

Ten Years at the Helm of the European Commission: Some Reflections on Europe

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José Manuel Barroso

Ladies and gentlemen,

They say a week is a long time in politics. Well I can tell you that this decade has certainly been a long time in European politics.

In 2004, the year I started in this job, the world looked very different. We'd just recovered from the dot-com boom, but smartphones were still science fiction. The Iraq invasion had just finished, the question of post-Kyoto was only just coming onto the agenda. Diplomats were still reporting these developments back to our then 15 European Union capitals by telegram.

A lot has changed since then, not least the successful expansion of the EU to 28 member countries, almost doubling its membership. But there has been one constant after my first time here: for the past ten years Robin and his colleagues here at Chatham House have kindly extended me a standing invitation to speak here. You have had the patience of angels – and I am delighted to finally be able to be with you today.

The past years have brought unprecedented economic shocks and seismic shifts in global geopolitics. Europe has faced challenges no-one could have foreseen in 2004.

It has been my privilege to lead the European Commission, working so that the Union could weather the storm, and emerge more united, more open, and, I hope, stronger.

Europe has shown great resilience. It has shown its capacity to reform.

But there will be further challenges ahead. So today I would like to share with you three reflections on what we could learn from the last ten years, what that could mean for the future of our Union – and the part the UK could play in that.

My first observation is that unity is essential if we are to face the challenges of today.

The crisis dispelled any illusions about how interdependent European economies are, particularly - but not only - for the countries which share the common currency.

When the financial crisis turned into a sovereign crisis and then an economic crisis, the risk was that countries would pull back, and look to protect their own. The risk of fragmentation and disunity was a real and present danger. And that would have had a disastrous impact for all.

Had the European Commission not been so firm in upholding our common rules on state aids, we would have entered a costly subsidies race. A bad way to spend tax-payers money, but also bad news if – like the UK – over half of your trade is with other Europeans, and access to a free market of over 500 million

people – the biggest internal market in the world by value - is one of the big draws for your foreign inward investment.

Had Greece left the euro, the economic and financial damage would have spilled over throughout the single market. Politically, the euro and the European Union would have been shaken to their very foundations.

That is why I fought so hard for a united response: a balance of fiscal responsibility and deep structural reform in the countries concerned, and solidarity and a credible backstop from more prosperous countries.

GREXIT did not happen. Countries like Ireland and Portugal have successfully exited their programmes and are on the path to sustainable growth. And in January Lithuania will become the 19th country to adopt the euro.

My second reflection is that if we stand together, openness to the world is a unique asset.

Because we resisted the pressure to think national at the height of the crisis, Europe was able to speak with authority globally.

The G20 was a European initiative. Through it we obtained a global commitment against protectionism, but also coordinated frameworks for sustainable growth and tough action on financial market irresponsibility and on tax evasion.

And despite the adverse economic conditions, the Commission has promoted open markets and tapped into the growth potential of global trade. We have concluded deals to bring down trade barriers with South Korea, the first of what we call a new generation of trade agreements, and Singapore in Asia, Peru, Colombia, Ecuador and Central America and with West, East and South African regional groupings. We have just finalised a landmark agreement with Canada. We have also launched negotiations with major partners such as Japan and the United States. Together with the agreement we hope to reach with China on investment, these could add 2.2% to EU GDP.

This is not just about our economic wealth, but about our political relevance on the world stage. If the EU engages as a whole, we can be a shaper in international fora such as the UN, the WTO, and the G7 or the G20.

Exporting our values: peace, security, fairness and the fight against poverty. Standing together to support the democratic right of the people of Ukraine to choose their own destiny. Leading the international debate on climate change.

My third point is that because Europe is much larger and because of the reforms we are making, Europe today is stronger than it was ten years ago. I have no doubts about that. I know for some it's

counterintuitive, but I'm sure that the Europe of 28 counts much more in the world than the Europe of 12 – and I remember that well, when I was foreign minister. The way that the Americans, the Chinese or the Russians look at us today is completely different. Now we count much more in the global decisions than 20 or even ten years ago.

The reality is that in the last decade the European Union's inherent power of attraction has brought in 13 new countries, almost doubling its membership, increasing its political influence and economic potential and guaranteeing that half a billion people can live in freedom.

It is no secret that some believed that wider and deeper were not mutually compatible, and perhaps even shaped their policies accordingly.

But the consolidation of enlargement to the central and eastern European countries has been successful. The Lisbon Treaty has given us a solid basis for our Union to work effectively with 28 Member States and to stay united in our diversity.

We have laid the ground for more robust economies and better employment prospects for the future. The Commission has used the tools we have to build consensus around three fundamentals.

First, serious structural reforms for jobs and growth that are – unlike the Lisbon Strategy - actually implemented by everyone, big Member States as well as small.

Targeted investment for growth in things like research and training for the jobs of the future, interconnection and energy capacity, by focusing the EU budget on investments that matter, and pressing those who have surpluses to encourage demand.

