

ON ASYLUM AND THE EURO: DISPLAYING SOLIDARITY IS IN OUR OWN INTEREST

António Vitorino | *president of the Jacques Delors Institute*

0ur president, António Vitorino, takes a stand on the main issues of the European Council of 25-26 June 2015 in an interview on the following issues: asylum, the agreement on Greece, the Five Presidents' Report, the European strategy on growth and employment as well as security and defence.

1. This European Council meeting is going to debate the Commission's proposals on the massive influx of asylum-seekers. What are your expectations and what is your stance on this challenge?

I hope that the European Council approves the [proposals formulated by the Commission in April](#), because I consider them to be both courageous and balanced.

The heart of the debate should focus on the degree of solidarity shown towards the countries facing this massive influx of asylum-seekers, primarily Italy and Greece, in a particularly hostile political context, which requires beneficial clarification.

It is basically a matter of urgently adopting the measures proposed in connection with the "relocation" of 40,000 asylum-seekers whose applications will be processed by countries other than Greece or Italy. What is involved here is sharing out a tiny proportion of the overall number of asylum-seekers arriving in Europe (just over 600,000 in 2014), and in a temporary manner at that, in order to allay the pressure currently building up on the southern countries. The European Council must approve the Commission's proposal unambiguously, without quibbling about the weighting of the criteria proposed in organising this temporary shareout (population, GDP, unemployment rate, number of asylum-seekers take in and of refugees resettled).

This political decision on a principle is particularly necessary if we remember that this so-called "compulsory" shareout does not force member states to take in asylum-seekers at all. Decisions to accept or reject applications for asylum are a national prerogative, and indeed

they vary a great deal from one country to the next. But it is definitely in the member states' interest to display solidarity, because if they do not, the countries now overflowing will no longer have either the capacity or, in all likelihood, the will to take in the asylum-seekers entering their territory in excessively large numbers, so that those asylum-seekers are going in any case to enter neighbouring EU countries but in an uncontrolled and disorderly fashion.

If an agreement can be thrashed out over this first issue, it should prove less complicated to reach an agreement over the proposed "resettlement" of 20,000 Syrian and Eritrean refugees already taken on board by the HCR in the Middle East and in Africa.

Above and beyond the debate on these solidarity mechanisms, the European Council will also, of course, have to confirm the implementation of the guidelines that it adopted in May: namely, launching a military operation against the human traffickers in the Mediterranean; trebling resources for supervision and rescue in the Mediterranean; and mobilising diplomatic and financial resources for the stabilisation and reconstruction of Libya, of Syria, and of the countries in the Horn of Africa.

In the longer term, it would be a very welcome move if the heads of state and government were to announce the advanced mutualisation of border surveillance resources, heralding the establishment of a European border guard corps; and if they were to consider the adoption of an "asylum code" involving mutual recognition of decisions on asylum and the establishment of a single process for ruling on asylum applications...

2. What kind of basis can there be for the agreement on Greece that the European Council is going to have to thrash out?

First of all, I think that it is necessary for the expected agreement to be forged at the head of state and government level, because these are the people that enjoy both the legitimacy and the lofty view required to truly grasp the issues at stake and to take drastic action. As we saw from the Eurogroup summit on Monday, the broad outlines of the compromise to be reached are already known.

First of all, it would be best to adopt a list of Greek structural reforms sufficiently convincing and sufficiently broad to allow the country to get back on its feet and to modernise, whilst also generating a primary surplus of approximately 1% of GDP in 2015, and a little more in the years thereafter. It is up to Greece to indicate where it wishes to increase its revenue (for instance, corporate tax or VAT) and where it wishes to making spending cuts (for instance, military expenditure?) in order to achieve that primary surplus. I would stress that the issue here is not simply to reassure the European taxpayer regarding Greece's ability to pay back its debt when the time comes, but to put Greece's economy back on the rails and to beef up the country's credibility and solvency with a view to its return to the financial markets.

On that basis, it is necessary envisaging unfreezing the last instalment in the EU-IMF aid package worth 7.2 billion euro, which will allow Greece to meet its immediate reimbursement deadlines. And lastly, in the longer term, it is worth considering arranging a third aid programme for a few tens of billions of euro, and to examine a potential reduction of the Greek debt's weight on condition that Greece meets its reform pledges, particularly where pensions are concerned.

