SPEECH

Culture and the economy

Opening speech by Christine Lagarde, President of the ECB, at the 150th anniversary of the Münchner Opernfestspiele

Munich, 26 June 2025

It is a pleasure to be here at the Munich Opera Festival.

This festival draws on a tradition that stretches back 150 years. And over the next five weeks, audiences will experience a rich variety of performances.

The programme includes some of opera's canonical heavyweights, like Mozart's *Don Giovanni*. But it also ventures into rarer territory, with works such as Strauss's *Die Liebe der Danae*.

But one work especially caught my eye: Fauré's ***Pénélope*****,** which will be performed at the Bavarian State Opera for the first time at this year's festival.[1]

Now, I can already hear some members of the audience thinking: "Well, *of course* she chooses the French one." Yes, but I would like to highlight *Pénélope* for an entirely different reason.

It is the perfect distillation of European culture – both past and present.

It is a story based on a Greek myth. After all, Pénélope is the loyal wife of Odysseus in Homer's *Odyssey*. It is a story reimagined as an opera, an art form with roots in late 16th century Italy. It was written in France and performed in the country's native language. And it is now being directed here in Munich.

This opera is an odyssey through European culture itself – from ancient Greece to modern Germany, via Italy and France. It is also the story of a resilient woman.

Pénélope was first performed in 1913, at the tail end of what became known as the first era of globalisation.[2] For decades prior, economies had prospered peacefully as flows of people, goods and capital crossed borders. Innovation, creativity and art were flourishing.

But we know what happened next.

The First World War erupted in 1914 and shattered everything. It was truly the war that "ended peace"[3] – to use the historian Margaret MacMillan's phrase – and what followed was a period of outright fragmentation. A virtuous circle became a vicious one, and writers like Stefan Zweig pined for "*die Welt von Gestern*".[4]

This was a vital lesson for Europeans, one that shaped the path of reconstruction in the decades that followed the Second World War. We committed to deeper integration, recognising that it would foster growth and cohesion. That in turn fostered a shared European culture, strengthening a sense of common purpose among countries.

But today, the dynamic is turning.

The economic order that has underpinned prosperity for much of the last 80 years is under strain. We are entering a world marked by renewed fragmentation and slower growth.

And just as in the past, this shift could have far-reaching consequences – not only for our economy, but also for our shared European identity and culture. But only if we allow that to happen.

I believe the most powerful way for Europe to counter fragmentation is through deeper integration – ensuring that our shared culture remains a powerful force for unity in challenging times.

Integration, growth and culture

European culture reflects our society and its history.

The word “Europe” first emerged in ancient Greece, and its geographical and cultural connotations gradually expanded over the centuries. Indeed, the concept of Europe long predates the rise of nation states, which emerged primarily only from the late 18th century onwards.[5]

For much of Europe’s history, however, the ability to directly experience and enjoy the vast richness of its culture was the preserve of the few.

For centuries, it was only the wealthy who could explore Europe. Young aristocrats would often embark on “Grand Tours” of Europe until the early 19th century.

And if you were not an aristocrat, like the young Goethe, then you had to find patrons with deep pockets. His journey to Italy in the 1780s, for instance, was funded by his friend and employer, the Duke of Saxe-Weimar-Eisenach.

At the same time, however, culture itself has never been confined by borders – even if access to it was historically limited by wealth.

Mozart, for instance, was born in Salzburg, which was then part of the Holy Roman Empire. But his music and fame transcended geography, spreading far and wide across Europe. By the end of his short life, he was no longer “Mozart of Salzburg”. He was simply called Mozart, in recognition that his cultural impact was continental.

But it was only 80 years ago – in the years that followed the Second World War – that European culture started to become truly democratised and made accessible to everyone.

In the early post-war era, a new generation of leaders in Europe chose cooperation over conflict. And in doing so, they ushered in a new era for our continent. A virtuous circle of integration, growth and culture emerged.

What began in 1951 with the European Coal and Steel Community gradually developed into the European Economic Community, established by the Treaty of Rome in 1957.[6] This vital step forward for integration created the “four freedoms” – a common market for goods, services, capital and people.

Europe entered a period of extraordinary growth. The French, for instance, would later come to call the 30 years from 1945 to 1975 *Les Trente Glorieuses*.

This growth, propelled by expanding trade, provided the economic foundation for greater cultural engagement and access in western Europe.

Booming economies meant plentiful jobs, which gave European households more disposable income to spend on leisure. Innovation and productivity gains, as well as new social norms, gradually reduced working hours, giving families more free time for cultural pursuits.

Strong growth also boosted tax revenues, allowing resources to be devoted to expanding inter-regional infrastructure and other public goods.