Dealing with the deficits, planning for macro-economic risk and promoting responsible spending, via the strong economic governance rules the European Commission proposed and is now enforcing.

In short, the same formula of consolidation, structural reform and sensible investment that has got the British economy back in shape these last years.

And we have overhauled financial services regulation and supervision. When I proposed banking union with a single supervisor for euro area banks in an interview with the Financial Times in June 2012 it was met with scepticism and, in some quarters, outright opposition. But today it is a reality. And I remember well when some European Council colleagues, Heads of government, asked me why I was speaking about a banking union if the banking union is not in the treaties. I replied, politely but firmly, that yes, a banking union is not in the treaties but without it we will not be able to fulfil the goals that are set in the treaties, namely stability.

These reforms created the conditions without which it would have been much more difficult for the European Central Bank to reach its independent decision to be ready to use all means to uphold the euro.

The countries which share the euro will need to honour their commitments to structural reform and deepen their cooperation further in the coming years. I believe this should be done through the existing Treaties and avoiding parallel institutions, because that is also the best guarantee of equal treatment for those who have not yet, or will not, join the single currency.

Ladies and gentlemen,

The European Union has reformed fundamentally over the past ten years, and will need to continue on that path. Making Europe stronger – institutionally, politically and economically – is a process of constant improvement. I would say constant reform, not revolution and certainly not counterrevolution.

So where does the UK and its existentialist European debate fit into all of this?

In 2006 I gave the third annual lecture in memory of the observant and incisive journalist Hugo Young. I took as my starting point what he called 'the hallucinations... that have driven the British debate for so long'. I argued that if our proud nations are to maintain their place and prosperity in a new, complicated globalised world, Europe simply cannot be an add-on.

I still believe that as passionately today.

Just as nearly 70 years ago peace could not be built by one country alone, today even the largest, proudest European nation cannot hope to shape globalization – or even retain marginal relevance - by itself. It is only together that we have the weight to influence the big picture.

Does that mean a relentless march to one single super-state as some would have us fear? For me the answer is a resolute no. I may prefer a glass or two of good red wine than a pint of beer when I am out on the election trail. But I too come from a country with a long history, a trading nation, proud of its culture and tradition. And it may be a revelation to some, but the vast majority of people living in Europe are also rather attached to their national identity – however they may choose to define it.

I believe that our future is as an ever closer union of the peoples of Europe – acting as sovereign nations to freely pool their effort and power where that can deliver results that are in their own self-interest. My experience is that those countries which use European leverage to project their interests globally matter more. Just look at the evolution of power inside the European Union and in the last ten years. The point is not, as some people suggest, an issue of the trend to a superstate. The point is in terms of power of each country. How can a country better maximise its power and influence in the world, is it in or outside of the European Union? I think that those who are reluctant to use that European leverage to project their interests globally are missing an opportunity to maximise their influence.

My vision of the Europe is as a union of citizens who share the same basic values of peace, freedom, democracy, and a just and decent society.

A union which is stronger because we cherish our diverse histories, cultures and traditions.

That is why I have never challenged the UK's preferences on the euro – and indeed have personally ensured that every proposal we have made to reform financial services legislation has guaranteed the integrity of our internal market and fairness for everyone, whether in or out of the euro.

I have never argued you should join Schengen and open your borders, nor did I criticise your decision to exercise your opt-out rights under the Treaties. But I have worked to ensure that the UK can re-join the 35 police and criminal law measures identified by the government as key for bringing security to the British people. And that is even more important given the very real and direct threats our societies face today.

Our union is strong because it respects diversity; our Treaties guarantee that, for those who accept the fundamental rules of the club there is always a place, and there is always equality of treatment.

That is why I do not underestimate the very real concerns UK citizens are expressing about Europe. These merit a substantive response.

You don't like the idea of a huge EU budget. I get that. By the way, it's not – and with just 1% of Europe's GDP we will need to fully use the agreed flexibility if we are pay our bills to those we are committed to invest in. Like Cambridge University for example, which consistently tops the tables for winning EU research funding.

But it's a shame that the political debate here focuses only on absolute figures, when quality of spending is so much more important. This Commission has reformed the budget to focus on providing funding in countries and regions for the things that really matter – investment in research, in young people, in a more connected Europe.

You don't want to be paying for armies of Eurocrats. I get that. We are cutting one in twenty staff across all EU institutions and agencies. The reforms we have introduced will save €2.7 billion by 2020 and €1.5 billion per year in the long run.

Personally I support the government's aim to get more of Britain's best and brightest to work in our institutions. The number of British officials is less than half of what it should be and falling quickly. Constant criticism and a pending existentialist debate do not make us the most attractive employer for young British graduates.

You don't want Europe to meddle where it should not. I get that. Since 2004, the Commission has cut red tape worth €41 billion to European business. We have not interfered with the height of hairdressers' heels, or the ergonomic design of office chairs.

