Hainaut and M. Ledez, "Panorama 2020", I4CE, 11 March 2021, available at: www.i4ce.org.
6. Joint press release by Bruno Le Maire and John Kerry, Special Presidential Envoy for Climate, Wednesday 10 March 2021
7. See speech of M. Carney, "Breaking the Tragedy of the Horizon", 29 September 2015, available at: www.mainstreamingclimate.org.
8. Initially comprising the People's Bank of China, the central banks of Morocco and Mexico and the Singapore Supervisory Authority, the NGFS currently has more than 90 members, including the Federal Reserve and 13 observers.

But the Europeans are not the only ones seeking to play the leadership role. The Task Force on Climate-related Financial Disclosure (TCFD) backed by Michael Bloomberg, to cite but one, also plays a crucial role to disseminate information on company activities. The greater the level of awareness, the fiercer the competition. The development of standards and expertise in "green" financial engineering are becoming influential tools. At the same time, no one is in a position to solve climate change all alone. The challenge is so great that it would require the creation of a world government or, at the very least, restrictive international processes that are still lacking at this juncture.

2021 is likely to be a crucial year. Italy will chair the G20, with "the planet" as one of its three priorities, especially in the finance realm. The United Kingdom will lead the G7 and COP26 with similar goals. And John Kerry, the special presidential envoy of Joe Biden for the climate, listed finance as his priority.

The deliberations have already extended beyond just the climate. Ever since the industrial revolution, human beings have exploited nature as though its resources were infinite and free. Markets do not set prices for activities deleterious to the climate or nature. Researchers have focused on the emergence of serious, non-linear threats that cannot be guarded against alone, describing them as "green swans".[9] We are now in debt to nature, as noted by the Dutch central bank.[10] The findings of the January 2021 One Planet Summit in Paris, like the report of M. Dasgupta for the British government devoted to biodiversity,[11] leave no room for doubt on the urgent need to act. In the light of the impact of the Covid-19 pandemic on human life and the economies, deliberations are focused on taking better account of financial risks related to preserving human, animal and plant health (*One Health*).[12] These matters clearly represent a new arena for finance. With the needs of the economy already weighing on the world of finance, the ability to deliver this innovation effort will be that much more challenging.

### The financial consequences of the health crisis

As from the spring of 2020, European governments established major support mechanisms. It was essential to prevent mass unemployment and the

9. Banque de France and Bank of International Settlements, The Green Swan, January 2020, available at: www.bis.org.
10. DNB website "DNB supports the IFRS Foundation's Plans to Set Up a Sustainability Standards Board", December 2020, available at: www.dnb.nl
11. UK government, "The Economics of Biodiversity: The Dasgupta Review, February 2021, available at: www.gov.uk.
12. World Health Organisation, "A Call to Action: National Governments and The Global Community Must Act Now", 16 March 2021, available at: www.euro.who.int.

collapse of companies whose operations were idled. In the EU, budgetary discipline rules and government subsidy regulations were suspended. To get a sense of the scale, the amount of loans guaranteed by the French government reached nearly EUR 140 billion at end-February 2021.[13] French public debt jumped from around 100% of gross domestic product (GDP) to nearly 120%. Alongside the measures of the member States, the EUR 750 billion Next Generation EU recovery plan was implemented, financed by joint obligations. For Italy, the transfers represented approximately EUR 200 billion (EUR 100 billion for France) during the entire period.

Meanwhile, ECB interventions reached never-before-seen levels. The new Pandemic Emergency Purchasing Programme (PEPP) involved securities purchases totalling EUR 757 billion, while the volume of funding available to banks through targeted longer-term refinancing obligations (TLTRO III) reached EUR 1,533 billion.[14] The total envelope could reach as high as EUR 1.85 trillion.

