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THE PRIME MINISTER

**SPEECH BY PRIME MINISTER GUY VERHOFSTADT UPON THE PRESENTATION IN
LONDON OF HIS BOOK "THE UNITED STATES OF EUROPE"**

LONDON SCHOOL OF ECONOMICS, 21 MARCH 2006

Mr Peel,

Ladies and Gentlemen,

Today, fifty years after the European Community set out to secure peace, stability and prosperity, we can only conclude that the European Union has delivered. The European integration is a real success story.

People born in a free Western Europe after nineteen forty-five were the first for many centuries not to have experienced war or dictatorship. And as the Union has enlarged, the area of stability and democracy in Europe has grown along with it, first taking in Greece, Spain and Portugal. Then the countries of Central and Eastern Europe, which barely fifteen years ago were still in the grip of Communism. Europe has been a key factor that turned poor dictatorships into prosperous democracies. So, without hesitation, we can say that the European Union was the most successful political project of the twentieth century.

At the same time, European integration has prompted economic growth. When Ireland acceded to the Union in 1973, it was the poorest country in the whole of Western Europe. Now it is one of the five richest countries in the world. The Spanish economic miracle is another example. European integration has proven to be our magic formula for enhancing regional cohesion and closing gaps in prosperity. So, European integration has been the most important social and economic project of the past fifty years as well.

In fact, European construction has been so successful that it has inspired similar projects all over the world, like ASEAN in Southeast Asia, the African Union, and Mercosur in South America. Throughout the world the European Union is being studied as an example to follow. Fifty years into its history, the Union still exerts tremendous appeal. This is reflected in the growing waiting list of candidate Member States.

So we have every reason to be proud. After all, we have already achieved a great deal. We have created a single market. We have dismantled internal borders. We have a European Central Bank. We have a common European currency. Since the Treaty of Amsterdam we have been working on a common foreign policy with its High Representative, mister Solana who is doing an excellent job. We have Schengen. We have Europol and Eurojust. Moreover, we have started working on a European defence capability with our own European strategic unit.

On this road of European integration, the Constitution seemed to be a logical further step. That view was shared by the vast majority of the European population. Every Eurobarometer opinion poll has shown that a clear majority of Europeans backs further integration.

So why was there a French and Dutch 'no' against the European Constitution? Why is Europe in crisis today? Why has belief of so many people in Europe given way to cynicism and apathy?

People fear. They fear for their jobs. They are frightened about losing their level of prosperity. They are afraid not only that new economies, with their cheap manpower and substandard social security, will out-compete our companies, but also that our companies will delocalise. And we know that these fears are not without foundation. The economic gap between the EU and the US is growing. The growth gap with China, India and South-East-Asia is even wider, and looks set to grow even further in the near future.

In short, people feel that globalisation is changing the face of the planet extremely fast. They sense that a battle - with potential winners and losers - is unfolding, and that we will ultimately end up amongst the losers. Besides this economic and social uneasiness, people fear the increase of international organised crime, drugs trafficking and of course terrorism.

How is Europe responding to these developments? Divided. Europe is divided, as the war in Iraq made abundantly clear. In that instance the differences were so serious that the European Council didn't even try and reach a common viewpoint. Which is unfortunate, because the lack of consensus effectively weakened Europe in the international political arena. The fact that Europe reacts divided, makes citizens doubt whether the Union is still capable of delivering, if Europe is still a force for the future.

These doubts about Europe makes that people fall back to the level with which they are most familiar: the nation state. And there are plenty of politicians who are delighted to follow such reasoning. Yet everyone knows this is no solution. Compared with the United States, the only superpower, and China, Japan and India, which are on their way to becoming future superpowers, all European countries are small countries. These new superpowers won't just be economic heavyweights, but will also become political and military powerhouses too.

There are two ways of responding to these global developments, to the divisions in Europe and to the fears and doubts voiced by citizens. Our first option is to reconcile ourselves to the situation. We could resign ourselves to the fact that a European Union of twenty-five Member States simply is incapable of reaching a consensus on a shared political project. This option would effectively bury the political project of European construction. It would mean choosing to relegate Europe to a big free trade area, in line with Charles De Gaulle's notion of 'l'Europe des Nations'.

I am aware that this is the choice favoured by some political leaders and by a part of the public. But I'm not convinced, however, that this is the choice favoured by the majority of the European citizens. Not even those who voted against the Constitution. On the contrary, people know that one country of ten or sixty million people will never be able to hold its own against countries with over a billion inhabitants. People here in Europe know their future is in the European Union, but in a Union capable of delivering solutions, just as it has done in the past.

