

Herman Van Rompuy
President Emeritus of the European Council

“Is there a need for a “New Pact for Europe”?”

Brussels (BOZAR) 17 June 2015

Keynote speech (10.25-11.00)

Ladies and Gentlemen

Beste Luc Tayart de Borms

Dear Janis Emmanouilidis

It is a pleasure to speak here at this important event bringing so many engaged people together from across Europe.

I am sure you will be able today to come closer to a shared vision on what our main challenges are, and where Europe should go, in a spirit of dialogue.

I have read the New Pact for Europe with great interest.

The analysis is sound throughout, and I would certainly subscribe to almost all of its proposals.

In particular I think it was the right choice to frame the whole exercise around the need for public support for the European Union and the work it is doing. That is indeed essential, vital even.

Without public support, Europe cannot go forward.

This is something I know all leaders, in Brussels and in our member-states, realise acutely.

At the national level, there is as much 'disenchantment' and 'malaise' as at the European level.

Of course, during the first phase of the economic and monetary crisis, in the years 2009-2013, we often had to focus on immediate rescue action. We were saving the euro.

We did so in order to save jobs, and bring back growth, *for people to be able to maintain their income, their way of life*, but these underlying objectives were not always immediately visible. This is why people sometimes got the wrong impression that the currency (or the banks, for that matter) was a goal in itself.

It never was: it always was a means to an end.

In this sense, the purpose was 'social'.

In that period, the European Union has gone through an unprecedented test, and we are only slowly coming out of it now. As I have often said in

that period, I did not and do not agree with people who hastily concluded that the crisis has killed solidarity between European countries and peoples. Not at all! The crisis has revealed what it takes to be in a Union, in terms of responsibility AND in terms of solidarity. It was and is the first real test of solidarity in the history of the Union.

The fact that the eurozone today is stronger than five years ago (... *I will say a word about Greece later...*) is thanks to a gigantic collective effort, involving all euro countries, all EU institutions, all citizens, to muster the political will, the parliamentary majorities, and the means and money, to help each other and come out of the crisis together. The hundreds of billions euro of financial support testify in themselves to this *de facto* solidarity.

In doing so, we showed the world a joint political determination that many had underestimated. And today, being in a position of *engaged observer* myself – *un spectateur engagé* – I still see this determination at work.

We have weathered a storm in these years [2010-2013].

We must keep this in mind when tackling the new challenges ahead in the eurozone and in the Union, in the Mediterranean and elsewhere.

In fact, according to the latest statistics, 2015 will be the first year since 2007 during which *almost* all 28 member states will see economic growth.¹

This is very important. Citizens want to know things are moving in the right direction, even if too slowly.

¹ European Commission Spring Forecast 5 May 2015 : all member states, except Cyprus. http://ec.europa.eu/economy_finance/eu/forecasts/2015_spring_forecast_en.htm

To my mind, it is no coincidence that the latest opinion polls are showing that the support for the European Union is recovering too.

I am referring to the PEW polls released two weeks ago, looking at our six largest member-states, and done by the independent Washington research institute.

After a big fall, with the year 2013 as the worst one, support for Europe has bottomed out and is increasing again. This was especially true in Spain, and also for the United Kingdom (*another country about which I'll say a word later*).

Ladies & Gentlemen,

This opinion poll already gives a first indication to the question which the New Pact for Europe also rightly asks: "How to regain public support for Europe?".

And that answer is, of course, through **results**. Something I've said from the start on.

By showing that Europe can deliver, first of all in terms of jobs and growth.

That the Union **enables** people's opportunities and life chances; *that it is an "enabling Union", as you call it in the report*.

Here I subscribe to everything the Juncker Commission is doing in terms of public and private investment – it is very important.

The 'investment gap' is one of the main reasons for a low structural economic growth. If we fail on this front, we risk 'secular stagnation'.

Let me add here that I also subscribe to the New Pact's proposal to single out the Energy Union as a new "grand design" around which to rally expectations for a big joint project.

There is no other subject matter which touches people in so many ways; which links people's concerns for energy prices, for the climate, for the competitiveness of our industries, as well as for geopolitical security. From May 2013 until the last European Council meeting I presided, in October last year, I have put energy very high on the agenda of leaders. And I am glad that both my successor Donald Tusk as well as Commission president Juncker are determined to pursue on this path.

