

TRANSCRIPT: Brussels Think Tank Dialogue 2011

Jacki Davis: It is now my very great pleasure to welcome the European Commission President José Manuel Barroso. We know you have a very busy schedule today and your time is tight. We don't have long so instead of the President giving a speech we're going to have a conversation with him and I would like to start by asking him a couple of questions, bringing him up to speed about what we've been talking about and then coming to some of you.

We've been talking a lot about the accomplishments of the EU, we've been talking about the challenges the EU faces and the biggest word that struck me was: credibility. Everybody's talking about the EU's credibility. One point made there – we talked about the Lisbon Treaty – does it give us the tools we need and people were saying that you can have the best instruments in the world but they don't make a policy.

There was a lot of discussion about political will and the sense that there is a lack of it right now. A description of Europe in terms of its external relations was 'Europe is not on the map'. Some people said it can be on the map, but not necessarily, it's not a given that with the EEAS that we will get there.

Another phrase which particularly stuck in my mind 'The EU is walking on one foot, it is lame' because right now it's so focused on financial stability and less focused on growth. And then we got into a discussion about the Europe 2020 strategy – will the leaders deliver?

I ended by asking the panellists their key priorities for Europe 3.0 – which is what we've entitled this debate – a Europe that is capable of addressing the challenges we face. I'd like to ask you the same question. What do you see as the top priorities and do you believe that Europe has the tools with the Lisbon Treaty and, crucially, the political will to actually deliver on them?

Barroso: First of all, thank you very much for the invitation. I will address those questions but I know that you have been having a very useful debate, some people from BEPA, the European Policy Advisors, I received a full account of the discussions but let me go directly to your question.

Tools and political will have to go hand in hand. Tools without political will: that's not enough. But equally, sometimes political will without the proper instruments is also not enough. Behind the process, I would use an old term, behind the dialectic process of building both, I think the crisis was a stark reminder of the need to input stronger political will because what's now obvious is the level of interdependence.

Now it's not only the so-called 'federalists' or 'integrationalists' that are asking for economic governance, the markets demand it from Europe. The markets demand a more coherent approach to these matters: to have not only monetary union but to have to some extent an economic union, stronger economic coordination, stronger policy-shaping at the European level; using of course to the full extent tools at national and at European level.

We are in the process of building those tools. It's interesting because during my first mandate in the Commission was basically about the tools regarding the Lisbon Treaty. And now we are basically discussing tools regarding economic matters.

I think we are now better than before. Progress was achieved in terms of the creation of those instruments. Now we have European supervisory architecture in financial matters which entered into force on the 1st of January.

Frankly speaking, two years ago most people would have said that it was virtually impossible to have a unanimous agreement amongst Member States to have European Union supervisory architecture – from the markets, to insurances, to banking. Now we have it.

Now we also have the European Semester. It was in fact started by our Annual Growth Survey – a kind of ex ante coordination of budgetary policy and economic policies. So we are reinforcing our tools.

The Commission has presented six proposals – also on the basis of the task force – these are a part of a legislative plan for stronger economic governance. I hope that by June we will have them adopted. We are creating new tools for economic governance.

In other issues, for example we have created the EFSF and now there is an agreement of principle to have a permanent European Stability Mechanism and even a limited reform of the Treaty to allow it to be put in place.

We are in fact in a very dynamic moment of building the tools. Do we have the political will? I hope so! We in the Commission we are doing everything we can to give a sense of urgency – to show that this crisis is also an opportunity for doing what was sometimes postponed in the past.

I believe that the trend is also coming from outside: the increased pressure of this globalised world is in fact way in which leaders at the European level – as well as national level - are made to focus their minds, and to understand that we have to go together.

Jacki Davis: That sense of urgency was very much all the panellists were talking about in terms of creating the political will – the argument being that European integration advances best when we see the urgency and have to do something.

I was very struck by something you said when you launched the Europe 2020 Strategy about 'business as usual would consign us to the second rank of the world order' and then last week in the European Parliament 'it would be a grave error to breathe a sigh of relief and slip back into old habits'.

I wondered, the timing of that remark, you've talked about the progress achieved, is that because you fear that, as the recovery takes hold, as budgetary deficits begin to decline, there is a risk of slipping back and it's precisely that political will that you're trying to inject?

