

# **INTERVENTION**

**de V. Giscard d'Estaing**

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**“Europe’s last chance: Ideas for reform”**

**(20 mn)**

Dear Members of the *German Society*,

Distinguished Scholars,

Ladies and Gentlemen,

Dear Students,

I thank you very warmly for having invited me here today, at the *London School of Economics*.

You may wonder about seeing a Former French President being invited to a German Symposium. Maybe, the young President of the *German Society* who invited me, Mr. Lukas-Paul SCHMELTER, knew that I was born in Koblenz, Germany! Vielleicht wusste Herr Lukas-Paul SCHMELTER, der junge Präsident der German Society, der mich einlud, dass ich in Koblenz geboren bin!

Anyway, I am delighted to be with you today, and I presume that it may be interesting for you to exchange ideas about Europe, Britain and Germany with a Frenchman!

**“I wish to speak to you today about the tragedy of Europe”.**

That's how Winston Churchill began his famous Zurich speech on September 1946. But the sentence could be appropriate today, as Europe emerges only slowly from the financial crisis and the economic slowdown, and is rejected by a growing share of its population.

First, let us take a closer look at the situation.

After that, we may talk about Britain in Europe, and at the end, I would like to present to you, which reforms I consider being absolutely necessary and why they are Europe's last chance.

## **I) The context**

People are – and this may not shock too much here in Britain – **people are tired about Europe**. I understand that. Seventy years after the end of the war, they don't recognize the utility of the European Union. Nowadays, peace has become normality!

People feel that the Heads of States and Governments come together very often, but that there is not so much coming out of these “summits of the last chance”.

It creates frustration, boredom and passiveness.

**This trend of a less functioning Europe goes back to the beginning of the Nineties:** Until then, the European Union had functioned quite well. The Six founding countries had launched the European Coal and Steel Community in 1951, created the European Economic Community in 1957, ending up with the common market. More countries, namely Ireland, Denmark, GB, Greece, Spain and Portugal adhered later. That was a good size: Twelve countries can, in fact, still discuss and handle things together.

The Maastricht Treaty of 1992 was the highlight: the Community became the Union, Europeans decided to create a Common Foreign and Security Policy, and, of course, the Euro.

**But then began the phase of nonsense.**

The fall of the Iron curtain in 1989 made clear that Eastern Europe would wish to unite with the western countries. But the enlargement to ten countries in May 2004, without getting the Institutions adapted, signed the beginning of the end. Who can believe that a system which had been created sixty years ago for 6 countries and with limited competences, could be effective with 28 today?

Moreover, there has been an **untoward trend of the European Institutions to grab more and more power** over the years. As you know, originally, three Institutions founded the European system: the

Parliament which was then only consultative, the Council and the Commission. In two of these Institutions, the Member States are directly represented: in the Parliament, that deliberates and now legislates, but it is in the Council, where heads of states and governments, that they decide in the last resort. The Commission was created to represent the “European common good”, with a power of proposal.

Furthermore, it is often forgotten that the exclusive competences of the European Union are very few and precisely delineated. It is indeed in the field of international trade competition, of monetary policy for the Member States of the euro zone and in the conservation of marine biological resources under the common fisheries policy, due to the extremely complex nature of maritime borders in Europe.

Instead of following these rules, today we have one Commissioner per country, which results in making them represent their countries’ interest! It also leads to a multiplication of interventions, as each Commissioner wants to justify its existence by proposing new measures or regulations. That’s bureaucratic saturation at its best! The Commission has also constantly been seeking for becoming Europe’s government, a role which naturally falls in the hands of the Council! In the last thirty years, we never heard a Chairman of the Commission, or a President of the Parliament, interrupting an orator because his speech went beyond the European competences.

Maybe people should begin one day to ask “what can we do to change Europe?” instead of “what will Europe give me?”.

## **II) That is where we come to speak about Britain.**

Prime Minister Cameron has pledged to **renegotiate the terms of the membership** with other member states before holding the poll about British EU membership. That is a good idea! Most of the British demands are legitimate. Who in this assembly would be against less bureaucracy?

It surprises me even today that the other European countries don't show more understanding for these requests. The European leaders should take the British “red lines” into account and do everything to eliminate the arguments of the *No Voters*.

**It would be a negative event, both for Britain and the EU, if Britain leaves!** The possibility of a British leave must not be feared, but fought! The president of the European Commission should take head on this issue, and make the necessary work of negotiation, which has not yet started. When I was Chairman of the European Convention, in 2002 and 2003, I went monthly to London, to debate at Downing Street, where

the famous "red lines", which defined the British acceptability, should be drawn!