For instance, Italy's *Autostrada del Sole* – or "sun motorway" – was built over the course of the late 1950s and early 1960s. It connected Milan to Naples for the first time, passing through several major cities along the way. If they wished, travellers could now visit Milan's *Duomo* in the morning and stroll through the *Cappella Sansevero* in Naples by the evening.

Nor was Italy alone. Other countries in Europe were also pouring resources into their own national infrastructure projects during this period. And what began as investment for national use quickly became a gift for the continent – connecting cities, cultures and people across Europe.

As Europe became more interconnected, the four freedoms gradually became a reality in the daily lives of its citizens.

In the post-war boom, you no longer needed rich patrons to fund your travels. Tourism became a possibility for many families for the first time. By 1955, more than eight out of ten West Germans no longer regarded a vacation as a luxury.[7]

And with the creation of the Schengen Area in the 1990s, European travel started to become truly frictionless. This reinforced the connection between the people of Europe and their shared cultural history.

Today, around 17 million Europeans live or work in an EU country other than their own.[8] For example, when I walk through the streets of Frankfurt am Main, where the ECB is based, I hear German, Spanish, French and Italian all being spoken.

This diversity lends a vibrancy to everyday life in Europe. Indeed, at my local coffee house in the city, the manager, who is German, often speaks to me in French. *Und natürlich antworte ich ab und zu auf Deutsch*.[9]

Just as barriers fell away for European tourists and workers, they did so for students too – setting the stage for a new generation raised with the European ideal.

Europe's Erasmus programme has sent over 15 million students abroad since it was established in the 1980s, and it is clear that the experience opens new perspectives for these young Europeans.[10] Surveys find that Erasmus students have better cross-cultural skills, feel more European and are almost twice as likely to work abroad compared with non-participants.[11]

Over the decades, we can see how integration, growth and a shared European culture and identity reinforced each other.

The risks to culture in a fragmenting world

But today, this virtuous circle is coming under strain.

Instead of deeper integration, we see signs of growing fragmentation.

Trade barriers are multiplying globally, with the number of international trade restrictions tripling since 2019.[12] And inward-looking nationalism has gained strength – not only abroad, but also within Europe – putting at risk decades of work to build European unity.

This fragmentation poses a challenge to Europe's growth model. Europe relies heavily on trading with the world – its trade-to-GDP ratio is about twice that of the United States – which makes it especially vulnerable to rising protectionism.

That is worrying because growth in Europe has already been losing momentum for some time now, gradually eroding living standards relative to our peers. We are also losing ground in sectors where we once led the world, while struggling to take the lead in emerging industries.

It might be tempting to think of these challenges as purely economic – to believe that competitiveness affects only material prosperity, while culture lives in a higher realm. But in reality, and as we saw during the post-war era, Europe's economic and cultural destinies are deeply connected.

If we consider the role that integration and growth have played in deepening and democratising European culture, it would be unrealistic to believe that division and stagnation would leave it untouched. History shows that when economies falter and turn inward, culture rarely remains unscathed.

We saw this perhaps most strikingly during the Middle Ages – when Europe, once integrated by the roads, libraries and institutions of the Roman Empire, fragmented.

A culture of innovation and learning faded. The fact that classical texts and scientific knowledge even survived the Dark Ages was in part thanks to monasteries, isolated pockets of learning in what had become a largely illiterate society – as vividly described by Umberto Eco in his novel *The Name of the Rose*.[13]

Even in our recent past, we have seen how disunity and economic fragility can strain Europe's cultural fabric.

During the sovereign debt crisis 15 years ago, we struggled at first to find a collective way forward – and this had a direct impact on culture.

High levels of public debt forced governments to make painful spending cuts, and cultural budgets often bore the brunt. In several countries, spending on culture per person fell to about two-thirds of the EU average.[14]

Our wider sense of shared identity also suffered. Before the crisis, most Europeans held a positive view of the EU. But between 2011 and 2013, that share fell sharply to less than one-third – a stark reminder of how quickly hardship can erode a sense of common purpose.[15]

I am always mindful of this connection between the economy and culture as I carry out my responsibilities as ECB President. My primary task is to deliver price stability for the people of Europe, supporting purchasing power and sustainable growth.

But as someone who also cherishes our rich cultural life, I understand the wider implications of our role: our economic vitality and our integration are the bedrock of our European culture and identity. That connection runs so deep that we are even considering European culture as one of two themes for the next series of euro banknotes.

A European response

It is my firm belief that the only way to truly fight fragmentation is to do the opposite – to unite.

But unity does not mean forcing artificial ties. In Europe, we are already bound by a deep reservoir of shared history and culture. True unity means drawing on that heritage – and removing the barriers that hold back our innovation and creativity – so that the virtuous circle between economy and culture, from which Europe has long drawn strength, can endure and grow.

