

LSE European Institute "Perspectives on Europe" public lecture

Britain and the EU: a view from the European Parliament

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Dear students of the London School of Economics,

Ladies and gentlemen,

Let me first thank all of you for being here and the London School of Economics for putting this event together. It is a great honour for me to deliver a speech at this prestigious university and I look forward to hearing your views.

I am well aware that my reputation precedes me as being a guy who wears his heart on his sleeve. Some would even claim I am a provoker always looking for trouble. But rest assured I have not come to London to pick a fight, or to advise the British government on what to do; nor to lecture the British people on how to vote.

I have come here as an elected politician, a representative of the European Union, one who is a passionate European - and I am proud to say so - but a pro-European who is deeply worried about the state of the European Union. I have come here to have a realistic debate and share my concerns with you about the shape of the European Union.

Ladies and gentlemen,

We are living in turbulent times. For the past few years, the European Union has been operating in permanent crisis mode. Confronted with one challenge after another, we rush from one emergency summit to the next. More than once we have come to the brink of catastrophe, avoiding disaster by the skin of our teeth. From the onslaught of the financial crisis, which swept from the United States over the Atlantic to us, to defending the Euro against attacks of speculators, to dramatic youth unemployment, the looming Grexit, the conflict in Ukraine, the brutal terrorist attacks in Paris and elsewhere, which painfully reminded all of us that Daesh poses a global threat and continues to destabilize Syria, where people are fleeing from the bombs of Assad and the brutality of Daesh.

2015 was the toughest year I have ever experienced in my 30 year-long political career. But 2016 might get even rougher - especially looking at international affairs.

In my speech I would like to highlight four issue areas: firstly, the refugee crisis; secondly, the threat posed by Daesh and the challenge to stabilize Syria; thirdly, the need to find a political solution for Ukraine; and fourthly, the ongoing debate about the British referendum.

Ladies and gentlemen,

Without a doubt, migration presents an epochal challenge to Europe - and to the world. Today, more people are fleeing from wars, conflicts and persecution than at any other time since World War II: 60 million people globally. 86 per cent of all refugees sought shelter in the developing world. Over a million people arrived in the EU in 2015. Reactions have varied from welcome parties to fences. Thousands of Europeans have greeted arriving refugees with food and water, collected clothes or

toys; they volunteer in shelters and help teach language lessons. For this display of human decency they deserve our deepest respect.

Yet, the challenge is big, the numbers are impressive. Some of our citizens are worried by them, others are even afraid. This is understandable, if you look at the sheer magnitude of the issue. But fear is never a good basis for politics. So let us overcome the fear, stop the blame-game, stop this day-by-day reactive politics and instead anticipate solutions - and be realistic.

Realism demands that we accept at least three facts of the current refugee politics:

Firstly, a crisis of this magnitude cannot be solved by nation states single-handedly. But it can be solved through cooperation. And it can be managed if we start managing it together.

It is not a crime to cross a border to seek asylum. But of course the EU must control its external borders and we are committed to delivering in the next weeks and months on a European Coast and Border Guard agency, getting EU-Turkey cooperation to produce results and improving the framework for asylum and also for returns of those who have no right to stay.

Secondly, as long as the root causes of migration persist, people will continue to come. Arrivals have been spiking in Europe since this summer as violence again exploded in Syria. 250.000 have so far died in the war. Half the population has fled their homes. Since 2011, the war in Syria has been the world's single-largest driver of displacement. And, no matter what some claim, anyone running from the bombs of Assad and the brutality of Daesh will not be deterred by a rough sea, by walls or fences.

For too long, we have turned a blind eye to the suffering of the Syrian people. Every day the war drags on, the more it fuels extremism. We must stop the war. A ceasefire must urgently be negotiated. I hope that the interruption of the peace talks will only be a temporary one. And there is a chance that in 2016 we will succeed: The Iran nuclear deal - a great success of EU diplomacy - has made the world a safer place. It can prevent a nuclear stand-off in the region. But the deal has also opened the door to getting all regional actors around the table to find a solution for Syria. Recent tensions between Iran and Saudi Arabia have been a set-back - and there is the real risk that relations could further deteriorate. But this should not discourage us from trying. On the contrary, this must encourage even more international mediation between the two parties. The EU has a role to play as we have a privileged access to both countries. This is no time for Europe to stand on the sidelines as a spectator. It's time for Europe to act as a reliable mediator. And if we succeed the benefits will be immense. After all, Daesh and other terrorist groups thrive on the divisions between Sunni and Shia, between Muslim and Western nations. Bringing them all together around one table under UN mediation is the key to building consensus and unblocking the cruel conflict in Syria.

Thirdly, until and unless Syrian refugees have a dignified life in the neighbouring countries of Syria, and can hope for the future they will risk their lives to come to Europe.

Turkey is now hosting the largest number of refugees in the world, including more than 2.5 million Syrians. