

# The National Recovery and Resilience Plan (NRRP): The European Answer to Resilience





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### Introduction

After a long period of economic crisis for Italy, the European Union has finally taken a more decisive decision for the future of the European single market. As we find out, in July 2020, the European Commission (EC) decided to review the European economic area. The EC has created a grand masterplan of resources called «Next Generation EU» (NGUE).

They had done just what the whole establishment never thought about it. For the first time, European institutions, particularly the EC, have passed from a concept of an economic framework based on austerity to a framework founded on widespread monetary resources. Compared to the past, as De la Porte (2021) said: «breaks with core norms of EU cooperation, in particular, no common EU debt issuance and no large-scale redistribution to cushion economic crises».<sup>2</sup> Italy had a significant role in this mind change: European governments understood that without economics-welfare tools, Italy and their economic area would be going into a deep crisis.

Back in the past, during the 90s, southern EU countries increased their public debt by 100% of GDP. Due to that, some economists have claimed that it was necessary to establish safeguard rules to preserve the Economic and Monetary Union (EMU).3 The Maastricht's Treaty (1992) and the Growth and Stability Pact (GSP), modified in 2011, are the EU's economic-monetary milestones. Those stand for the economicpolicy coordination between the EU's institution and member states, budget limitation deficit and, therefore, gaining an equal debit rating into the EU's state to achieve a sustainable financial situation.<sup>4</sup> So, despite all these heavy budgetary constraints and safeguard rules, European governance had decided to build up the NGUE, a substantial monetary plan, with six missions to make the European Union more resilient and even more vital to accept the following challenges. Based on this plan, every member state has presented its own national agenda to the EC, considering the recommendations given by commissioners.

The Italian government has drafted the National Recovery and Resilience Plan (NRRP), which will allow Italy to get the NGUE resources and tackle several historical issues despite being the fourth most significant economic in EU countries. Following EC's indication, this plan aims for three strategic policy areas: «digitisation and innovation, ecological transition and social inclusion». The missions pursued by the Italian government are fundamental for a new economic policy but not less important. Those resources allowed Italy to reform itself, starting with the human capital.

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However, if the idea to make Italy healthier from the social-economic perspective, according to NGUE strategy, is a fundamental target to achieve, it is also well known that it could not be an easier task for the Italian's governance. Many actors want to be the primary playmaker of the policy framework. Sometimes, in the policy arena, actors ensure different goals for each other and often produce some stall.<sup>6</sup> In addition, as the "Garbage can model" theory said, the actors' opinions change according to the circumstances. This means that the decisions taken by actors sometimes are not coherent with their interests or visions and eventually have a perverse effect on policy. Especially, as discussed later, bureaucracy can be a more challenging obstacle to getting the EU's desired targets.

Moreover, the Russia-Ukraine war and the energy crisis will profoundly impact this policy. In addition, despite the political crisis that Italy is facing, the NRRP developments haven't been stopped by Prime Minister Mario Draghi's resignation. Indeed, Italy must respect Europe's deadline programme and can't afford to lose this chance.<sup>8</sup> It could be an excellent opportunity for the Italian stakeholders to create a sustainable economy, more inclusive with a green approach for the future generation, and eventually, failure will have a profound impact on Italian citizens' lives.

In the end, What's NGUE about? What is the key to fixing Italy's economic issue? What are the barriers? Those questions are examined in the following paragraphs.

### A new Europe is born? From the crises to «NextGenerationEU»

Recently, the EU held on many crises, from the global economic crisis in 2008 to the new pandemic-economics problem produced by Sars-Cov19. Those have been the most challenging tests that European institutions cope with for the preservation of European order.

Focussing on these two perspectives, we can see clearly how the European establishment tried to stop or cure the violence caused by the exogenous phenomenon. In fact, it points out that during the economic crisis, all the answers to those were using a robust approach, which means that all European countries that had a higher public debt must increase all the taxes with the specific goal of maintaining an optimal spread level. As we know, the result of this particular decision caused the southern member States to face a recession-stagnate period (even Germany), where the entire production system was suffocated by the «Troika». Although the «Great Recession has afflicted the German economy», it has taken out thanks to the labour market reforms from 2001 to 2005. So, in a certain sense, policy addressing solving the recession de facto has enlarged Europe's economic

gap. Therefore, the drawn policy done by European governance had been to build an iron curtain to preserve SMEs (thanks to the *Troika*) area and the specific outcomes to prevent the spillover effect on reliable northern EU countries, which were not afflicted by debits sovereigns' crises. In fact, «the imposition of austerity on the core has never been as severe as in the periphery; [...] all the countries have continued to perform poorly and to lose ground relative to Germany».<sup>11</sup>

A few years later, after this awful period, when Italy and Greece were in trouble, IMF (International Monetary Fund) claimed that « [...] we failed to realise the damage austerity would do to Greece as the Washington-based organisation catalogued mistakes made during the bailout of the stricken eurozone country». 12

All these countries, hunted by sovereigns' debits crises, have been pushed away from the European dream by nationalist organisations who, on top of the wave, had started a fight against the European institutions. <sup>13</sup> Those organisations had asserted that the European Union had done what the financial lobbies asked of itself. All this has contributed to an increase in the scepticism and disappointment of southern European citizens. Their lives were destroyed by a heinous act where the lower classes were left alone. It's even worse if the European member states have not made the same error as in the past.

In fact, the COVID-19 pandemic crisis has produced many terrible consequences in fields like employment, healthcare, manufacturing, production, etc. In this case, expectations were as in the financial crisis in 2008: the whole establishment thought that the answer to this issue was using Troika again. At the European level, the dialectic relations between grounded countries and southern European partners were issued by historically high debits that had tottered the European structure. <sup>14</sup> Until the end, many countries like Sweden and the Netherlands weren't sure about this enormous monetary plan. In fact, they didn't feel confident due to fiscal/mistakes policies adopted by southern countries in the recent past. On the other hand, southern partners, such as Italy, Greece, and Spain, had guaranteed their package reforms to establish a sustainable financial situation recovering, thus the economic gap. <sup>15</sup>

Unexpectedly, after a long period of dealing between European partners and the EC, has born the NGUE. European institutions have finally made a brave decision for the younger European citizens.

Like every cloud has a silver lining, the pandemic crisis has taken out this stunning resilience plan. We can consider this decision a critical moment in history and for the future of Europe. Indeed, whereas COVID-19 was widespread in the member states<sup>16</sup>, there was fear about European strength, which was deeply afflicted by this issue. The integration steps that have been done before, in terms of politics, social cohesion and economics, were in trouble. It was a point of no return in which the European Union could get more robust or break up. Fortunately, the European spirit is still alive. This fantastic achievement demonstrates to world organisations that the EU is reliable and solid, and its resilience could be crucial for the foundation of the European federal state.

A virus has changed worldwide lives but has even had a significant impact on the institutions, conditioning the policy framework, the neoliberal theory, that since 1990 has been considered, in the Western world, as the main street to pursue.

The NGUE, as we know, is the most extensive package the European Union has ever financed; in fact, this incredible amount, which is about €806.9 billion «will help rebuild a post-COVID-19 Europe. It will be a greener, more digital, and more resilient Europe» (European Commission).¹¹

Finally, NGEU had addressed a new alliance with member states; it's composed of many different instruments that afford Europe's issues:



Figure 1

As shown in Figure 1, Recovery and Resilience Facility is the heart instrument instituted by EC, and it's about €723.8 billion in loans and grants. It has the most ambitious goal: emerge from the terrific pandemic crisis and transform Europe's socialeconomic system with a digital and sustainable approach. It's not permanent structured

instrument, but the ambition still achieves EC priorities, such as climate neutrality, by the end of 2050.<sup>18</sup> Nevertheless, the member states must follow the indication given by the EC because «Member States are required to submit National Recovery and Resilience plans as part of their National Reform Programmes».<sup>19</sup> The resource allocation between member states is defined by «Gross Domestic Product (GDP) per capita, unemployment levels,

population, and the impact of the coronavirus crisis». 20

**REACT-EU** (Recovery Assistance for Cohesion and the Territories of Europe): This instrument amounts to €50.6 billion<sup>21</sup>; it's a financial integration for the European regional cohesion policy. Its essence is to foster regional politics with the specific goal of supporting workers and SMEs. Also, this measure focuses on «a digital and green economy as well as infrastructure providing basic services to citizens, or economic measures in the regions most dependent on sectors most affected by the crisis (e.g., tourism, culture, hospitality services etc.)»<sup>22</sup>

**InvestEU** is another vital part of NGEU. In fact, the EC has decided to boost the European investment program. The amount coming from NGEU is about 66.1 billion. In this instrument, EC, with member states, had put innovation and job creation in place.

