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From 1946 till today – a European success story. Why leadership matters

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– The spoken word applies –

First, I would like to thank you for your kind invitation to deliver the Churchill Lecture 2013. It is a great pleasure for me to be here with you today in this great and prestigious Swiss institution of higher learning – the University of Zurich.

WINSTON CHURCHILL was born nearly one hundred and forty years ago, on 30 November 1874.

His grand-mother the Duchess of Marlborough observed at the time that she had herself „given birth to quite a number of infants. They were all pretty vocal when they arrived, but such an earth-shaking noise as this new born baby made I have never heard!“ That was some start to life! And we know what a life it was going to be. This voice was going to be heard all over Europe and all over the world, at times of dramatic events. And its echoes resound until today. In the middle of the 19th century the British scholar, Sir Henry Maine wrote that „war appears to be as old as mankind, but peace is a recent invention.“ Indeed it is, and a fragile one too – which one tends to forget.

Since 1945, however, we Europeans have made war between ourselves unthinkable. Through European integration, we have built peace, progress and prosperity, based on shared values and interests. And we have contributed to tilt other regions gradually in the same direction. CHURCHILL helped lay the foundations for this. He was a man of foresight with an acute sense of history, often ahead of prevailing opinion, never shying away from saying what some might chose to ignore at the time. In 1946, as you know, he delivered two key speeches in this vein.

On the 5th of March, at Westminster College in Fulton/Missouri, he warned that „from Stettin in the Baltic to Trieste in the Adriatic, an iron curtain has descended across the Continent. Behind that line lie all the capitals of the ancient states of Central and Eastern Europe.“ And he called on the United States – the „pinnacle of world power“, as he said – to take responsibility to ensure peace in the world. A few months later, here in Zurich, on the 19th of September, evoking the tragedy of Europe, he put forward his – as he put it – „astonishing“ proposal calling for the re-creation of Europe in a regional structure, „a kind of United States of Europe“ based on a partnership between France and Germany.

At the time – and one should recall this – these speeches were not well received. On both sides of the Atlantic, many still saw the Soviet Union as an ally. The United States did not want to be in any alliance. And in Europe the idea of a Franco-German partnership was premature to most people at that stage.

Reporting on the Zurich speech, The Times noted that, once again, CHURCHILL „was not afraid to startle the world with new and even, as many must find them outrageous propositions.“

But CHURCHILL, a committed and far-sighted British-European, followed up, notably with the Hague congress in May 1948, which was convened with the specific objective of promoting a united Europe and was attended by eminent personalities from across the political spectrum, such as MONNET, ADENAUER, SPAAK, SPINELLI, DE GASPERI, DE MADARIAGA and DE ROUGEMONT, to name but a few of these „founding fathers“. Both on the „iron curtain“ and on his „astonishing proposal“ for Europe, CHURCHILL would be proven correct. In April 1949, with the signing of the North Atlantic Treaty, the United States entered into an Alliance with Western Europe.

In March 1950, the Schuman Plan launched the European Coal and Steel Community, the „first step to a united Europe.“ And in the United Kingdom, the conservative opposition led by CHURCHILL argued in favour of the Schuman plan. In today’s fast-changing world, we certainly need the same geopolitical intelligence and strategic vision. We need the same courage to think beyond the immediacy of the next news cycle. Because what is at stake is nothing but the future course of Europe! And this course is fundamentally about our political choices, about leadership.

Leadership matters! I want to stress this because it seems to be conventional wisdom in some circles today that politics don’t matter anymore, that economic and technological changes and the rise of markets, media and non-state actors would somehow undermine the relevance of politics. I disagree: clear political choices still matter. Just think about the course of economic reforms, or conversely the failure to properly frame markets in the past that led to the financial crisis, or about decisions leading to war and conflict in our Southern Neighbourhood. So it’s not that the need for political leadership as such is disappearing, it’s rather its form that is changing in this transformational age of globalization. At national, European, or global level, foresight, political will and the power of persuasion still make the difference between shaping our future and letting it be shaped by others, between using new opportunities and having to pay the price of inaction.

Sixty seven years after Churchill’s Zurich speech, Europe is now reconciled and reunited. Europeans are bound together through their shared values and principles. And the great historic novelty is that this was achieved not by wars and force but through a „choice for Europe“ and through a supranational framework, with common institutions exclusively obliged to uphold the European interest and safeguard our founding values. Europe must continue to build on these values, on its openness, its wealth of skills and creativity, its open societies, and its single market – the world’s largest, which is in many ways the bedrock of European integration, dynamism and prosperity – not just for our 28 Member States, but also our friends and partners whose economies are deeply integrated with ours, like Switzerland.