Barroso: Exactly, I want to keep the momentum. We have seen in the past that when there is no pressure there is a tendency towards procrastination – at national level but even more at European level because processes at the European level are more difficult and more complex.

A good example is the euro: some Member States made remarkable efforts to join the euro, but then they thought it was done. Accession to the euro was just the beginning, not the end!

Demography, globalisation shows us that we have to make a lot of reforms to adapt. To have not only the responsibilities but also the benefits of the euro area, we need to go on in reforms.

I think it is important to avoid this trend towards procrastination, to say 'Oh well now things are going better...' The message we are receiving from the markets is clear: Let's not react behind the curve, but ahead of the curve. Let's be credible in terms of political response and with concrete decisions, not just statements but real decisions.

So yes I think it is important to use this crisis as a lever for more action at the European level. Not in the sense of integration, not a question of 'taking powers from the capitals to Brussels' – this is not the matter at hand. It's a question of common sense: to have a coherent response, mainly in the euro area because there are some specific issues there, but also as a whole in the European Union.

Q&A

Josef Janning (European Policy Center): I'd like to tap your wisdom, for the benefit of the think tanks here. You've been reading the minds, maybe also the hearts, of members of the European Council for the past six years or so, probably better than anybody else. What do you recommend us to consider or to do when we would like to try to reach out to this group of essential participants in the European process, to face the realities of Europe? To face the challenges that we've been aiming at?

We were very critical in our previous discussion about our ability to communicate that to national decision makers who are in the end coming to this town to take decisions, and to not procrastinate, as you say.

Barroso: First of all, I very much respect the role of our leaders at national level, I was myself Prime Minister. Let's put it frankly, it is extremely difficult today, to be a Head of Government in Europe and in the world.

We have to understand that they are under heavy, heavy pressure; political pressure, electoral pressure, all kinds of pressure. I really believe that the best way you can help is not just to send the usual message from Brussels that we need more integration that we need more – no. The best way is to explain in an intellectual and serious manner, as you do – that's what we expect from competent think tanks to be rigorous and not make propaganda, I don't like propaganda – what we need is to be serious and make the point, also from an economic point of view, of what they have to lose if we don't achieve some European responses.

Just today, I will meet the Prime Minister of the Netherlands in the afternoon, I will have dinner with Mrs Merkel in Berlin, one point from those two countries, which are extremely important for our project – the largest economy and a smaller economy when compared to Germany but a very important founding member –, is that it is important that the public opinion in those countries understands what they gain from European integration.

Some days ago I was in Baden-Württemberg and the Minister-President said 'Look, I'm already from a generation that has not known the war'. He said it very openly, Mr. Mappus. So this new generation has to be convinced not in emotional terms of the addition of European ideals. I have that emotional link, in my generation, in my country, we have that, because Europe was precisely about democracy etc.

But what we have benefitting from and what we will lose if we don't achieve more. It is critically important, namely for some of the richest countries, to explain to their publics what we will lose, all of us, and also the missed

opportunities of their own influence globally if we don't achieve higher levels of coordination and coherence at European level.

Daniela Schwarzner (German Institute for International and Security Affairs, SWP): This morning's debate also circulated around one key word you just mentioned: democracy, democratisation, legitimacy of European policy making and the acceptance by European publics... Of course it is no coincidence that this happens in the midst of the economic crisis because those touched by the sovereign debt crisis have their price to pay and the others feel they pay for them in an illegitimate way as well.

So my question to us is: do you share that sense of urgency that Europe has to go back to the fundamental issue of democracy in Europe, of democratic decision-making, of creating legitimacy for the decisions that are made? And what would your way forward be?

I would like to quote one of our colleagues who said this morning 'We have to acknowledge that Lisbon was probably not the last step we took'.

Barroso: Of course, as you know, we were favour of more ambition in institutional terms. I supported the Constitution for Europe that was rejected after two negative referenda. That's why we have the Lisbon Treaty and it's less ambitious in terms of integration and also in terms of democratic accountability than the previous Constitution, which was much clearer.

Having said this, I really believe that, for the time being at least, we should not engage in new institutional discussions at European level, I think it would in fact detract from our focus.

But the issue of democracy has to be addressed at all levels. I very much agree with the argument that sometimes comes from Germany in terms of subsidiarity. But subsidiarity is a two way street, it is also more responsibility at the national level for Europe. It's not only 'is Europe respecting the national level?' but also when we take decisions at national level to respect the European level – understand that this is part of our common good.

