

# FEAR NOT, WE WILL GET THERE!



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Jacques Delors delivered a speech on 15 June 2013 as “major witness” during the Forum of European Progressists organised in Paris by the Parti socialiste, the Fondation Jean Jaurès and the Foundation for European Progressive Studies. The address focused on three key elements: imparting a fresh boost to Europe, developing an enhanced cooperation for the EMU and not forgetting Greater Europe.

Dear friends, dear comrades, ladies and gentlemen,

The European Socialists are setting off down the path leading to the European parliamentary elections in a democratic contest with Europe’s other political forces. Will we be ready? Finding an answer to that question is the purpose of our meeting here today and of many other meetings besides. We need to construct and consolidate our analyses in order both to persuade those against and to rally the sceptics, also to prove that we conjugate announcements with facts. This, in particular, because we have three dangerous adversaries who are not party to this democratic debate. Our first adversary is the social and economic depression - which our comrades have discussed, each one according to their own sensitivity, intuition and analysis of their country’s situation - and it is having a tragic impact on millions of Europeans even if we always tend to forget that. Our second adversary is the image of a punitive Europe that is in many ways divorced from the man in the street. One gets the feeling that each delegation is taking its turn in going to see a bad, grumpy and at times downright nasty teacher who will tell it how to act. That offends the patriotism of the pro-Europeans and anti-Europeans alike. And lastly, there is our third adversary: populism, which feeds hungrily, of course, on the globalisation process that has become a downright bogeyman, but also on the consequences of the economic and financial consolidation plans.

There is a definite lack of confidence in Europe’s ability to address this challenge. In failing to react with the necessary strength or promptness, Europe’s leaders are causing us to waste a major opportunity to revive the European ideal. To achieve that, I am going to propose three areas for debate and action which seem crucial to me, without revisiting the correct analyses on which, indeed, my reasoning is based and some of which you have just had explained to you. The first proposal is this: we need to impart a fresh thrust to Europe; the second proposal is that we rebuild the Economic and Monetary

Union; and the third proposal is that we must not forget the Europe of the Twenty-Eight, because the euro crisis has largely pushed Greater Europe into the background and this has had a major and very negative impact on the way the countries that are in the euro zone and those that are not tend to speak with one another.

## 1. Imparting a fresh boost to Europe

Let us be frank and honest, with ourselves but also with the people of Europe. When governments do silly things, it is the people who pay for the broken crockery - in French they say: “it’s the people who take the rap”. This today is how we can best gauge the shortcomings, or the “bungling”, of the Troika, and that is extremely negative for Europe. I would refer you in this connection to the International Monetary Fund report. If the traditional solution, in other words debt restructuring, had been adopted, especially in Greece’s case, Greece would have been forced to leave Europe and the Economic and Monetary Union, and others would have had to follow in its footsteps. We have to draw a lesson in political morality from this: whether we like it or not, we are in a mutual solidarity situation, even more so with a single currency than with a single market. A single market focuses in particular on the regulation of competition, but a single currency is something else altogether. I think we even underestimated the seriousness of a European project that impacts the man in the street, because he has that currency in his pocket. He uses that currency to measure his standard of living, and he uses it to some extent to measure his country’s place in Europe. That is why we did well not to opt for restructuring which would have been the traditional solution, or for devaluation which would have caused Greece to sink even further below its current standard of living. But there is one thing that we need to bear very clearly in mind, and that is that solidarity is even stronger when one has a common currency than when one just has a single market, and I am not talking about the practical consequences of solidarity but about the principle.

We also need to highlight the Eurogroup's moral and political responsibility. I said back in August 2011 that "the euro is teetering on the edge of the abyss". How can this Eurogroup have been unaware for so many years of certain governments' and certain banks' wayward conduct? How can the president of the central bank, a man who cares so deeply for orthodoxy, have failed to ring the alarm bell? It was obvious that in certain countries, the combination of low interest rates with the protective shield of a currency was producing the kind of superficial conduct that led us to where you all know. All of this has prompted me to reach two conclusions.

The first is that it is not sufficient to berate the Greeks, the Portuguese, the Spaniards or the Irish; we need to tell ourselves that those who governed us at the time failed in their crucial duties. This, because from 1999 to 2002 they concerned themselves solely with the currency and totally overlooked the Economic and Monetary Union's economic leg. If you read the so-called "Delors" report - I have no option but to quote my own work - it lays the stress on both, on the need to have economic cooperation alongside the currency. And if that economic cooperation had been set up, I do not think that the finance ministers would have had their eyes tightly shut enough not to notice that it was not working.

My second conclusion concerns the imperative of any currency area: interdependence demands that the Eurogroup come to the aid of countries in difficulty because it is partly responsible for their situation. It is not a matter of espousing the position of those who claim that "Europe alone is to blame", or of drawing a moustache on a photo of Mrs Merkel. That would be both misplaced and unfair. But we still have to admit that the Eurogroup is responsible. It acted belatedly, hence the poor figure that we cut throughout the world today. So I repeat, stringency concerns the member states, and I am not talking about the modalities for each different country - for those modalities can be questionable, and indeed we can question them. But the future of the Economic and Monetary Union is to map out the path of hope, in other words the path of a fresh boost. Yet what do we see? We see a discrepancy in the timing: stringency is at work while this fresh boost is nowhere to be seen. It is a question of political will.