Moreover, NGEU also consists of «additional money to other European programmes or funds such as Horizon2020, [...], rural development or the Just Transition Fund (JTF)» (European Commission).<sup>23</sup> After this quick overview, it's vital to focus on the qualitative policy aspect for deep analysis.

With the stunning contribution NGU gave, the EC is now putting the most comprehensive policy offers in the world on the table. Indeed, the milestone in this first paradigm is the green awareness pursued by Europe's institutions. Europe is going to become a free greenhouse country. Thanks to investments into a specific area, such as public transport, reforestation activities, home-energy efficiency and reducing waste, it could be possible to mitigate climate change's effects by the end of 2050.<sup>24</sup>

Another critical phase is the digital transformation that member states tackle; as well, today, the future is represented by digital technologies, which have been giving a significant outcome in our lives. Due to that, the EC has established the digital program keys for Europe's digital transformation. These are 5G connection, digital identity and last but not least, a safe online shop.<sup>25</sup>

NGUE's plan takes care of medical assistance. As we know, the world's healthcare assistance suffered a lot during the pandemic-Covid19 crisis. In this way, the European institutions had claimed the relevance of a well-based European medical organisation. Resources are addressed to develop research against cancer disease and to regenerate hospital systems.<sup>26</sup>

Europe's economic area hasn't resumed yet; most of the younger European citizens have just been fired, and many new SMEs fallout from the crisis. During the pandemic, many countries like Greece, Italy and Spain increased

their youth unemployment rate; Spain and Italy suffered the most significant impact. Indeed, in Spain, the youth unemployment rate increased by 10% in 2020 compared to the previous year or next to 600,000 units. In Spain, and Italy, due to the crisis, there were about 400,000 youth unemployed people.<sup>27</sup> The unemployment effects were mitigated by the temporary support to mitigate Unemployment Risks in an Emergency (SURE)<sup>28</sup>, a financial instrument in the way to defend our society from negative outlook related to unemployment.

NGUE also focuses on this issue and offers a wide range of instruments for young entrepreneurs to gain loans and grants and even to support young people studying science and technology. This plan focuses on equal rights. In particular, the primary goals are fighting against racism, supporting women's empowerment and tackling "all forms of hate speech and hate crime" This strategic area related to young people's job opportunities has found deep support in the Italian's NRRP. Indeed, as discussed below, the Italian government has decided to renew public administration (p.a.) by hiring highly qualified young people.

### Italian's RRPs: Last chance

After a long deal between the EC, the EU's Council, and the EU's Parliament, this outstanding long-term project for European citizens was finally launched. As said before, the plan's redaction was not easy. For the first time, European governance has decided to create a solid financial structure based on solidarity regarding the EU's joint debts. Every NGUE's expenditure is held up by the EU's bond released, which was bought by the private and public sectors.<sup>30</sup> We can consider that an outstanding achievement for all member states due to providing wealthy financial management, especially among countries suffering from high public debt.

Italy has accumulated several economic issues that COVID-19 has contributed to re-emerge; these are the historical issues that have conditioned the economic-social Italian environment for two decades.<sup>31</sup> Now, it's essential to focus on the four main topics afflicting Italy and its citizens.

Firstly, according to different streams, Italian bureaucracy is a jumble. In only one year, public administration produced more than 160,000 laws and administrative rules<sup>32</sup> due to this. The productive sectors wrecked many resources. Indeed, every company spends about 312 hours to complete managerial procedures and about 57 billion euros between taxes and bureaucracy costs.<sup>33</sup> Add to that, things get complicated in the southern regions, where citizens are at a disadvantage because they use inadequate public services. Related to that, there is a not well-organised turnover.

Indeed, most public employers are older than the other Europeans' p.a. workers average. Consequently, Italy has many unskilled public employees who are not open to mindset change, which is too far from the young generation's needs.