**There is no free money**

Although the urgency of the situation certainly justified a vigorous response, one can reasonably ask where the money is coming from. The debate over cancelling the debt highlights the risk of confusion between finance and sleight of hand. And yet there is no such thing as free money. A country's creditworthiness is what enables it to take on the debt to finance the extraordinary effort related to the pandemic, just as it would during normal periods to invest in defence or research projects. Thus the need to uphold its reputation and, in better times, adopt balanced budgets. In the future, the political leeway will be largely determined by the management of the Covid debt, which in a country like France came on top of already excessive debt levels. As Jacques de Larosière wrote, "the fact of having an outsized budget is not a factor of strength and growth but, on the contrary, perhaps an obstacle".[15]

That raises another key question: should the recovery seek to bring the economy back to how it existed before the crisis or, on the contrary, accelerate its transformation? For sectors that emit a significant volume of $CO_2$,

13. Ministry of the Economy and Finance, "*Prêts garantis par l'État*", situation at 26 February 2021, available at: www.economie.gouv.fr
14. Financial System Risk Assessment (*Évaluation des risques du système financier - ESR*), Banque de France, quantified at end-December 2020, available at: https://publications.banque-france.fr
15. J. de Larosière, *40 ans d'égarements économiques*, Paris, Odile Jacob, 2021

the question is not academic. Democracies always struggle with competition and creative destruction, which contribute to modernisation. Unfortunately they have an unstated preference for the short term, since those in control of the existing economic system make their voices heard and vote. Future generations, youths and future company employees have less of a voice. Thus the strength of the European recovery plan oriented toward the next generation (Next Generation EU). In and of itself, the existence of a joint European response to the health crisis through the creation of new financial instruments has a strategic component. By pledging to pay down joint debt through 2058, the Europeans reaffirmed their common fate. The markets heard the message, resulting in an immediate narrowing of the spread between Germany and Italy. Member States must devote 30% of expenses to the climate transition. It is still too soon to tell whether the governments will make good use of the funds, but the framework was set up to encourage them to do so. In a virtuous circle scenario, properly targeted investments will create the jobs of the future, with tax revenues making it possible to reduce debt.

The attempted European solidarity should not overlook the differences that existed between EU countries at the start of the health crisis. Previously, Germany had lowered its debt to less than 60% of GDP; in France this figure was 100%, and in Italy it was 135%. Other differences exist as regards private debt levels and the primary budget deficit of each euro zone country.[16]

Finally, there remain questions on the redistributive impact of the central bank interventions. They are intended to rekindle inflation while supporting economic activity and encouraging job creation on behalf of the lowest income population segments. These measures nevertheless favour holders of financial assets, although to what extent remains a matter of some debate. As regards the United States, some people fear that the Federal Reserve's policy could stoke popular resentment.[17]

### Brexit, a transformation of the global financial landscape

The United Kingdom's exit from the EU did not give rise to the fierce battle over financial services that one might have expected after the February 2016 agreement, which was intended specifically to prevent such a battle. The referendum revealed a deep political divide between London and the less well-off northern regions of England. Moreover, the

16. P. Aghion *et al.*, *Le Pouvoir de la destruction créatrice*, *op. cit.*
17. Bank of Italy, *Considerazioni finali del Governatore*, 29 May 2020, p. 32, available at: www.bancaditalia.it

City itself was divided, with some of the less regulated sectors rooting for a hard Brexit. These factors no doubt explain why neither Theresa May nor Boris Johnson prioritised finance in the negotiations with the EU.

The result for financial market providers based in London was the loss of the "passport" that allowed them to provide services throughout the EU. And yet this special position within the single market while outside the euro zone contributed to the London financial market's prosperity in recent decades. Brexit thereby revealed a paradox. The most significant achievement of European construction was the adoption of a single currency, federal in nature, but its proponents paid less heed to finance than the country not participating in the single currency. Still unfinished in 1992, the Economic and Monetary Union did not usher in the political union that some observers believed was its necessary corollary.

Although European construction is a step-by-step process, the euro zone limps along with an unfinished provisional arrangement. The founders neglected to give the euro zone a common budget that would have enabled countercyclical macro-economic governance or to implement measures that would promote convergence among participating States and the emergence of a euro-denominated debt market. In addition, the ECB was only given banking supervisory powers starting in 2014. As regards a financial centre, this issue was undoubtedly left unaddressed because the Delors Committee, established by the European Council of Hannover in June 1988 to "study and propose concrete steps designed to lead to the Economic and Monetary Union", delivered a report that received the unanimous backing of all committee members, including the Governor of the Bank of England. Its members were in fact tasked with assessing the technical feasibility of the project without issuing a recommendation on whether it would be politically desirable to participate.[18] The governments did not adopt all its proposals, nor those of the 1970 Werner report that envisioned a more solid political framework.