Our energy market, just as our digital market, is fragmented. I'm deliberately using another key word from the 'New Pact for Europe'. The single market is much more than free movement of goods, services, capital and workers. It is also about sectoral policies. Let us use the Ukrainian crisis for "de-fragmentation" and for building a single energy market. 'Never waste a good crisis.'

A second point to regain the confidence in the European Union, aside results, is to focus more on people's need of **protection**, of a **place**.

This is a theme which I laid out myself last year upon receiving the Charlemagne Prize, *and also at the EPC Annual Conference early July 2014 – where some of you no doubt were present.*

It is something also embodied in your concept of a "Supportive Union", in the fact the EU should have a "caring dimension".

Our Union brought us a space, a vast territory, more than 500 million co-citizens, the biggest market in the world. It opens our minds and gives us opportunities to travel, to move, to work, to do business. We can be freer

than before in history. Nobody wants to return to the customs offices on our borders, the identity controls, or for some countries even passport controls. For our children it is the World of Yesterday. For them our francs, marks, guilders and liras belong to museums. It is an enormous asset that people can study, work, trade and travel across our Union, from West to East and from North to South. A return to the world of the fifties is for young people just unthinkable.

There are limits to euro-scepticism!

But we also must acknowledge that people need not only a space but also a place, a home. Europe must open, but also protect. And we do. We protect people against financial recklessness by Europe-wide surveillance of banks.

We must protect people against the consequences of international tax fraud. That's why we organised the automatic exchange of financial data between national tax authorities. Fairness is key in an "supporting union".

We must protect Europeans against abuse of our social systems, against social dumping, by action at national and European level.

We must protect people against unemployment by our policies at all levels.

We must protect people against poverty or the risk of poverty. In the first place by creating jobs, especially for young people.

A protecting Union has to remain compassionate. My thoughts go to the war refugees these days.

All this will reassure Europeans and reconcile them with the European idea. Of course, 'protect' does not mean commercial protectionism. We should avoid this mistake of the thirties. On the contrary, we have to

make trade freer, as the very basis of our prosperity. I'm very much in favour of trade agreements with the US, with Japan and others, provided the result is a win-win. Yes, it can!

But it will require the hard work of convincing people, of convincing workers, that trade creates prosperity and ultimately jobs. Avoiding protectionism is not enough. We must open our markets.

So far I mentioned two points to regain people's confidence:

- Europe must deliver results – first of all jobs.
- Europe must be seen not only as enabler, but also as protector.

A third point I would highlight is that the Union must clarify where it wants to intensify relations between member-states, and where not.

This boils down to the distinction between “market-Europe” and “currency-Europe”.

It is also important in the context of the upcoming UK referendum.

In a way there have been two reactions to the financial and economic crisis. One reaction was to say: we need less Europe (*or even: no Europe at all, according to some radical voices*). The European Union was seen as a problem, rather than as the solution. Of course this negative sentiment was already there, and has been expressed previously in popular votes, for instance in referendums, but it is more entrenched today than in the past.

The other reaction was to say: we need more Europe, in particular because we must draw all the consequences from sharing a single currency. Perhaps a Europe of necessity, after the previous free choice

to establish the euro. The necessity, for instance, to have single banking supervision and better monitoring of economic policies of each other. But also to stimulate and urge structural reforms of labour markets, product markets, tax and pension systems.

The compromise has been to say that we can do with “less Europe” in certain fields and “more Europe” in others. More Europe, especially for the Eurozone: this is where the most momentous decisions of the past years have been taken – rescue mechanisms, oversight, and the banking union. At the same time, two detailed examinations in the United Kingdom and in The Netherlands investigated what competences could possibly be “repatriated” to the member states; the result was in both cases: not that many. It was more a matter of proportionality, of being (as has become the common view since then) “small on small things and big on big things”.

So what does this mean for the famous expression of the “ever closer union”?

To my mind, it is above all about an “ever closer monetary union” [or: “an ever closer eurozone”].

In this context, I’d also like to bring to your attention a sentence which was agreed by the June 2014 European Council, a summit held in the Town Hall of Ypres, after a moving World War One commemoration. It was an important sentence, written by leaders on the spot, crafted as it were in the shadow of history...