Secondly, the infrastructure is too undeveloped. Even physical infrastructures and digital roads constantly suffer from the gap between other European partners. According to the DESI<sup>34</sup>, in 2022, Italy arrived in 18th place among 27 states in digital performance. In a world wildly across by informatics connections, a global economic power, such as Italy, is still trying to climb the hill of worldwide association nowadays. It is a question of infrastructure and a digital cultural deficit.<sup>35</sup>

Lastly, civil justice is another critical point for Italian economic growth. Here, it is a tangible sign of bureaucracy pain time. In the last 30 years, Italian justice systems were penalised by lost competitiveness in effectiveness and efficacy, which profoundly impacted economic growth and citizens' trust.<sup>36</sup> To reach verdicts, Italian courts need about nineteen months; furthermore, it costs about nineteen billion euros in GDP. The studies in this field have estimated that more justice has three impacts on society: firstly, with a well-organised justice, citizens get a powerful trust in their own institutions, and secondly, they also get more jobs chance and not less importantly, performing justice could encourage investments to form foreigners.<sup>37</sup>

Lastly, climate change is becoming crucial for the EU's policy agenda. Higher greenhouse gas caused by waste must be reduced according to the Paris Agreement. In this way, Italy has started in the past the ambitious address to recycle second raw material from waste to achieve a neutral climate goal, becoming less dependent on other countries.<sup>38</sup> Added to this is the ambitious project to reforest our lands and rediscover Italian culture.

Moreover, social inclusion is still a target that Italy must pursue. As mentioned in NRRP, Italy is also afflicted by heavy inequality between regions, especially southern regions; this is highlighted not only by the women-men disparity in rights and wages but also by the gap between young EU citizens. In the last two decades, the right and left-wing Italian governments have tried to fix all these problems without success.<sup>39</sup> Despite several attempts, all the reforms pondered in p.a. sectors come to nothing.

Consequently, EC has requested the Italian government, with its sub-breach administrations, as well as to remain EU's partners, to reform their normative and legislative body address to engaging NGUEs resources. Therefore, Italian's NRRPs (National Recovery and Resilience Plans) are

linked to 167 investments and 63 reforms, and these are divided into three groups<sup>40</sup>:

**Horizontal**: are the milestones reforms. Indeed, they cross the entire Mission's plan with the specific target, represented by developing competitiveness, efficiency, and economic climate. Those reforms are targeted to create a new economic-social system with an in-depth review of all issues afflicting p.a. (public administration) and civil justice.

**Sectoral**: liked the plan; they are pursuing the ambitious goal of reforming the legislative body to incentivise investment.

**Enabling**: As well as Horizontal reforms, this type of reform is functional for more effective implementation. The Italian's target is improving market competitiveness and simplifying administrative procedures.

Italy had been destined for about 191.5 billion euros, a considerable amount of NGUE and consists of loans and grants under terms and conditions. Moreover, the Italian government added to this plan an amount of 30.6 billion euros financed thanks to a multi-annual budget slippage. This could be a powerful help « [...] for economic and social development [...] digital innovation and [...] limiting the environmental impact, and the management of the national public debt to ensure long-term sustainability»<sup>41</sup>. These resources have been distributed in the six missions or policy areas<sup>42</sup>:

- 1. Digitisation, innovation, competitiveness, culture, and tourism
- 2. Green revolution and ecological transition
- 3. Infrastructure for sustainable mobility
- 4. Education and research
- 5. Inclusion and cohesion.
- 6. Health.

Now, to understand how the NRRP will solve the ancestral heritages that complain about Italy's economic-social situations, as said before, it is helpful to concentrate our attention on point n.1, which aims for public administration (p.a.). The p.a. in all countries represents the entire area's breath and beats. The public sector's importance is representing a touchpoint between the State and the Market. Beyond any doubt, each other has an impact on the other and vice versa, so its utmost importance ensures the proper functioning to get a wealthy national economy. P.a. is also the unit base for public institutions, with a specific mandate by the central government. Every p.a. must defend and protect citizens' stakeholders and pursue public interests (the word «citizens» includes private/public

companies/associations). For those reasons and a simplified analysis, it's crucial to highlight the progress and the re-launch idea put in place by the government. Before doing that, let's have the quickest look at starting conditions.