Following Brexit, movements of people and capital demonstrate how a portion of the financial centre activity has been spread out amongst several Continental financial centres. US investment banks moved some of their teams to Frankfurt, Paris or Amsterdam. Some funds opted to move to Luxembourg or Dublin. Decentralisation could turn out to be beneficial

18. H. Enderlein and E. Rubio, "25 Years After the Delors Report: What Lessons for Economic and Monetary Union?" Jacques Delors institute, 2014, available at: https://institutdelors.eu

for financial stability and a wider distribution of the activity, but it prevents the emergence of a single European crucible where regulators, central bankers, bankers, insurers, asset managers and investment fund managers as well as large law firms, auditors, rating agencies and trade media work side by side. For better or worse, fragmentation along national lines, not to mention rivalries between financial centres and supervisory authorities, is here to stay. In some cases the technical nature of certain issues obscures the high stakes, as evidenced by the uncertainty over derivatives clearing, which is essential for corporate finance.

Doubts are also surfacing as regards outward appearances. Having chosen a form of prudent neutrality,[19] the Continental governments and the ECB balked at the thought of actively encouraging an international role for the euro. While it may have been wise in the early years to give the euro time to establish itself, today the extent to which some people struggle to take up the idea of a global currency along with the accompanying responsibilities is striking. On several occasions, Jean-Claude Juncker, as head of the Eurogroup and then the European Commission, warned about these misgivings.[20] Ursula von der Leyen relayed the message, which is shared by the European Parliament.[21] The ECB began to grant liquidity to third-party countries, following the practices of the Federal Reserve, which is a major step, but the euro's international role remains limited.

**For better or worse, fragmentation along national lines persists**

### The European Union on the global stage: small steps

The voice of the President of the ECB has been heard for many years, but the euro zone has not managed – any more than the EU – to be represented by a single representative in international forums such as the International Monetary Fund (IMF), the G20, the G7 or even in the more specialised committees.[22] European delegations are generally large in number and poorly coordinated, and this heterogeneity impedes convergence.[23] Many member States do not have financial institutions operating

---

19. W. Duisenberg, Frankfurt speech of 20 November 1998.
20. J.-C. Juncker, Speech on the 2018 State of the Union, available at: https://ec.europa.eu.
21. D. Hübner (rapporteur), Report on Strengthening the International Role of the Euro, A 9-0043/2021, European Parliament, 18 November 2018, available at: www.europarl.europa.eu.
22. S. Goulard (rapporteur), On the EU role in the framework of international financial, monetary and regulatory institutions and bodies, P8_TA(2016)0108, European Parliament, 17 March 2016, available at: www.europarl.europa.eu.
23. A dozen at the G20, for example, compared with 2 Chinese or 2 Americans. The rotating EU chairmanship, the European Commissioner for the Economy, the President of the ECB, 3 ministers of Finance and 3 national bank governors as well as the ministers of two or three countries invited such as Spain or the Netherlands, adding up to approximately a dozen EU representatives compared to 2 Chinese, 2 Indian and 2 Americans.

on an international scale. In countries such as Italy or Germany, which are large exporting countries, the political class focuses its attention on local finance (notably the Sparkassen and Landesbanken in Germany) or national finance. As regards France, the national banks and insurance companies are systemically important, and the political class is naturally drawn toward the notion of "European power", yet finance is given short shrift. Political leaders would rather be seen at the Agriculture trade show or in a factory than on a trading floor. In fact, the financial market, an object of mistrust, is often seen as being at odds with power, whereas it constitutes one of the EU's major strengths on the global stage thanks to its size and rules.

The lack of pension funds in numerous Continental countries along with the undeveloped culture of household share ownership therefore work to prevent the emergence of a pan-European capital market. Appetite for risk is limited and not encouraged, as evidenced by the tax advantages granted to the Livret A savings accounts or life insurance. For all these reasons and despite the recurring proposals by the European Commission to strengthen the euro's international role, progress remains limited.