The Lisbon Treaty basically reinforced to a large extent, I mean reinforced very powerfully the democratic accountability of the EU. We have a European Parliament that is directly elected. The Commission is directly accountable to the European Parliament.

I can tell you because it's more difficult to be elected President of the Commission than it is to be elected Prime Minister in most of our countries.

There is democratic accountability! Not only by the institutions, by the media, by all the mechanisms we have.

A debate that is well known in Germany is the question of the public sphere. Our citizens are not following decisions at the European level as they are in their national countries. To some extent this problem remains. We have, at least, 28 public spaces: the 27 member states plus the space of Brussels and Strasbourg. In fact, here in Belgium we have several, as you know, so it's actually more than 28 because of differences of languages and so on.

What is important is ownership at the national level – and when I say national level, I mean that in countries like Germany it's the federal but also the state level – of the issues for legitimisation. This is indeed a problem.

But that's why I insist so often on the need for leadership at all levels, explaining with rational and reasonable arguments why we need Europe more than ever. I'm really convinced that we need a European dimension more than ever.

Danny Gros (CEPS): There was a long discussion about leadership and legitimacy and when I listen to this debate here I have the impression that we're close to some 'double-speak'. People know that we have a Euro crisis, and they know that their national leaders have failed to address it. And now from the European level we tell them 'Oh we're doing everything that can be done, we have a European Semester and we'll have a European Banking Supervision Agency'.

People know that that might be useful to prevent the next crisis but for this one, we haven't done a lot and the real dealing with the crisis is still outstanding. So, shouldn't one be a bit more honest and say there are certain things which we have done, there are certain things we can do qua EU. And people should know that: the EU as such does not have the money to bail out any country.

So my question is: shouldn't one a) admit a bit more our own failures and b) should we also not admit a bit more what can actually be done at the EU level, namely only that which member states permit the EU to do?

Barroso: I don't think it's a question of honesty, I think in our analysis assessments we're as objective as much as possible. There is always bias in our analysis but I think we are honest in our assessment.

It's a question afterwards of the message because as political institutions we also have to inspire confidence. I really believe that the problem in Europe is not that there is enough optimism or too many illusions. On the contrary, what we have in short supply is confidence. What we have in excess is pessimism and lack of confidence in ourselves.

So of course when the Commission and other institutions reinforce what we have done, it is not because we are being intellectually dishonest it is because we also want to inspire confidence in what we can do for the future.

You never heard the Commission saying 'We have done everything, we are happy with everything'. No, on the contrary, we are constantly sending a message of no complacency but at the same time I think it's important to recognise some progress was achieved.

Some measures that member states were frankly not ready to take, in terms of structural reform, in terms of fiscal consolidation, they are taking now, under the pressure of the situation.

Some agreements – like the Lisbon Treaty some years ago – some people were betting we would never get at European level, that it would be impossible. We've got it. Now we have got the EFSF. It was something unprecedented, because we are facing an unprecedented crisis.

We're not trying to paint a rosy situation but I think it is also our duty to combat a little bit the gloomy, what I call the intellectual glamour of pessimism, that is now so fashionable; and also to show that we have taken important decisions and we are ready to take others, urging leaders at all levels to take those decisions.

Giles Merritt (Friends of Europe): Do you feel that you get through to the European public?

Barroso: To the public that is following these issues, basically yes. But, let's put it frankly as well, the European Union is not a political system like a member state. And we always suffer from this comparison. Some people think about the European Union or the European Commission as a kind of state, and the Commission as a government and so they compare.

And this, I think, is unfair to the European institutions because our system is much more complex. I can tell you, and we have empirical data, in terms of the messages of the Commission, they are widely perceived by the people who are interested in them.

But of course we are not competing with our national governments in their own respective environments. If you ask, and we have empirical data on that, it is instinct; if you ask for instance, all member states, who they know best or what the messages are that they know best coming from outside their country, you'll discover that the European Union and the European Commission is number one in terms of relevance, after the national leaders. And this, I think, is important to understand.

But of course we still don't have a public space in Europe, there is a lot of things we still have to do. I personally believe that the only way to do it is not with marketing from Brussels – of course we can always improve our communication and there is much better things that can be done and I'm the first to be unhappy with the current level of communication – but through the national governments, and with the systems in our member states and with the parliaments and linking them. We need to have ownership of the European project not only from Brussels but also from the grass roots.