If the heads of state and government succeed in formalising such a compromise, looking beyond the understandable reluctance of all the parties involved, it will be because they have embraced a geopolitical vision of the negotiations. The strategy adopted by Alexis Tsipras's government is of course open to criticism. If it insisted more on its desire to [make a break with the Greece of the past forty years](#), which was marked by moments of corruption, tax fraud and nepotism, it would receive far clearer support from its creditors, whom it has often chosen to address in a confrontational manner, pointing the finger at their share of the blame for the current crisis. It is also possible to argue

that Greece cannot remain in the monetary union on absolutely any terms, and even that it should perhaps never have boarded the "euro train" in the first place. One thing is for sure: If Greece decides to jump off that train (something which the treaties do not in fact envisage) while it is moving at top speed, it is going to get badly hurt, but so are the other European passengers on board! Because even if the euro train does not shoot off the rails, a "Grexit" would further destabilise this linchpin country in south-east Europe, and thus the EU as a whole. There too, if we need to carry on displaying our solidarity with Greece, it is because it is also in our own interest to do so, in order to prevent the country from sinking into a crisis so serious that it would no longer be able to take part in controlling illegal immigration or in the struggle against the infiltration of terrorist groups from the Middle East, without forgetting that it would also strengthen its financial and political ties with Vladimir Putin's Russia... In short, it is not a matter of guarding against a mere "moral hazard" but against very real geopolitical risks.

The heads of state and government must realise that they are shouldering not only geopolitical but also democratic responsibilities. A vast majority of Greeks wishes to remain in the euro area, and while the grass roots in a few European countries may display impatience with Athens, a majority of them in every country is also attached to the Monetary Union's permanence and integrity. In this connection, the upcoming European Council meeting's historic responsibility is to adopt a compromise enshrining these democratic grass-roots aspirations in the best way possible.

3. Above and beyond the Greek situation, the European Council is likely to be debating the governance of the EMU and the Five Presidents' report. What are your recommendations in that connection?

Where the Economic and Monetary Union is concerned, the heads of state and government are so busy playing the firefighters that they are reluctant to do their architect's garb. Be that as it may, I still hope that the [Five Presidents' Report](#) will trigger a broad debate, if not at this European Council meeting, then at least in the coming months.

As the report points out, crucial progress has been made over the past five years in terms of the governance of the EMU, under pressure from the crisis. I am thinking in particular of the adoption of such bail-out mechanisms as the "ESM" and the Single resolution fund, together

with strengthened monitoring mechanisms for governments and banks. But it is necessary to go even further, particularly in order to bolster the EMU's "economic pillar" so as to prevent the major structural divergences that still exist within it from growing to the point where they jeopardise our monetary union: Prevention is better than cure, as the experience of the countries under programme has shown us!

In this connection, the Five Presidents' Report basically proposes strengthening the mechanism for monitoring macro-economic imbalances, setting up independent competitiveness authorities in every country in the EMU with a mandate to determine whether salaries are developing in line with productivity and, in the longer term, putting in place a mechanism for cyclical stabilisation permitting the organisation of temporary financial transfers towards countries suffering from asymmetrical shocks. All of these guidelines sound useful to me, but they also seem to be missing the point, to be skirting the major issues.

This, because the "economic union" cannot permanently confine its work to merely issuing more or less effective warnings to improve countries' cost competitiveness. It has to include common efforts designed to improve the non-cost competitiveness of all the countries in the Monetary Union. It is, of course, up to each country to make the necessary decisions, but it is the EU's task to support them, not simply through legal or political constraint. It is therefore necessary to attain the economic convergence necessary to ensure the euro's sustainability. It is also why Jacques Delors proposed back in 2013 that a "super-cohesion fund" be set up to provide targeted aid and technical assistance to any country in the euro area making a major effort to improve its non-cost competitiveness. I would like that idea to take pride of place in the debate triggered by the Five Presidents' Report.

Ensuring the correct functioning of the "economic union" also presupposes coordination, or even a more advanced form of integration, in other ways than simply through the monitoring of national policies or through a deepening of the single market. For instance, it is crucial that there be measures proper to the euro area designed to ensure that integration is a factor for strength as opposed to fragility. I am thinking, in particular, of the harmonisation of corporate tax systems and the definition of minimum social standards to prevent a race-to-the-bottom situation and non-cooperative "internal devaluation" scenarios. Those are two typical

areas in connection with which we need to [review the architecture of the economic union](#), going way beyond the "firefighter remedies" recently dispensed in terms of a budgetary union and a banking union. The Five Presidents' Report seems to me to be very timid in connection with these issues...