### The euro, far behind the dollar

Although the euro zone accounts for approximately 11% of the global economy, the euro represents around 20% of foreign exchange reserves and stocks of sovereign debt, and a bit less for cross-border loans and deposits. The euro's steady increase in public debt issues observed prior to the global financial crisis was unfortunately slowed by the crisis. The dollar's supremacy has not been jeopardised by China's economic breakthrough for now, as the renminbi remains well behind the euro for debt issues and loans. However, the Chinese government recently made proactive statements whose impacts are worth monitoring. Global trade remains largely denominated in dollars. In 2015, the IMF's current chief economist Gita Gopinath estimated that dollar-denominated trade represented 4.7 times the country's place in the global economy. Only half of all euro zone imports and 60% of its exports are currently denominated in euros despite the European Commission's efforts to promote the use of the euro for energy and commodities billing. This situation makes the European economy more vulnerable to currency trends than that of the United States, whose exports are 90% denominated in dollars.

Moreover, the absence of a single issuer of euro-denominated securities deprives the euro zone of a deep and liquid debt market, which is essential if a currency is ever to achieve the scale needed to rival the dollar.

Investors are perfectly willing to buy debt issued by European member States, although fears of a break-up of the euro zone have not disappeared entirely. While the issuance of joint debt to finance the Next Generation EU plan is promising, the cumbersome nature of European governance remains. The frequent need to achieve unanimity among the 27 member States hampers the ability to act. The European recovery plan originated with a Franco-German proposal in May 2020 and was ratified by the European Council in July, but then only validated in December. The slow pace of ratification at the national levels further slows its implementation. For example, if the governments wanted to change the ECB's mandate to include climate, as was done recently by the United Kingdom, a new treaty would have to be negotiated and ratified by the 27 member States (including States not using the euro, since the euro is the single currency for the entire Union).

Therein lies a paradox. The Europeans are constantly measuring themselves against the United States without admitting that it will take more closely integrated governance and a more forceful vision of their interests, along with a greater appetite for risk, to be on equal footing. The critique of US hegemony also reflects the regret of not being able to imitate it for lack of means. And that raises the question whether Europe should even use the United States as its model?

**The EU's vocation is not to practice extraterritoriality**

US power is a two-edged sword. Following the global financial crisis, for example, this power was leveraged to convince Swiss authorities to put an end to banking secrecy, which led to changes in EU countries such as Luxembourg and Austria, with favourable effects for the fight against fraud and tax evasion and the creation of the European banking union. But the extraterritoriality of US action can also complicate matters for non-US companies and citizens, for example when heavy sanctions hit French banks or when certain Europeans born in the United States are targeted by US tax authorities.

The EU's vocation is not to follow in US footsteps and practice extraterritoriality, but on the contrary to defend an organised world founded on shared rules and transparent and fair procedures. For those reasons, and to better finance its own project, the EU would benefit by strengthening itself. Such a move would require changes in public policy (governance, taxation, debt management) and a more favourable approach toward the emergence of private finance conceived at European scale, backed by the single market and on behalf of prosperity. The existence of a larger number of cross-border banks within the euro zone would better distribute risks in the event of a crisis. It would also make it possible to better allocate capital to thriving companies regardless of their location. Currently, the European banking sector is slow to restructure, and its profitability remains below that of US competitors.[24] At a time when competition is fierce at global scale, some European bankers are warning of the failure to complete the banking union.[25]

Nearly 10 years after the launch of this union, national interests continue to prevent it from realising its goals. A single supervisory authority was established in Frankfurt along with a common legal framework, but some EU countries (host) seek to retain control over the capital of a subsidiary whose head office is located in another member State (home). Other States block the creation of a deposit guarantee, which is essential for savings to circulate throughout the euro zone while enjoying the full confidence of the public. Similarly, the "capital markets union", launched with great fanfare in 2014, is far from achieving the expected results, much to the detriment of companies and households.

## The lessons of US unilateralism in the Donald Trump era

There is no better case illustrating the link between power and finance than the nuclear agreement signed in 2015 by the five permanent members of the UN Security Council, the EU and Germany with Iran (JCPOA).