That is why I'm not opting for less Europe, but for more Europe, for a strong Europe, a political Europe. At least we should dare to have a debate about that. We should leave the 'omerta', the silence of today about the future of the European Union. It is to stimulate that debate that I have chosen the provocative title of "The United States of Europe". And I can say that my provocation seems to work. But there is also another reason for this title. I am convinced that we can learn something out of the history of the other United States: the United States of America.

For nearly a century after the foundation of the USA, in many respects - and in spite of the Constitution - the country was governed as a confederation, a confederation in which the individual states had far greater power than the federal government. The federal government was especially weak during that period. It had hardly any ministries or departments and the President had no staff. In fact, the biggest federal department in the nineteenth century was...the postal service!

The turning point for federal America was the Civil War, after which the country's federal government gradually developed. As individual states proved to be too small for certain business initiatives, the opening up of the Far West, the development of the country's railways, and the advent of heavy industry played just as critical a role in the government's development as the Constitution itself.

Back in the nineteen fifties, seventeen percent of America's GDP went to the federal government. Today, the figure is somewhere in the region of twenty percent. But in 1929, the year of the Great Stock Market Crash, the federal government received just one percent of America's GDP, which is exactly what the European Union receives today.

Whenever the USA has been faced with a major economic or political challenge, historically it has always opted for more cooperation and a stronger federal approach. And in every instance that has proved to be the right choice. I'm convinced that we in Europe now have to make the same choice. Especially bearing in mind the tremendous economic challenges facing us today.

This is the reason why I am convinced that, just like the USA, we urgently need a proper European economic strategy. What we need is to draw up shared socio-economic policies. It is vital to go beyond the Open Method of Coordination currently used in the Lisbon Strategy. National reforms are good, but simply will not do. We need to learn real lessons from our failures and boost economic governance. And I'm not talking about harmonisation here. I'm talking about convergence, convergence between different rules, including those governing fiscal and social security matters.

However, this new phase of European integration can't merely consist of a common socio-economic strategy. We also need a single European area of justice and security. We need to better coordinate our efforts at tackling crime, terrorism and illegal immigration. This new Europe should also have a genuine common foreign policy. This would prevent the Union from being divided, as it was over going to war in Iraq. It would ensure that we stay united on important subjects such as Iran or the Middle East peace process. And it would avoid the indecision we saw when there was a civil war in the former Yugoslavia, a war fought on our own continent. Clearly, in future we will need a European army; not just on paper, but a force genuinely capable of operating in the field,

including beyond our borders. Not to compete with the Atlantic Alliance. But as the European pillar of the Alliance. To enforce the Alliance. Let that be clear.

The philosophy behind all these proposals is the same. I'm utterly convinced that citizens' doubts and uncertainty, as reflected in the two referendums actually constitute a plea for more Europe, for a stronger Europe.

Consequently, I'm advocating a more powerful Europe, a more closely integrated Europe. A strong Europe that embraces a common economic strategy. A Europe that takes a joint stance against crime, drugs and terrorism. A Europe that speaks abroad with one voice. In short, I'm advocating a United States of Europe.

I hope that all the EU Member States will want to belong to it, but I know that is highly unlikely on the short term. The two contrasting visions of "l'Europe des Nations" of Charles De Gaulle, on the one hand, and a political Union, on the other, are simply too far apart. So I think both visions need to be able to co-exist, in a kind of compromise. I know, Europe would comprise two concentric circles: a political core, or 'United States of Europe', based around the euro zone, surrounded by a confederation of countries, or 'Organisation of European States'. What is the best way to continue to spread stability and prosperity and at the same time be inclusive. This has always been the Union's major strength. And this strength must not be allowed to become a weakness. EU enlargement must not bring the Union to a halt. That's why I'm arguing in favour of a Europe made up of two concentric circles, a potential compromise between the two strongest visions on the future of Europe.

Naturally, the political core must never oppose any form of broader cooperation. Any Member State, old or new, that wishes to join the core group, should be able to do so. The sole precondition for joining should be a willingness to help press ahead with the overall political project.

Ladies and Gentlemen,

I would like to end by quoting a speech by Winston Churchill, a speech delivered after learning the harsh lessons of World War Two. Churchill said: "We must re-create the European Family in a regional structure called, it may be, the United States of Europe. If at first all the States of Europe are not willing or able to join the Union, we must nevertheless proceed to assemble and combine those who will and those who can. The salvation of the common people of every race and of every land from war or servitude must be established on solid foundations and must be guarded by the readiness of all men and women to die rather than submit to tyranny. Therefore I say to you: let Europe arise!"

Thank you for your attention.