

TRANSCRIPT OF #ASKDRAGHI VIDEOS

A question on Europe's economic recovery has reached us via Facebook, and Ismail from Italy would like to know: “When will Europe fully recover from its recession?”

Well, Europe has recovered from the recession, but the recession has been very, very serious, probably – actually quite surely – the most severe recession since the Great Recession of the '30s last century.

Millions of people lost their jobs, and young people found it more difficult than ever to find a job.

It is now about four and a half years that the economy in Europe has been expanding continuously. And employment is higher than ever. 7 million jobs have been created over the last three and a half years.

But we've got to be careful here. These numbers conceal different realities.

Namely, and more specifically, the quality of these jobs needs to be improved. There are many temporary jobs, many part-time jobs.

So, the situation is definitely better, but we have to keep on improving.

In any event, all this has been possible mostly because of our monetary policy. Because interest rates have been kept low for a long time, and people could actually take loans, buy houses, make investments, and create jobs.

So we've got to keep on working, not forgetting what the main problems are, but the situation has definitely improved.

Jan from Belgium is concerned about unemployment. So he's tweeting: “Imagine artificial intelligence and robots cause massive youth unemployment. How will the ECB react?”

Well, the worries about technical progress destroying jobs are, I would say, as old as the Industrial Revolution, when it all started.

So far the experience has been that the jobs created by the introduction of new technologies actually were more than the jobs being destroyed by their introduction.

And we may be reasonably optimistic that this is so.

Two conditions have to be satisfied. The first is that the benefits accruing to those sectors where new technologies are introduced are also being transferred to the rest of the economy, so that more jobs can be created elsewhere.



The other condition is that the people who lose their jobs in the sectors affected by the new technology can find other jobs in the rest of the economy.

And this adjustment is often not simple or painless. For this, some support from government is needed, both in terms of education and training, so that people could be taught the new skills.

Victoria, who's currently living in France, would like to know: "How can we harness blockchain technology to support the economy?"

Blockchain technology is actually quite promising. It allows to make certain processes much faster than they used to be.

For example, if there is an invoice that needs to be settled, it can be done instantly and automatically when it's received.

So, being a new promising technology, it will probably support the economy and create many benefits.

We are very interested in this technology, but it's still not secure for central banking, and therefore we need to look into it and investigate it more.

In fact, since this research process is not a simple one, we joined forces with Bank of Japan. We are hopeful, however, that it will be very useful.

A question on bitcoin reaches us from Italy, and here Italo would like to know: "If you were a young university student like me, would you buy some bitcoin and keep it for safety?"

Well, it's not up to me to tell Italo what he should do. But frankly, I would think carefully.

You know, a euro today is a euro tomorrow. Its value is stable. The value of bitcoin oscillates wildly.

Of all things, I would not call bitcoin a currency for this reason, but also for another reason.

The euro is backed by the European Central Bank. The dollar is backed by the Federal Reserve. Currencies are backed by the central banks or their governments. Nobody backs bitcoin.

And by the way, I've also seen that many of you posted questions about whether the ECB is going to ban bitcoins or it's going to regulate bitcoins.

I have to say, it's not the ECB's responsibility to do that.

Christiaan from the Netherlands posted the following question: "Do you think the EU and the ECB will be able to reform enough to cope with another big economic crisis before it happens?"



Well, you know, to answer this question it's useful to go back and ask ourselves how these countries were when they entered the crisis.

And they entered the crisis with four major weaknesses.

The first was that many economies in the eurozone were not competitive.

The second was that public debt was high, and therefore governments didn't have the space to react to the crisis, increasing their budgets – and budget deficits were also high.

And also private debt – both households and firms – was high, which means that private people were not able to react to sudden losses of income through increasing their debt.

The financial system, the banking system, was very weak and fragile, and our monetary union was so incomplete that it could not deal effectively with the crisis.

Now, I would say, significant progress has been achieved on all these fronts.

Today many economies are more competitive, public debt has gone down, but much more should be done.

Private debt has gone down, both for firms and households, and the financial system now has stricter rules, and in our monetary union we created a single banking supervisor.

So things have changed, but we've got to continue on the competitiveness front, on the debt front, and on our monetary union, where we have to deepen our monetary integration.

And governments are very much on this track.