It is important to stress this in times in which doom-saying has become fashionable for some, even intellectually glamorous. The EU is the world’s largest economic actor with 500 million affluent consumers and a GDP of 12.7 trillion euro, rivalled only by the US (€ 11 trillion). We are also the largest source and recipient of foreign direct investment. And despite the

crisis, the EU remains the world's largest trading block, with notably 20% share of world exports.

But we will not rest on these laurels. We will not pull up the drawbridges. We have recently concluded important free trade agreements with key partners, the most recent one being with Canada, which ultimately could boost the European Union's GDP by some 11.6 billion euros a year. Others are still in negotiations notably with the United States. Thus, Europe remains an economic giant. Beyond mere economics, this success story also shows that individual interests in Europe are better protected by acting together through common institutions. But the single market is not yet completed. Also here, Europe is work in progress. We are working on extending it to new, crucial sectors – such as energy, telecommunications and digital services. They are vital for Europe's growth but still too fragmented. Just very recently, the European Commission presented a strategy for a single telecommunications market. This is a very important step for Europe's consumers, for our competitiveness, for job creation.

Europe can also count on a stable and strong common currency, the euro, which is now part of millions of people's daily life and the world's second reserve currency. This is one of our most significant achievements, the most visible symbol of European economic and political integration. Since its creation it has brought many benefits not only to the Europeans but also to our international partners. It has boosted internal cross-border integration and external trade. It has given us lower exchange rate risks, offers one-stop access to our markets and has proven a powerful catalyst for financial-market integration. And, above all, the euro has brought price stability, through the independent action of the European Central Bank. And let's be clear, the crisis of the last years – although often wrongly labelled the „euro crisis“ – is not a crisis of the euro as such. It is an economic and financial crisis in countries that share the same currency – but not only there. Of course, we are not blind to the structural shortcomings that the crisis has laid bare. We, Member States and EU institutions, are now creating a more sustainable future for the euro. We are completing our Economic and Monetary Union. We are tackling the lack of competitiveness in parts of our Union. We are correcting the economic imbalances, developing deeper economic governance, and progressing towards the completion of a banking union, which is key to restore confidence in our banking system and improve access to finance for our SMEs. And we are supporting our Member States in reform-

ing their welfare systems and implement long overdue structural reforms, exactly to preserve also inter-generational equity and fairness, exactly to keep and strengthen our European social market economy. Because let's not forget one thing: despite all social strains, today's European societies remain among the most decent societies in human history. Obviously, all this will be a long and difficult process. But we are making steady progress at the national and European levels, progress – for instance regarding common rules on fiscal consolidation and discipline or structural reforms. Most of this would have been inconceivable only a few years ago. So I am confident that we will come out of this with a more competitive and resilient economy, but also with an even stronger and more united Europe.

That is an interesting and often overlooked fact – that the answer to the inter-related crises of public and private debt, financial sector irresponsibility and a loss of competitiveness of a number of countries is „more Europe“, not less. In reforming their economies, our Member States agree to further pool their sovereignty. They do not want new walls and dividing lines; because the European Union is stronger as a whole, stronger in keeping the integrity of its single market, of its currency, of its membership and its institutions. For let's be clear: there is no such thing as a free market without institutions, there are no four European freedoms at its heart without common rules and referees.

Our Union's openness is of course not to be seen only in economic terms. We are more than a market. It is also about the richness of our cultural diversity and our long-standing openness to others, starting with our immediate neighbours. CHURCHILL rightly said in 1948, at the Hague conference, and that is a second key point of inspiration I would like to draw from him: „We must aim at nothing less than the Union of Europe as a whole, and we look forward with confidence to the day when the Union will be achieved.“ The fact is that one of the EU's main successes has been its gradual enlargement, its willingness to project and root democracy, security and shared prosperity across most of the continent, across „Europe as a whole“, as CHURCHILL said. That is why today, we continue to stick to our commitment given to the candidate countries for enlargement. Our Union remains open – of course strictly provided that our partners play their part, too, and shoulder their responsibilities. *Pacta sunt servanda* – that is key for our power of attraction, for our credibility. There are certainly issues and major challenges. Enlargement hasn't become easier, and it is no self-fulfilling prophecy. But we must

not forget either that it is a geostrategic project of first order, about extending our Union's impact and influence – in our very own interest. It is about shaping our environment which, otherwise, others would shape instead.

We should thus never forget that this European success story has not been a natural development, and even today, we would take it for granted at our peril. This is all the more important to realize as the European Union is going through delicate times of a global transition. We have both to cooperate and compete with big economic and geo-politic entities in an increasingly multipolar and interconnected, sometimes even messy world, which is not necessarily a more multilateral world. CHURCHILL already said in his time that the „whole movement of the world is towards an interdependence of nations.“ Since then this movement has only accelerated. It is obvious that in this global concert all Europeans will be better off if the 28 of us act together than if we didn't. Europe has what it takes to keep doing well in the world, to help „manage globalization“ in its various facets. All together, we have the critical size, the clout and creativity to preserve our lifestyle and be influential in a world of continental-sized nations.

