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Opening speech for the New Pact for Europe conference

It is a pleasure to join you this morning for the launch of your “New Pact for Europe”. I know that you have been working on this for a long time, with experts from a variety of backgrounds coming from all over Europe.

Getting so many think-tanks and foundations to work together is certainly a challenging endeavour. Getting them to agree on a joint report probably even more so. You must have had a taste of what negotiating a text in the Council feels like! (Even if we are usually not allowed to come with 5 options... A system that would make life much easier!)

As the European Union prepares to open a new institutional cycle with a new leadership, we have been engaged in a similar exercise . Reflecting about the Union’s future, its challenges, its priorities... To this effect, thinking in terms of options or scenarios as you have done, is intellectually useful but I have also learned that more often than not, building Europe is not about grand design and master plans but about finding concrete solutions to immediate problems. My time in this office, indeed my political experience over the last 30 years and my intellectual and political heritage all influence my judgment.

For a start, I can tell you that I find your two most extreme scenarios highly improbable. Undoing the European Union, retrenching behind national borders and pretending that this will restore lost sovereignty and improve welfare is an empty promise. Some will say that it has been done before, that the world of today is not eternal. Some 100 years ago, we were indeed a fairly united continent, with ease of travel, deep trade links across European capitals and a rich common culture. What Stefan Zweig regretted later as *the world of yesterday* – and which we let go. We lost our soul in the chaos and brutality of two World Wars. But I can tell you with confidence – returning from Ypres, after a moving ceremony with the leaders of our 28 countries commemorating the centennial of the First World War – that the historic responsibility to avoid this from happening again is still very much present among European leaders – as it is, no doubt, among European people.

The polar opposite of this option, is that of a great leap forward, a federal jump. While clearly preferable to European disunity, and maybe justified in a number of policy areas, it is probably equally improbable. Notwithstanding the vocal support for it in certain circles, this option does not seem to have sufficient support among the public at large, and it could even risk alienating the majority in the middle-ground.

Of course, I know the frustration, sometimes the anguish of building Europe with small steps, each step seeming too small and too slow to address the mounting challenges that we could face far better together. But when I look back, I can see the distance travelled and a stable sense of direction: *le cap est tenu*. This is why I am quite convinced that this method – unspectacular but powerful – will continue to be the European method for the time to come, for better and for worse.

It means we are working between two extreme paths. We are left with shades of grey, a series of concrete and small steps. I believe that this is where we are, and this is where Europe is made. But when thinking about the future, the recent thinking of the European Council has focused more on the “what” rather than on the “how”? The question for us is what are the critical challenges for Europe rather than the institutional set up to address these challenges. The underlying intuition is that when there is a will, there is a way.

Just last week, the European Council has identified and agreed on five priorities that will shape the European agenda for the next five years. This was the gist of our discussion last Thursday evening in Ypres after the commemoration at the Menin Gate. I can tell you that the emotion and sense of history remained present throughout the evening – and still resonated the next day.

In a nutshell, the five priorities we agreed are:

- stronger economies with more jobs
- enabling societies to empower and protect all citizens
- a secure energy and climate future
- a trusted area of fundamental freedoms
- effective joint action in the world.

Let me just single out two of them.

"Stronger economies" remains of course the number one priority. In a way it is the basis for everything else. In the media there was some attention to the leaders agreeing to put the built-in flexibility of the existing Stability and Growth Pact's rules to good use – this is indeed an important signal. But they are all most keenly aware that it can never be the only answer to the challenge of growth. That is first and foremost a matter of increasing Europe's growth potential, its competitiveness, which is too weak for us to preserve our social models. Here there are things we can and must do together (on the internal market and trade for instance) and also work that member states have to individually (such as reforms).

Energy is the other priority I should like to underline. Geopolitical events, the worldwide energy competition and the impact of climate change are triggering a rethink of our energy and climate strategy. Leaders want to avoid Europe relying to such a high extent on fuel and gas imports. To ensure our energy future is under full control, we want to build an Energy Union to guarantee access to energy that is at the same time affordable, secure and green.

On all these five points, we indicated concrete actions that should be taken. However, the European Council's main purpose was not to go into details, but to set the direction for the legislative work in the next five years; to achieve what people expect Europe to do. That is what the Treaty requires the European Council to do. These five priorities must guide the action and planning of the EU institutions in the years ahead, and it is important that all institutions organise their work accordingly.

In two weeks time, on 16 July, we will have an extra European Council meeting, among others to have an exchange of views with our proposed candidate for European Commission President, Jean-Claude Juncker on the Commission's working programme.

Of course this looking ahead exercise comes at a very specific moment. Not only at the start of a new five-year cycle, but also as our countries are finally emerging from what for many of them was the worst economic crisis in a generation, and as public disenchantment with politics has spread. Leaders are all keenly aware of this double dimension and eager to show that together, as a Union, we can deliver results that matter for people.

This brings me – beyond the policy options in field X, Y or Z – to some of the wider, transversal questions that are underlying these priorities and that will certainly stimulate the European debate over the next few years.

Let me just name two.