Michael Emmerson (CEPS): Mr. President, the debate so far has been flying at a very high level of generality with a lot of wisdom with recommendations that the task of explaining what the European Union is to the people be done better. I'd like to go to the other extreme and go right down to an immediate and concrete example.

Could you explain to us what the visit of President Karimov has been about? Who invited him and what's the agenda of the idea? This is deeply controversial as you know and hasn't really been explained so far.

Barroso: Firstly, there was no reason for him not to come, there was no system of sanctions against that country. That country is a very important country from a geopolitical/geo-economic point of view, between Russia and China and a country that wants to get more engaged with us.

There was a unanimous decision of the Council saying that we should engage more with that country and of course, in that process, raise points of concern, namely human rights issues. That is what I did yesterday. I did this in a very clear way. I would say that probably almost one hour of our meeting was just on human rights, raising concrete issues, naming the persons that I would like to see him grant freedom.

And I believe that this is much more effective, at least with that regime that wants to get closer to us than empty seat or isolation approaches. And this is an important point. I received letters, before, from important organisations like Amnesty International, asking me to raise those issues with him. And this is what I did.

For many years we have tried to open a delegation there – and I think it's important to have a delegation there. Yesterday, the Secretary General of the EEAS signed the agreement for the establishment of a delegation with Uzbekistan and we're going to open a delegation there.

I think it's better to protect human rights by being there. Uzbekistan is a very complex country, a very interesting country from some points of view – by the way I think it's the only Muslim not to have the death penalty. And they have engaged with us on human rights. I have no illusions, it's an extremely tough situation and certainly they're record on that matter is bad, we know that. And I said it to the President.

But I think that the right method with that country in these circumstances is to engage. I have just visited Azerbaijan and Turkmenistan. We need to have a policy towards that area!

And let me tell you, if Chancellor Merkel meets him, if Westerwelle meets him, if Moratinos meets him, if the King of Spain meets him, why can't the European Union meet him?

For me it would be much more comfortable not to have these kinds of uncomfortable guests but I think the European Union is not just about pretending that we are above all things and defending our interests. So I think it was the right thing to do and I think that Europe, if we want to count in the world, is also going to have to have sometimes some uncomfortable guests.

Philippe De Schoutheete (Former Belgian Permanent representative): We talked a lot this morning about communication, the difficulties of getting the message across to public opinion. Are you satisfied with the way the delegations of the Commission in the member states are working and are being effective? I would tend to think that the whole system should be reconsidered and one of the problems is whether it's a good idea always to have a national of the member state as President of the representation. You are in a way, excluding yourself from the national debate.

Dominique Moïsi (IFRI): There was a question on doing too much, and you answered very well. There is a question from another way, of doing too little and what has been seen as a silence of the European Union over the events taking place in Tunisia. Would you have looked at things differently?

Nicolas Véron (BRUEGEL): You painted a picture of the bright side of the reaction to the crisis and for reasons you explained very well, e.g. we have the European Semester, it's important, we have the European supervisory authorities, it's crucially important etc. Let's keep on this view of looking on the bright side, and my question would be what the next steps are for you? What is the next target to hit?

Barroso: First of all, Ambassador Philipp De Schoutheete, I started by saying that I think we can improve in terms of communication. In fact this is one of the tasks we have to do and it's not easy, I have to tell you. I've already been in several discussions with the College about how we can do and it's an extremely complex matter.

Regarding the issue of representations, you are in favour of having representatives not from the same country – we are already doing that. In Paris, I just nominated a Belgian national, a civil servant in the European

Commission, to be the head of representation in Paris. And we have other experiences of this recently, I think in London.

We usually make a competitive selection and naturally, very often the nationals are those who are better equipped but we don't have a policy of just appointing people from the country. What we believe is that they have to be competent people, to make the case for Europe, and if possible to avoid being themselves including the party. That I don't like, I have to say, the person who's representing the Commission is not there to support any party, be it the party of the government, or be it the party of the opposition. They should be fans and promote the European vision on issues.

Concerning the question of Dominique Moïsi, the High Representative, Catherine Ashton, she made a statement on the issue and we are following as far as I know the situation in Tunisia through our delegation there and we are working also with the foreign ministers who took up some initiatives there. Of course, we can always do more. Certainly, Tunisia is a very critical and important country for us and we have to see what is the best way of helping that country to have a real democracy. And I hope that hosting someone who is not a democrat will be for democracy in that country that is a very close neighbour.