The Italian p.a., following indication given by different studies, as mentioned before, is still nowadays the slowest and most matted organisational machine that human beings have conceived. Reforms such as "riforma Brunetta" and "riforma Madia" had always been considered magnificent reforms that could maximise the productivity and wealth of Italians. The idea was to give a managerial approach with a sharp power division between administrators and politicians. In fact, politicians are responsible for policy addresses, and administrators' task is to realise those outputs concretely. Nowadays, it's incontrovertible that no one reforms hit the target. That reform process started in the early 90s when a new organisation's model was implemented, especially in English-speaking countries. That model is the "New Public Management".

The «European Quality of Government Index» highlights those reflections representing the EU's public administration's ranking. Thankfully, it's possible to determine the territorial split in different European areas. Looking at the last evidence base, in 2021, without any doubts, the whole of Italy's regional systems is below the European threshold. As usual, southern regions scored the worst performance in terms of citizens' usage of quality public services. The data collected puts Italy in a negative outlook and suggests that reforms were missing the target. In Italy, there is a lot of p.a., which is a model of wealth and resilience, within a management approach, as well as Trento.<sup>45</sup> Immediately considering those data, it's immediately possible to point out that a dual model exists in the same country.<sup>46</sup>

According to that, it's not a surprise if the Italian government has decided to add this issue as one of the most important targets to pursue as soon as possible.<sup>47</sup> Immediately, the Italian government started working on this specific issue to realign themselves to the EU's standard and get NRRP resources. Indeed, one of the most important recommendations given by EC was established in «Country Specific Recommendations».<sup>48</sup>

To reform the public, the Italian government has decided to reinvent the p.a. toward efficient, effective, and simplified procedures. This is the base for a new p.a. The reforms concerning this sector are developing management culture among national and local administrations with an outstanding contribution given by digital technology. Before milestones reforms, it has been necessary to pursue the EU's address to foster a p.a. ready for the plan's implementation.<sup>49</sup> Those reforms are fundamental for better

implementation to incentivise investment reforms, and thanks to those, p.a. is going to become a reasonable organisation, especially for entrepreneurs.

In the NRRP, the government has launched several measures to overcome the barriers that were discussed before; nowadays, to reinvent p.a., four fundamental axes must be achieved<sup>50</sup>:

**Access.** As said before, the excellent way to a better and more resilient p.a. is starting with human resources. Over the years, many governments have tried to strengthen investments in human capital.

**Effectiveness Administration.** That specific goal is oriented toward streamlining administrative procedures and processes.

**Ability.** Thanks to NRRP, every public worker will get hard and soft skills for a better new organisation model next to citizens' needs.

**Digitalisation** Target to achieve, as soon as possible, stand for the sector's digitalisation. Especially thanks to that, it could be possible for everyone to access e-government services and get better-quality service.

Among those axes, the keyword is Human capital. Indeed, human resources represent an outstanding contribution to this branch sector's development in a world widely connected across polos. During these years, many governments have tried to optimise the production of public goods and services, but without any outcome for citizens. Indeed, the reforms done in the past have never targeted desired goals because the managerial approach was based on foreign policy. Italian governments have often used the «policy transfer»<sup>51</sup> as a functional tool to imitate and replicate foreign policy without careful attention to avoid side effects.

As said before, the Italians' NRRP, thanks to the government, which has reached a general agreement between the whole bodies' institutions from the local level to the European level, has finally, perhaps too late, decided to bet on younger people. Within the plan, many resources are destined to rejuvenate the p.a. organisation chart. Going back to the second chapter, with a deep economic recession crisis on the EC's thrust, the Italian government, led by Mario Monti, has taken the incontrovertible choice to interrupt turnover. Nowadays, it's evident that 4 54% of public employees have an average age above 55 years old Nobliviously, it has a negative impact and consequently makes p.a. not open-minded about developing public employee capacity. NRRP aims to build up a new organisation scheme to realign p.a. to market needs, and young people with master knowledge in the digital field must be encouraged to join in p.a.

The NRRP government has implemented a national platform to recruit public employees to pursue that vision. Every citizen can join that platform, create a profile, and insert their ability and work experience.