Some of the barriers we face are economic. Lingering restrictions within our Single Market still hold back creative people from developing their ideas and driving progress across our continent. According to a recent survey, three-quarters of Europe's most innovative firms say that market fragmentation within the EU is a serious obstacle to growth.[16]

The International Monetary Fund has even tried to quantify the barriers we impose on one another. When expressed as effective tariff rates, the figure for services trade within Europe is 110% – far higher than anything currently threatened by our trading partners abroad.[17]

But some of the barriers are cultural. In an era of tight public finances, access to the arts may be shrinking for many people. And this, too, carries economic consequences. Creativity does not exist in silos. The creative arts nourish innovation in every field.

Perhaps the most compelling historical example is Leonardo da Vinci. He is remembered first and foremost as an artist – yet he was also an engineer, an inventor, a scientist and a visionary urban planner.

And today, research shows that this link between artistic creativity and economic innovation remains just as strong. Studies find that STEM graduates with a background in the arts are far more likely to file patents and launch start-ups – and many cite their creative training as a direct source of inspiration.[18]

So we need to bring down the barriers that still divide our countries, and lift the obstacles that hold back creative expression.

Encouragingly, the push to unlock Europe's cultural potential is gaining real traction.

One of the priorities of the European Commission is to make it easier for innovators to operate on a European scale. For instance, Creative Europe, the Commission's flagship cultural programme, aims to foster transnational cooperation among cultural organisations.

In 2024 alone, the programme funded new projects in 20 countries. Among them are several initiatives to translate Ukrainian literary works into more than a dozen European languages – showing how EU cultural policy is promoting cross-border collaboration and visibility.[19]

Preserving Europe's cultural heritage is another area where support is deepening.

Through its cohesion policy, the EU invested around €12 billion in cultural heritage and creative industries between 2007 and the pandemic[20] – a level of commitment that continues through other new initiatives.

For example, the Commission is helping museums digitise their collections using advanced tools and infrastructure. With only 30% to 50% of Europe's cultural artefacts digitised to date, this work is crucial to protecting our cultural heritage in an increasingly digital world.[21]

And the EU is actively working to strengthen a shared sense of European identity.

Since 2013, nearly 70 locations have received the European Heritage Label, marking their significance in our continent's cultural and historical fabric.[22] And one of this year's two European Capitals of Culture happens to be in Germany: Chemnitz.

By deepening our ties – both economic and cultural – we can unlock Europe's full potential. I am confident that we will find the unity we need. Because throughout our history, it is unity that has carried us through our greatest tests.

Even in our recent past, we overcame the pandemic and the energy crisis by acting together as Europeans. And these moments of solidarity have helped rebuild confidence in Europe.

Today, trust in the EU is at its highest level since 2007.[23] And if we sustain a virtuous circle of integration, growth and culture through bold action, that trust may yet continue to rise.

Conclusion

Let me conclude.

At a time when the world is fragmenting, many things once set in stone can appear fragile – breakable, even. But as Fauré's *Pénélope* demonstrates, European culture endures.

Over a century after it premiered, and after a series of wars and crises that beset Europe during that time, here we are at the Munich Opera Festival, where the opera will be performed in the coming weeks.

The endurance of *Pénélope* – both as a woman and as an opera – reminds us how culture can outlast conflict and how it speaks to the resilience of our cultural spirit in the face of the gravest challenges.

As the artist Gerhard Richter once observed, "art is the highest form of hope". That hope resonates even more powerfully in today's fracturing world.

European integration was vital in fostering a common European culture and identity. In an era of renewed fragmentation, that shared culture can still hold us together – provided we continue to nourish it.

Thank you.

1.

Five performances of *Pénélope* will be given at the Munich Opera Festival over the course of mid to late July.

2.

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3.

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4.

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5.

Anderson, B. (1983), *Imagined Communities*.

6.

The European Coal and Steel Community was established in 1951 by the Treaty of Paris and came into force the following year.

7.

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8.

European Commission, "Public documents".

9.

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10.

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11.

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12.

Gopinath, G. (2024), "Geopolitics and its Impact on Global Trade and the Dollar", speech at the Series on the Future of the International Monetary System, Stanford Institute for Economic Policy Research, 7 May.

13.

Eco, U. (1983), *The Name of the Rose*, translated by William Weaver.

14.

See Graph 1 in Almeda, P. et al., *Public spending on culture in Europe 2007-2015*.

15.

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17.

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19.

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20.

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21.

European Commission (2022), "Moving towards a new European collaborative cloud for cultural heritage", 5 July.

22.

European Commission, “European Heritage Label Sites”.

23.

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