Nicolas Véron, to be fair I did not just concentrate on the good things, I think I've made in my first statement an appeal to urgency. I said that sometimes Member States were showing tendency to procrastinate and I think in the in the EU we sometimes took some decisions sometimes late. So I think I was trying to be balanced. What are the next points? First, on the adoption of the proposals on governance on the basis of the agreement we have reached in the Task Force, the Commission has put forward proposals, they are in the pipeline and I would like to have these approved by June. If adopted this will be a quantum leap in terms of economic governance. We are not yet and we will not be in a completely integrated economic policy, but why. Because there are no political conditions for that.

I want to remind some of you that some of the proposals of the Commission were rejected. When we have discussed in the peak of the Greek crisis the creation of this mechanism, the EFSF, we have made a proposal for some kind of mutualisation of the debt. That was rejected and the agreement of the Member states was to create now a new system and that is the second of my hopes to have a European stability mechanism. And it was agreed by Member states to have it through an intergovernmental way. The Commission will be in favour of a more integrated community system, but there were simply no conditions for that.

So is it better to have an intergovernmental approach or to have no mechanism at all? I think it's better to have an intergovernmental approach than not to have a kind of a permanent mechanism. That is why in the Commission, after a discussion, we gave our agreement with the creation of this permanent mechanism.

I think these are two issues that I hope to be solved as soon as possible. So, the proposals on governance and the European Stability Mechanism. In fact we in the Commission are working on that with the Finance Ministers. By March we will have a proposal and we are now trying to see how far Member states are ready to go in terms of the EFSF.

As you know, recently the Commission took the position saying that the effective lending and financing capacity of that mechanism should be reinforced and the scope of the activities should be widened. I think that this is the minimum and in fact this was the agreement – to put there the money that

the Member states announced they will put. That is I think the minimum and it is a question of credibility, because at the last European Council there was a commitment to do it so I hope that it will be done.

Of course, once again, there are some other possibilities that are very appealing. We could work on them, but I don't think it is wise because we are still in a very delicate moment we are not yet out of the woods. Some of these issues are market sensitive, it is not going to be wise for the Commission to insist on matters that we know will receive an immediate "no" from some of the most relevant stakeholders. So that is why this requires some political, let's say steering, so that we can have... because if the result is the Commission coming tomorrow, following for instance the work of Breugel or others with very interesting ideas – and if we make a proposal tomorrow and the response is "non", "nein", "no". What the result is going to be? Europe divided. So that is why they stay out of this self confidence I don't think this helps confidence.

So that's why, apart from the technical issues about, as we say in many European languages including the one of my country, sometimes the optimum, the best is enemy of the good. So we have to have a political steer with ambition, and I want to tell you that the Commission is fine with that ambition, but at the same time you have understanding that we need to have the support of our stakeholders, not only the euro area stakeholders, but all the Member States. And that is exactly what we are doing and let me tell you that sometimes it is not easy, but it is very challenging and inspiring at the same time.

Jacki Davis: Mr President, thank you so much. I know you have to leave soon, but can I just ask you one last very short question. We talked already in the course of the debate about the role of the think tanks and I suggested that even think tanks need to get out of their comfort zone. One suggestion was that one of the jobs of think tanks was to embarrass EU decision makers from time to time. I just wonder, because you spoke last year on the first think tank Dialogue, about the need to intensify the dialogue between the Commission and the think tanks and for using BEPA as a hub for this. How do you see the role of think tanks now? You touched on it earlier, do you think the system and the dialogue is working well, just a brief remark before you leave us.

Barroso: I think there were already some meetings with BEPA and you and I have asked the leadership of BEPA – Jean-Claude Thebault is here and also Margaritis Schinas to be in contact with you. And I hope that it is a two way street, because we really want to incorporate also your input. I know you have extremely competent people, also people who are very much committed to this European project. It is a two-way street – not only us sharing our information with you, but receiving your input. I myself participated in one of those meetings with you in the Berlaymont and now I am here, so I am ready to be embarrassed all the time. Please, embarrass me. This is something that some of my friends are telling me that I am better when I am under pressure. I think you should also do this with our governments – they need some pressure, so do not forget to put pressure also on them, please.