I will read it out, since people seem to have missed it or forgotten about it. This is what the European Council said:

“The UK raised some concerns related to the future development of the EU. These concerns will need to be addressed.

In this context, **the European Council noted that the concept of ever closer union allows for different paths of integration for different countries, allowing those that want to deepen integration to move ahead, while respecting the wish of those who do not want to deepen any further.”**

This is paragraph 27 of (again) the June 2014 European Council conclusions. It carries, as it were, the signature of both the British Prime-minister, the German chancellor, and of the other leaders.

It is not up to me to say much more about the British exercise.

I would just highlight that almost all concerns can be addressed within the Treaty and by implementing the Treaty.

I would also advise strongly against opening Pandora’s box, against opening a complete negotiation among everybody’s wish-lists. Any negotiation should be restricted to UK issues. Otherwise it will become completely unmanageable – unmanageable. In the current political climate, even if slightly improving, it would be very *imprudent* (I am being diplomatic here!).

Finally, as regards the issue of “welfare tourism” and “social dumping”, I would just say that when you look at it with some cool distance, we have already national and European legislation in place to address “social dumping”, that is, the fear of employers exploiting free movement to undercut local salaries. This difficult file was negotiated during the spring of 2014, in particular between France and Poland; I oversaw this closely and both sides showed respect for each other’s constraints.

“Welfare tourism” is another aspect of the same issue of free movement within the Union; with good will and a sense of proportion on both sides, and provided discrimination is avoided, the political dilemmas it poses should not be insurmountable.

So, again, here we have the opportunity for some clarifications between market-Europe and currency-Europe.

In a word: *“A close union, and an ever closer currency union.”*

At this point you may ask: Would a ‘Grexit’ go against that idea of the closer currency union, and give a blow to the upcoming recovery?

[I hope I will never have to answer that question, not only for economic reasons but also for ‘European’ reasons.]

The eurozone club expanded even during the storm of the eurozone crisis and now it would shrink after that crisis.]

We want to keep the club together. A exit of a country creates a dangerous precedent and uncertainty in case of problems in a country later on.

Of course, every country has to comply with the rules of the club. It is simple as that. Other countries did, and are now reaping the benefits of the huge efforts they made. So can Greece. The biggest victims of a Grexit would be the Greek people, who have already lost 25 percent of their living standard. They suffered from a crisis comparable with the 1930s.

The eurozone is more coherent and robust than a few years ago. The financial markets are stable, notwithstanding the public discussions on Greece.

But again: I hope that the issue of a Grexit remains hypothetical. And I have the habit never to answer hypothetical questions!

But whatever the outcome in the days and weeks ahead, I think one thing has become clear over the past years.

There are not only economic and financial aspects to eurozone membership, it is also very much a political bond, and it has geopolitical ramifications.

One reason the three Baltic states joined the eurozone in the past five years (and Estonia did so even in the middle of the financial storm), was that they consider it a matter of security – “the security of belonging to Europe” (as one of their Prime-ministers expressed it).

Greece leaving would also have repercussion, not least in the context of the current stand-off with Russia over Ukraine.

Perhaps let me conclude my introduction now with the fourth and final point I want to make on regaining citizens’ confidence in the European Union.

It is that we need more than results, we need more than “win-win”.

We need the shared feeling that being within the European Union is a matter, in the end, of sharing a destiny, of sharing values, democratic values (very clear in Ukraine!!); that being in Europe is our best chances of dealing with the challenges and dangers of the world around us.

I do not say: a shared culture, because our Union is unique because so many cultures are living together, we should never do away with that richness of diversity, but we can do with a more developed public sentiment that we are in the same boat in a global world. Intuitively, people know it. We have to make it explicit.

Perhaps here small proposals can help, as the report proposes to increase the possibilities for exchange, there will be other proposals, and

I hope your discussions and debates today will lead to new ideas in this direction.

Ladies and Gentlemen, [dear friends]

Let me just add one consideration to conclude.

Public support is indispensable for any lasting project.

But so is political leadership.

We will keep the club together if on both sides there is political leadership.

Just saying “I am their leader, so I must follow them”, is not enough, certainly not in times of deep uncertainty.

Leaders must rise above and beyond taboos, prejudices and party politics.

Without political courage, we would not have overcome the existential threat of the eurozone.

We badly need it today, and in the future.

Thank you.