And after all, **the fact that a referendum is now on the British Agenda is not very surprising.** It had to come one day.

Britain has never been accepting actively the European integration. Winston Churchill said it very clearly in his visionary speech, in 1946: *“Great Britain, the British Commonwealth of Nations (...) must be the friends and sponsors of the new Europe and must champion its right to live and shine”*. And in fact, Britain opposed a polite refusal to the invitation of Robert Schuman, five years later, to join the European community.

And I am happy to stand here, today, before this large assembly of young people to **make one very clear point:**

**The European continent has always faced two European projects!**

If you take this into consideration, everything will be clearer:

At the beginning, there were:

- The *European Economic community (ECC)*, initiated by France and Germany together with four other countries in 1957, and
- The British initiated *EFTA (European Free Trade Association)* of 1960, a trade bloc-alternative for European States who were either unable or unwilling to join the *EEC*.

Even if from the 1970s on, five out of the seven *EFTA*-States joined the *ECC*<sup>1</sup>, **the division in two European projects remains still alive, today:**

1) On the one hand, we have the **EU-28**, a big free trade zone. It is probably called to extend itself further, and will reject any progress of integration, as brilliantly expressed by GB and other member countries. Think for instance, that the three countries which got an opt-out from the Euro (UK, Denmark and Sweden) are coming from the *EFTA*-group!

2) On the other hand, we have the smaller and more homogeneous group of countries, in the historical line of the Schuman-Monnet project: the **Euro zone**.

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<sup>1</sup> UK 1973, Denmark 1973, Portugal 1986, Austria 1995, Sweden 1995



And it is this little group of members, which I call “**EUROPA**”, having adopted the Euro and aiming at a new stage of integration, which could push forward Europe to compete with other giants like the US and China, being one of the world economic super-power in production, research, and innovation.

### **III) Which reforms does Europe need?**

You are students coming from all over the world. You know of course how the Euro has facilitated things when travelling across the continent.

Why not **create a common fiscal and economic Union**? Same currency, same taxes! Everything would be easier for citizens, companies etc., which could move freely in this space, when keeping the same fiscal, economical, and social regimes.

This is a concrete and realistic reform!

The method would not be to adjust one national fiscal regulation to another, but to come together asking “which would be the perfect tax

for Europe”? The aim would be reached very progressively, let’s say, by the end of 2030.

EUROPA could thus progressively **deliver a full monetary, budget and fiscal Union, and be armed with a European Treasury.** Of course, this Treasury should not to be used to clean the budget disorders of the various Members States, but be dedicated to the funding of the European policy, via Euro-bonds, once the economic imbalances between the member States would be stabilized.

A **Mechanism of financial solidarity**, like it exists in Germany with the “Länderfinanzausgleich”, would allow transferring resources from rich to poor member States, when the differences are due to natural conditions.

All this could be pushed forward by a **Directory** of the Heads of States and Governments of EUROPA.

And it would not be a conventional Federalism as we know it from the United States for example, where the federal State centralizes the main competences. It would be a new approach, leading progressively to a “**Federation of Nation States**”. Its member States would preserve their identity and skills and transfer only those competences to the European level they would wish to see implemented by it. The top-down

model does not function anymore; we have to tend to a new method where national competences are willingly transferred to the European level!

A “**People’s Congress**” - made for two third by representatives of the National Parliaments, and for one third by representatives of the European Parliament, would exercise democratic control and assure an adequate representation and participation of all European citizens.

And all this **without any Treaty change!**, but just the political will of the Member States.

**Great Britain will remain out of it**, and continue to lead the rest of the Union, a large and flexible commercial zone.

You may wonder why I do not propose to push forward a political or defense Union. That’s because people are not ready for it.

At the same time, they need to believe in something, they need to have an aim to reach.

Otherwise, **Europe could fall apart**. More and more radical parties campaign against Europe, against the Euro. They will succeed more and more easily if the people don’t see any alternative.

But they forget where we come from, and what it has taken our countries to live together, peacefully.

We Europeans, and mainly you, young people, we should **dare to dream again!**

The Chinese President Xi Jinping has described the *Chinese dream* as “national rejuvenation, improvement of people’s livelihoods, prosperity”, and the “construction of a better society”.

Where is the European dream?

What about us?

Think about it!

Work hard.

Be imaginative!

You may contribute to the European dream!

You even could be the European dream itself.

**Mot de fin en allemand:**

Ich danke Ihnen sehr für die Einladung zur *London School of Economics*, und ich hoffe, es war für sie so interessant wie für mich!

(Je vous remercie beaucoup de m'avoir invité à la LSE et j'espère que cela fût aussi intéressant pour vous que pour moi !)

V. Giscard d'Estaing