In addition, the government has tried to renew public recruitment, not only using digital tools but also simplifying heavy administration procedures. It could be possible thanks to distance recruitment and a new job shadowing process. Indeed, young people who want to join the p.a. sector can find a new job route, especially for higher education, such as MA and Ph.D. The government has finally bet on young people, reserving a fast-track recruitment with a specific training path. In this way, the government is trying to draw the best available human capital.<sup>54</sup> It should also be an excellent occasion for the young people's engagement with the res publica and the country's growth. Even more, the government in NRRP has also tackled the gender gap issue that women's organisation has always claimed. Indeed, the plan aims to reach gender equality regarding equal treatment between men and women. Women are always discouraged due to boundaries that hamper them. Those boundaries are so firm in job career and university careers. The previous issues work together and make women more vulnerable. The NRRP, with a specific measures package, will contribute to making women more resilient and less weak.

In the NRRP, the government has pointed out that public recruitment has not been functional to hire people only for a job vacancy but to search for the best-qualified worker in the job market. The idea is to make a p.a. more suitable and open to the following challenges. This strategic planning is based on creating new professionals' profiles not defined by juridic or economic rules but just for the knowledge and skills owned. In addition, the government highlights how important it is important to develop the manager culture among administrators. The manager will join «Learning Communities». Those could be useful for sharing organisational culture, exchange of ideas and, even more critically, sharing each other best practices.

Those policy measures are certainly a break from the past, which could contribute to our country's future. The government has undoubtedly decided to invest considerable resources in young people. Still, a lot of aspects might be forgotten or not considered crucial for an exemplary implementation of the plan. Indeed, those will be examined in the conclusion.

### Conclusion

It's evident that with the pandemic crisis caused by Sars-Cov19, the EU has reached another critical step for the foundation of the European federal

state, as well as Schuman's declaration expected. Every resource must be well-spent for the EU's future with desired outcomes. The responsibilities are certainly in the hands of member states, especially the central government, but local and administrative governments play a significant role. The EU has shown worldwide governance to be reliable and persuasive, maintaining a strong position despite the distrust led by Germany and Nederland during NGUE's dealings.

Furthermore, Europe's epistemic community and the policy framework have inevitably changed, but without distorting themself. Therefore, there has not been much revenge for Keynesianism on neoliberalism. Instead, it's better to affirm that the policy tools inspired by free-market dogma not always be functional to the citizen's needs, especially on this occasion. This crisis, compared to the past, hasn't got any rivals, but once again, it makes it clear that the European dream is still alive even if there are some political parties and some member states that would sink the ship. In NGUE's plan, it's possible to see how the EU has converted this crisis moment into a big chance to hug the neutral climate challenges, introducing new rules and setting targeted investments to defend the environment and citizens.

As said before, Italy can't miss this fantastic chance. The opportunity given by EC is unrepeatable, and even more, Italy must demonstrate to the entire establishment that it can achieve its targets gratefully. The complex NRRP could be defined as a good plan with a deep analysis of social-economic issues. The resources are adequate to achieve NRRP's goals, but even if it has been celebrated, such as the most robust recovery plan in history, new problems are coming.

Firstly, it's impossible not to consider the worldwide inflexion caused by the Russia-Ukraine war. As well known, with a tremendous inflation rate, resources could not be adequate or insufficient to pursue the planned reforms. Another necessary consequence of the war is that public opinion is focused primarily on the war front, which means that citizens are not following the plan's development. It must be said that public opinion is not well informed on the plan due to a low newspaper interest.

Secondly, an important issue that can harm the plan is corruption. Such as southern member states, Italy has always been afflicted by a higher corruption rate. Even if the plan considers this issue, it mustn't be overlooked. Criminal organisations, present in Italy, can benefit from the cash flow produced by the plan and become owners of our future, using those resources to reach more consensus and power.

Lastly, but not least importantly, there is a poor evaluation policy culture in

Italy. Instead, the NRRP government has set up an evaluation system following the EU address. This is obviously a significant contribution to an exemplary implementation policy. The systems allow the higher-level government to act immediately in case of administrative inertia led by the local government. In this case, an important role is played by regions. Strengthening public employees, regions have a deep task: supervising all the activities and managing the resources. Furthermore, the organisations that care about it must be independent of administrators and politicians to get a more defined policy evaluation.

To get the goals within the plan, the keyword is public administration, and Italy must pursue this road to compete in the world market. Thanks to NRRP, Italy can recover from the crisis and even more importantly, a proper implementation would bring the potential growth rate to 1.4 per cent.

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