In the age of globalization, sovereignty pooled means power gained – for every member of the European Union, and not power lost. Globalization, too, is a driver for a stronger and more united Europe. Building on our strengths, from our internal market to our human capital, we will be able to create a new growth dynamic in Europe, a sustainable, fair and green growth underpinned by knowledge and innovation as its key drivers. In today's globalized world education, research and innovation will make the difference; they have to be our competitive edge. That is why they are at the very heart of the Europe 2020 strategy, our European roadmap to get the economy back on track over the course of the decade. We also have a long experience of a Union successfully built on the principles of equality between Member States, the rule of law, solidarity, cohesion and cooperation. A Union underpinned by a culture of compromise. A Union, which is in many ways a laboratory for globalization: both in the sense of subordinating short-term power politics to the rule of law, and in being a testing ground for successful cross-border cooperation.

And, last but not least, a Union based on universal values for which we stand up: the promotion of peace and reconciliation, democracy and human rights, as emphasized by the Nobel Committee when it awarded its Peace Prize to the European Union last year. These values, this „European way of life“ is

obviously not only defended and promoted by the European Union, but also by other countries, such as Switzerland, a proud member of the democratic European family of nations. It is thanks to these assets that Europe has been and still is an inspirational force for many across the globe. But to succeed in this global concert, we must muster the necessary common political will and voice to make Europe heard. By building an ever closer Union we will be able to better address today's global challenges, in cooperation with our international partners: from the fight against climate change and our work for energy security to the fight against poverty and the governance of the global commons.

The European Union is an indispensable partner to shape this world into a fairer, safer, rule-based and human rights' abiding place. The European Union is also more than ever an indispensable partner for the world economy, its stability and prosperity. The world needs a Europe that stands by open economies and fights protectionism, a Europe that embodies open societies and democratization, which is a key factor to govern diversity, even more so as we see growing middle classes demanding responsive, transparent, democratic institutions.

We all know too well that times of transition are often instable. However, if we do not narrow our vision and if we keep our hand steady, the rough seas may be behind us earlier than many expect. As ALEXIS DE TOCQUEVILLE said: „en politique, ce qu'il y a souvent de plus difficile à apprécier et à comprendre, c'est ce qui se passe sous nos yeux.“ Certainly, we should be under no illusion. It is no longer „business as usual“ in Europe. Referring to our great historical achievements is not enough. We should therefore leave no doubt about our determination to embrace the challenges of this changing world and to pursue our reform agenda.

European integration requires constant tending, like the tending of a garden – sowing, watering, weeding, pruning. That tending is mandatory, least the garden gives way to an unwieldy jungle. This means that pro-European forces need to take the lead, and not leave the initiative in the hands of the doomsayers and false prophets on all sides of the political spectrum. We have to engage even more directly with concerns and emotions and make the best of our values win against the simplest of prejudices. We need to resist vested interests and short-termism. We need to have the courage to think ahead and be able to project and shape change – that's what leadership is about. And we have to explain in an active, rational and reasonable way what

our Union delivers, but also what it shouldn't do because others can do it more efficiently. The next European elections in May next year must be the occasion for a truly European debate on European issues, looking at the medium to long term horizon. Last year, the Commission already tabled its vision, its so-called Blueprint for a deep and genuine economic and monetary union, a step-by-step approach from economic union and banking union to budgetary union, and with a big ambition for the future, a political union for Europe. I want to be particularly clear about one thing here, in one of the oldest confederations of the world: This deeper Union does not mean more centralization. It means that we should better concentrate European action on the real issues that matter and can best be dealt with at the European level. In some important fields, and I mentioned them before, this means much deeper integration. But not everything needs a solution at the European level and we need to take extra care of the quantity and quality of our regulation, knowing that, as MONTESQUIEU said, „les lois inutiles affaiblissent les lois nécessaires.“ No need to emphasize, here in Switzerland, an example of successful decentralized federalism, that subsidiarity is not a luxury but a key democratic principle.

CLEMENT ATTLEE, who succeeded CHURCHILL as Prime Minister in 1945, said about him: „What a career! What a man! We shall not see his like again.“ Indeed, none of us could simply try to emulate WINSTON CHURCHILL. Leadership matters but it is also a child of its time. So we should be inspired by him. We should look beyond immediate issues and agree on a long-term vision for Europe. We are at a turning-point for the European Union's success story: the political decisions we make today will determine for many years whether Europe remains an area of stability, shared prosperity and freedom. I am convinced that our Union has what it takes to succeed. And that we succeed is important not only for Europe but for the rest of the world.