I hope that the European Parliament will overturn the negative effect produced by the multiannual budget. If we look at it the way it is being proposed today, how can we expect anyone to believe that Europe is the path of hope, that the groundwork has been laid for imparting a fresh boost to growth? And what about effectiveness? In fact, that is going to prompt me to tell you in a minute or two that the Economic and Monetary Union has become

both unmanageable and incomprehensible. We might also question the effectiveness of the way in which the Council and the Commission function. How about the 120 billion euro in the stimulus plan that François Hollande has called for? What is the situation there? Who is taking care of it? What national government would agree to take weeks and weeks to perfect something decided on by the European Council? The conclusion is simple: whichever way the Economic and Monetary Union goes, it is not going to work if, after the impact of an announcement, it then takes months for people to feel the benefit of that announcement's practical impact. It is a matter of governance, of simplicity and of effectiveness.

Naturally, I am not suggesting that the euro crisis lies at the heart of the problem - in my view it is the global financial crisis that occupies that place - but the euro has not provided a sufficiently strong structure to withstand it or to adopt measures in a timely fashion. We dragged our feet from 2008 to 2012. Some of you have said: "But the neo-free-marketeting ethos is still just as dominant". I do not think it is. A certain international awareness has made it possible to react, and contamination has not spread as far as Brussels. When I read some of the documents that come out of Brussels, I get the feeling that if a wage-earner agrees to greater mobility, to take a lower salary and to be subject to greater flexibility so that he can be put on the dole, the system will be safe. But is it possible to accept such simplistic arguments, which omit to consider so many of the component parts of any economic dynamic? Thus the ideological, political and economic struggle to get people to understand that things are more complicated than that is far from over. If you imagine that certain people had run the world after the war and had managed to push through their ideas, we would have no welfare state, no social security. We would already have experienced some very serious crises because on the economic level the social security system is the weight that counterbalances the economy's difficulties. Thank goodness that those who have brought the world so much grief since then were not yet born. I have spoken with them, because I am not dogmatic, and I have endeavoured to understand their point of view. I told them: "You tell me that you people create value, can you explain to me how you do that?" They offered me a few garbled explanations and so I said: "Yes, that is the share price, we have understood that". But as General de Gaulle used to say, you do not forge "policy in the stock market or on the trading floor". Unfortunately the problem is not simply a matter of changing economic circumstances, it is also a structural issue. Over this period, when the economic and monetary aspects have failed to walk hand in hand in Europe, several member states' competitiveness has deteriorated and the structural divide between the

north and the south has widened. This is a very serious problem for the future, because if countries have lost the structure that allowed them to be competitive, taking both their temperament and their geographical location into account, then however much we reform the euro, it simply is not going to work. Thus the thing that the reform of the euro demands most of all is a major structural adjustment effort to ensure that all of the member countries can benefit from the single currency.

## 2. An enhanced cooperation for the Economic and Monetary Union

That is why I propose an enhanced cooperation for the Economic and Monetary Union. I used to call it “differentiation”, a horrible expression and people must have been deaf not to hear it. But at this juncture there is a term, hallowed by its inclusion in the treaty, known as “enhanced cooperation”. It has two advantages for anyone wishing to consider the issue. On the one hand, it offers greater autonomy and rapidity of action within the enhanced cooperation, but at the same time it also offers the guarantee, for non-members, that the members of the enhanced cooperation will fully comply with the terms of the Twenty-Eight’s marriage contract. Therein lies its advantage. Mr Genscher once put it rather more simply: “No one country can force the others to move further forward with it, but by the same token no one country in Europe can prevent the others from moving faster so as to foster a more dynamic approach”. That is what enhanced cooperation is all about.

Political responsibility in an enhanced cooperation is based on shared sovereignty. If I am Portuguese and I return home from some European Council or Eurogroup meeting in the future, I will be able to say that I took part in the decision-making process. Whereas right now one gets the feeling that decisions are taken either by the Troika or by the Franco-German duo, in other words by the entourage of the French president and of the German chancellor, or else by “heaven knows whom”. Is that the solution? Shared sovereignty is something else, it is a method that allows each player to shoulder responsibility for the common fate. I told you, a common currency is a very great ambition, perhaps even too great, but given that we have decided to adopt it, we have to implement it. In institutional terms that means the EMU summit (of heads of state and government leaders) and a Euro Council (comprising the relevant ministers) with a permanent president. You may object that “there are already three permanent presidents. What is the use of having a fourth such president?” I can understand that some people may think that perhaps a different solution should be devised, but we need a responsible solution.

The Commission is the guardian of Europe’s interests and it has the right of initiative, but it has taken leave of that right of initiative, no one talks about it much anymore. We should not confuse the power of execution with the power of initiative. And finally, we need democratic accountability rooted in the European Parliament. Hence the need for a consultative body, or even an assembly representing the economic and monetary committees in the EMU member states’ national parliaments. There can be no budgetary, financial or social decisions without the national parliaments being involved to a much greater extent, and that has to be acknowledged. Thus enhanced cooperation is shared sovereignty.