Finally, I would add that the Five Presidents' Report includes a welcome series of guidelines in the democratic and institutional spheres, focusing in particular on the stronger involvement of national parliaments and of the European Parliament. It is obviously of crucial importance for the debate getting under way to focus on these issues so that the legitimacy of the EMU's governance can be strengthened over the next few years.

4. The European Council is also going to address the European strategy on growth and employment, particularly with regard to the "Juncker Plan's" progress. What do you expect to come out it?

The European strategy on growth and employment rests on three main pillars: bolstering investment; implementing the kind of structural reforms that will make it possible to modernise our economies; and consolidating public finances in order to restrict/reduce public indebtedness. The efforts made in connection with the third pillar are allowing the Juncker Commission today to pay greater attention to the other two: on the one hand with the adoption of new rules for interpreting the Stability and Growth Pact, thus allowing greater room for budgetary manoeuvre to those countries that have adopted structural reforms or made certain kinds of investment; and on the other hand, with the approval of an ambitious plan to impart a fresh boost to investments in Europe.

Where the "Juncker Plan" is concerned, the agreement recently reached by the Parliament and the Council on the regulation of the European Strategic Investment Fund (ESIF) is going to allow the fund to be fully operational after the summer. We may be confident regarding the fact that the fund will achieve the figure of 315 billion in planned investments, but will it prove capable of doing so while also attracting additional funding and doing so rapidly? Also, how are the projects funded by the Juncker Plan going to be broken down by sector and by country? All of that is going to depend largely on the investment strategy developed by the fund's steering committee, but also on other factors such as the effectiveness of the new European Investment Advisory Hub (EIAH) in assisting

public- and private-sector promoters throughout the EU in defining and structuring quality projects.

I think that it is also necessary to focus on the two other parts of the Juncker Plan, particularly on the part designed to reduce the regulatory hurdles standing in the way of investments, both at the European and at the national levels. This, because it would be counterproductive to encourage private investment while at the same time forcing institutional investors to comply with excessively restrictive obligations, for instance in terms of solvency. That would undermine not only the overall consistency of the EU's action but also its effectiveness.

5. The heads of state and government are called on to address the issues of security and defence, including the struggle against terrorism. What should the EU's priorities be in that connection?

The mobilisation of the European countries in the struggle against terrorism must continue, and this entails the adoption of the proposals already on the table, whether it be the exchange of information on airline passengers (the Passenger Name Record, or PNR) or the adoption of the European Security Agenda for 2015-20, which includes some very useful measures against radicalisation, for cutting crime's funding lines, for beefing up the struggle against cyber-terrorism and so forth. It is a matter of [adopting a comprehensive European approach to security](#) based on intelligence, on cooperation and on prevention. That demands a strengthening of Europol's capabilities and the creation of a European Centre for the Struggle Against Terrorism, of a unit for monitoring Internet content and of a centre of excellence tasked with collecting and disseminating expertise in the field of radicalisation.

Given that our internal security is increasingly bound to developments in the EU's neighbourhood, the heads of state and government should actively commit to reviewing the European Security Strategy, as agreed on at the Defence Ministers' Council held in Riga on 19 February this year.

The consultation that Federica Mogherini has set in motion in the member states must be deepened in order to trigger a fully-fledged Europe-wide debate capable of causing diagnoses of current and future threats to converge and of preparing the citizens and their governments to devote more financial resources to responding to those threats, as well as facilitating the [adoption of consistent and solidarity-based European stances](#).

The rapid deterioration of the situation in the Middle East, with Da'esh gaining ground, the instability in the sub-Saharan area, and the growing tension with Russia all demand rapid mobilisation on the Europeans' part. The Russian challenge and the challenge of radical Islamism force us to reflect together on the way in which we wish to influence the new alliances that are taking shape at the global and regional levels (the strengthening of ties between China and Russia, the agreement with Iran, the loosening of ties between the United States and Saudi Arabia, etc.).

I have no doubt that, in the face of the growing threats emerging around us, the member states will be far more effective united than isolated. There too, it is our immediate interest that should counsel us to display greater solidarity in the short and medium terms.

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