First, the question of the Economic and Monetary Union vs. the European Union. This has been a lingering question throughout my mandate. The euro crisis has indeed brought to light the fact that sharing a currency imposes a greater degree of interdependence than anybody had initially foreseen. This calls for a greater degree of political integration inside the monetary union – which is precisely what we have been working on these past years. However, this doesn't and shouldn't upset the original agreement at the heart of the European Union, in particular for those Member States which have not and will not join the currency union. But I am quite convinced that our institutions can be flexible enough to accommodate the needs of those countries that share the single currency and those that don't and that want a reformed EU. Fine-tuning such a multilayered institutional set-up takes time but the experience of the last few years shows that every time we needed to, we have been able to accommodate the so-called “ins” as much as the “outs”, via an inclusive process that acknowledges our differences.

In this regard, last Friday the European Council took an important step. We noted (in para. 27) *“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.”* It is the first time we are saying this and we hope it will reassure in particular those in the United Kingdom who fear an inexorable integration logic (I am not saying it is, but I know the fears are there).

The second general point I want to make is about European democracy and what is apparently a growing distrust of European citizens towards Europe. First I would like to put things in perspective by offering you two data points.

Commentators have been talking about a wave of populism taking over Europe. I don't want to sound complacent or to ignore the rise of dark forces in some corners of our continent but when you look at the European Parliament today, mainstream parties have the same share of the seats as they had in the early 1990s.

Analysts have also described at length opinion surveys such as the Pew Survey or the Eurobarometer dissecting the growing and widespread distrust of European citizens towards European institutions. These numbers must ring an alarm bell. But what is interesting however, is that in many countries, the confidence and trust in national institutions is even weaker. I take no comfort in this sad fact, but it seems to indicate that this is not only about Europe but maybe a wider crisis of politics that begs deeper questions – question of society, of culture, of the relationship of citizens with public authorities in all their dimensions.

This is not to deny there is not a specific European sub-dimension of this problem. In my view, it is not just about institutions and elections. More fundamentally, it is worthwhile to look at how people perceive and relate to the Union. How they experience it. And I should like to develop this point to conclude.

The starting point is a sad observation. It seems people today see Europe as a reason they feel powerless and without a say – whereas our Union was precisely built to make them stronger and regain a grip on their own history. One way to understand this public disenchantment better – as I set out last May in my Charlemagne-speech in Aachen – is to see how our Union is above all experienced by people as a space and hardly ever as a place.

Space and place are really not the same thing. A place brings protection, stability and belonging. It is a home, where people feel at home. A space on the other hand opens up movement and possibilities. It is about direction, speed and time. As human beings, we need both. A space in which to fly, and a nest we can call ours. We are very simple creatures!

With Europe, our focus has always been on space. Just think about it. From the very start, the typical action was to remove borders, for goods, workers, investment, to let people and companies move, take initiatives, seize opportunities. Even today – on fields as diverse as energy, telecom or the digital economy – it is still about bringing down borders, creating this big common space. But we've never really thought of Europe as a home, a shelter, and today we pay a price for it.

For decades it worked well. The open borders brought huge opportunities, for working, trading, studying abroad. And the impact of all the opening was mostly cushioned – by economic growth, and by the welfare states, set up in parallel.

Crucially, the division of labour through all these years was that Europe opened, and national governments protected. Nobody expected otherwise. But things have changed. Globalisation has put the welfare states under strain. The crisis forced European Union institutions into a new role.

The result is a dramatic and rapid shift: whereas for decades Europe had been all about opening, liberating, unlocking, emancipating, empowering... today it is suddenly seen as meddling, judging, prescribing, dictating, correcting, even punishing...

Europe, the great 'opener' of opportunities is now perceived by many as an unwelcome 'intruder', the friend of freedom and space is seen as threat to protection and place.

We need to get the balance right. It is essential for the Union to be also on the protecting side. It is urgent for the Union not to be seen as only benefiting businesses, but also employees; not only the "movers", but also the "stayers"; not only those with diplomas and language skills, but all citizens; and people not only as consumers, who like cheap products and a wide choice, but also as workers, who can see in others, competitors for their jobs.

How to get this balance right? When it comes to protection, people expect two things from the European Union. First, for problems that individual countries are clearly not big enough to fight on their own, that the Union steps in. On global and cross-border issues, people really want Europe to defend their interests and keep threats at bay. Second, where national authorities are best-placed to provide care, people expect that the Union does not get in the way. Indeed, there are cases, where precisely because of its scale, the Union must tread softly. Not disrupt, but respect familiar places of protection and belonging – from national welfare choices, to regional traditions and identities, all the way down to local cheese...

From this perspective, the citizen's message to the Union is clear. As the European Council summed it up last week in the conclusions: *"The Union must be stronger outside, be more caring inside"*.

For me, this is one of the main challenges ahead to regain people's confidence in our Union. It is because of issues like this one that – beyond our numerous policy challenges and the agenda for the next legislative cycle – the intellectual challenges I have briefly touched upon are possibly even more daunting.

And I am convinced that intellectuals and thinkers can and must play a critical role in charting our own way forward. This is why I want to congratulate you for the work done and invite you to keep working – because Europe needs you. Thank you.