In the light of all this, the euro zone needs an independent budget with a super-cohesion policy. If we are to allow Greece, Portugal or Spain to emerge from the crisis, we need to give them the wherewithal to rebuild an industrial structure to match their geographical location. This, because those countries have watched their industrial structures being dismantled in such a way that they can no longer keep up with a world in the grip of a technological revolution and full of major competitors. Thus we need a cohesion fund within Europe: not a cohesion fund to finance deficits, mind you, but to allow us to finance new industrial structures.

The EMU also needs an economic regulation tool capable of highlighting the fact that the economy and the currency are closely linked; and of course, it needs a banking union. This, without forgetting the need to make reasonable progress towards the harmonisation of taxation, beginning with company tax, which is crucial in the context of a single currency. Where the social aspect is concerned, we also need to start moving towards social harmonisation, which can be conceived in different ways, with a fresh boost to social dialogue at the European level.

Allow a Catholic to use an expression that you are not going to like, to talk about European social dialogue. That expression is “mass without faith”. We absolutely need to rediscover the necessary motivation, the sense of a dynamic compromise. There is no point in holding meetings that serve no purpose, such as the current meetings between the EU’s rotating presidency, the European Trade Union Confederation (ETUC) and Business Europe. The Maastricht Treaty stipulates that when the social partners reach agreement, the Commission must produce a proposal for a directive. We need to restore meaning to social democracy and to find one or two instances that can be rapidly implemented. It is not easy to do that right now. It is difficult for ETUC Secretary General Bernadette Ségol within her organisation; it is less difficult for Business Europe because they do not need agreements

at the European, national or any other level, everything is done at company level. But the day everything is done at company level, that day will mark the end of the European social system, the end of all consistency. So, become the emissaries of enhanced cooperation! Half of your leaders do not even have a clue what that is. Explain it to them!

### 3. Not forgetting Greater Europe

We should not forget Greater Europe and its historic missions. We number twenty-eight with Croatia joining on 1 July, not just seventeen. That is an asset which we need to make the most of; and this, on the basis of three principles: competition which stimulates, cooperation which strengthens, and solidarity which unites. Solidarity, in particular, involves cohesion policy, which must maintain its deeper meaning and not just turn into a kind of village fair when all the governments get together, with each one trying to take home a bit more than the others. That is absolutely ridiculous! The Commission needs to shoulder its responsibility and to become the partner in the various regions' development, and this, whatever situation they may be in.

Everyone knows that cooperation is the missing link so I shall not dwell on the matter.

Europe is also peace and the means to nurture peace by rallying around common rules and standards, before Europe loses all its credit on the global stage. We were talking about Europe's organisation, thinking of the Mercosur in Latin America, and even Asia has drawn a certain amount inspiration from us. These are countries which remained sovereign while deciding to share a greater or less slice of their sovereignty, and which, when all is said and done, accepted common rules and standards. That is what allowed us to make progress. Unfortunately, the euro crisis is overshadowing the requirements of living in a community twenty-eight strong. We absolutely need to debate this issue, though I do not have either all the figures or all the solutions.

Europe a power, as the French like to say, or Europe a source of influence? Well, they both exist simultaneously. We must not underestimate Europe as a power, particularly in the field of trade, but neither must we underestimate Europe as a source of influence. Václav Havel put it

admirably when he said: Europe no longer aspires to govern the world or to spread its values to the four corners of the globe, but to be recognised for what it is, to be influential through its lifestyle, to respect others, to develop our own internal ties, as indeed we are doing within Europe. Imparting a fresh boost to Greater Europe is a crucial goal if we are to restore to Europe a vision worthy of its history, but perhaps you are not totally convinced of that.

Let us talk, for instance, about environment policy, or about the European energy community. What does it do to you when you see each European government leader traipsing off cap in hand to see Putin, in an attempt to take home slightly more advantageous terms for their country's gas supply? Do you not get the urge to simply smash everything when you see that that is the image of Europe we are projecting to the world?

A great deal has been said about neighbourhood policy, but it is crucial. All of the countries around us look at us with a greater or lesser degree of envy. The recent agreement between Serbia and Bosnia, for instance, is due to this need for Europe. So Europe still arouses interest, and it even wields a certain power of attraction. Africa is changing radically, and it enjoys a relatively high growth rate. The Chinese play an extremely important role in the continent. But what about us, are we going to continue to live with our old ACP (Africa, Caribbean and Pacific states) programme? Or are we going to devise some more innovative and substantive form of cooperation? Would that not allow us Europeans to be a presence in Africa, in our proper place, without wishing to govern them and forgetting the colonialism of the past? It is more difficult to achieve that in some countries than in others, but we should manage to achieve it all the same.

All of this, to show you that Greater Europe's future lies ahead of it. It can reach out to the world, it can wield influence rather than always being powerful. Along with the reconstruction of the EMU, it is the crucial factor in our continent's future.

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That is all I wished to say to you. I shall wind up my speech with this exhortation: "Fear not, we will get there!"