We have scrapped legislation on bendy cucumbers – although the supermarkets were the first to complain. We have introduced evidence-based policy-making, consultation and impact assessment as the norm.

There are wide-spread concerns in the UK and elsewhere about abuse of free movement rights. I get that. Already in 2011, after constructive dialogue with the British Government, the Commission took forward changes to the way income support is dealt with under European social security rules. This benefit is now only due to those who have already worked and paid into the UK system. Since then we have undertaken concrete actions to support Member States as they apply the anti-abuse rules, for example on sham marriages.

I believe that any further changes to address some of the concerns raised should not put into question this basic right, which cannot be decoupled from other single market freedoms, the freedom of movement.

The Commission has always been ready to engage constructively in this discussion. But changes to these rules need all countries to agree.

And it is an illusion to believe that space for dialogue can be created if the tone and substance of the arguments you put forward question the very principle at stake and offend fellow Member States. It would be an historic mistake if on these issues Britain were to continue to alienate its natural allies in Central and Eastern Europe, when you were one of the strongest advocates for their accession.

Ladies and gentlemen,

In the years to come the UK could be facing a choice – to stay or leave the European Union. As I have just set out, there are clearly some issues which can – with the right spirit on both sides – be discussed and improved, without putting into question the fundamentals.

But what I do have difficulties with is the assumption – largely unchallenged by politicians here – that there is a permanent tension between the UK interest and the European interest. My experience is to the contrary.

When the UK engages, your voice carries weight, your arguments motivate and your pragmatism convinces.

Let's take just a few current examples:

- firstly, energy and climate change, where successive British Governments have strongly supported our climate policy proposals. The current Government is fully behind the 40% emissions reduction target which I hope the European Council will agree this Friday;

- secondly, foreign fighters and radicalization, where the action plan the UK brought to the last European Council meeting found strong endorsement;

- thirdly, Ukraine, where the UK has shown great solidarity and has been among the strongest supporters of a principled European response to unacceptable Russia's actions.

Just three examples of where Britain is on the right side of the argument, backing the right solutions to the real problems and driving a common approach of the European Union.

But would the UK have been able to accept the costs of climate change mitigation without knowing that competitors would make the same commitment? Could the UK alone have imposed capital market sanctions on Russia without others making similar efforts in other sectors?

In short, could the UK get by without a little help from your friends? My answer is probably not.

It worries me that so few politicians on this side of the Channel are ready to tell the facts as they are. To acknowledge that in today's world there are some things which we can only do effectively by acting together – as evidenced so well by the government's Balance of Competences review.

My experience is that you can never win a debate from the defensive. We saw in Scotland that you actually need to go out and make the positive case. In the same way, if you support continued membership of the EU you need to say what Europe stands for and why it is in the British interest to be part of it.

In fact, even if I understand that emotionally the case for keeping the United Kingdom is different in nature, rationally many of the arguments used by the three main political parties in the Scottish debate are just as relevant for British membership of the EU.

And you need to start making that positive case well in advance, because if people read only negative and often false portrayals in their newspapers from Monday to Saturday, you cannot expect them to nail the European flag on their front door on Sunday just because the political establishment tells them it is the right thing to do.

And now I come back to Hugo Young and his hallucinations. Because you should not be under any illusion that it is only about Britain.

Every one of our European countries has its own wish list - and its own red lines. The way we make progress together – united, open and stronger, hopefully – is through pooling our interests. In this club, all members need to accommodate one another.

I created waves in February when asked about the possibility of regions leaving Member States, as I pointed out that negotiating an accession treaty is no easy feat.

Negotiating any major constitutional change is difficult and very risky. And the uncertainty it creates has a direct and immediate upstream impact on confidence, including the investment decisions of industry.

So it is legitimate that British business is expressing concern. Over three-quarters of CBI members want the UK to stay in, because they consider the single market is worth between 62 and 78 billion pounds to the economy. Five out of six City UK members say they do not want to see the UK leave, and the same is true for manufacturers. The Government's own figures show that some 3 million UK jobs are linked in some way to the single market. And concern is also starting to be expressed by some of your closest international allies, including the US.

The big question that the UK needs to ask itself is this: are you sure you are better off outside than in? Only the British people can weigh up the pros and cons and decide that. From our side, the door has always been, and will always stay open.

As I see it, British membership of the EU is a double win. Being in the EU is good for the UK, and having you in the EU is good for a united, open and stronger Europe.

But maybe it matters little what an outgoing President of the European Commission thinks: this case is one which needs to be made nationally. I know that perfectly. It is now high time to get out there and dispel the illusions.

After ten years in this job, I will of course be a very keen observer of how your debate evolves. In the past years the EU has shown its resilience and its capacity to find creative democratic solutions to the toughest challenges.

By staying united and open, Europe faces the road ahead with a stronger stride. It is for you to decide, but I hope the UK will continue to walk that same path with us.