On a matter as crucial as control of the military use of atomic energy, Europeans were forced to accept limits on their own sovereignty, in part due to … payment systems. In theory, Donald Trump could have the United States withdraw from the treaty without affecting the European position. In practice, however, European companies had to back out of contracts entered into with Teheran while European banks had to suspend all financial transactions with Iran. Lacking their own autonomous payment channels, European banks had to follow the injunctions promulgated by the United States lest they face heavy penalties such as losing access to the US market, dollar financing or even legal actions against their executives.

Rarely before had international payment systems been seen as such instruments of diplomatic sovereignty or levers of power. And yet the

24. European Commission, Toward a Stronger International Role of the Euro, COM (2018) 796, 5 December 2018, available at https://ec.europa.eu.

25. S. Goulard, "The Euro's International Role", Le Bulletin de la Banque de France, no. 229, June 2020, available at: https://publications.banque-france.fr.

decision by the SWIFT network (Society for Worldwide Interbank Financial Telecommunication) – a legal entity established under Belgian law – to submit to the unilateral decisions of the Trump administration on Iran, and more generally the weight of the dollar in the global financial system, are what brought about these actions. While this example may be spectacular and involve an administration that rejects multilateralism, the phenomenon could repeat itself in other areas.

The fact that cross-border payments made in Europe using credit cards or mobile apps passed through non-European companies caused 16 private European banks to launch the European Payments Initiative, a project that seeks to develop autonomous solutions. The ECB's determination to study the potential implementation of the digital euro, a digital central bank currency, also reflects this desire to retain control over the payment systems of the future. The ties between finance and personal data, i.e. the need to protect information that allows client profiles to be determined with great precision, call for heightened vigilance. There is a real danger that access to credit or insurance could be denied to the most vulnerable members of the population. In this regard, finance now affects public liberties and equity since regulatory controls are used to restrict money laundering and terrorism financing.

Finally, the deliberations cannot limit themselves to the current world dominated by the dollar. What will happen when the day comes that the extraterritorial action comes not from an allied country but an authoritarian regime? Through its belt and road initiative and economic ties to Africa, China is already activating powerful financial levers, gradually becoming the creditor for a large number of States. Its investments give it access to resources and faraway lands, as much as a political lever.

* * *

This brief overview scarcely covers such a vast subject but opens up areas for further reflection on the ties between finance and power. Sound management of public finance and well-regulated private finance oriented toward investment could contribute to greater European sovereignty as well as prosperity. Finance will play an indispensable role in successfully completing the climate transition and promoting innovation while contributing to wealth redistribution. Going forward it will also play a decisive role in how our personal data are used.

The EU has major strengths in the global competition: the stability of its political framework, which is essential for attracting foreign capital and debt issuance; its domestic market, which is too often neglected in deliberations on power; abundant savings; the presence of solid banks, insurance companies and asset managers; legal rules that protect public liberties; a globally recognised commitment to "greening"; a highly regarded currency. It is up to the Europeans to do a better job promoting these strengths, as some member States and the European Commission suggest.[26] To be sure, some technical areas such as the banking union or the capital markets union still need to be successfully completed, and political issues currently on hold need to be resolved. Would it not make sense to reform the governance of the euro by encouraging both investment and sound management of public finances? As for the tax base (starting with the corporate income tax and the tax of savings), they would benefit from convergence, like the bankruptcy laws, to enable companies to reap the full benefits of the single market and to evolve. And is it not high time to get behind unifying the external representation of the euro zone and EU in order to have greater influence over crucial choices related to climate and technological change?

As is often the case with European matters, the problem has less to do with the outside world, which actually has confidence in the euro and appreciates the EU's strengths, and more with ourselves. Will we prioritise unity? Or will we let mistrust, delusions of national grandeur and the defence of special interests prevent us from contributing to a more just and more prosperous world?

**Key words:**
International finance
Central banks
Euro
Public debt

26. European Commission, The European Economic and Financial System: Fostering Openness, Strength and Resilience, COM (2021) 32 finals, 19 January 2021, available at: https://eur-lex.europa.eu.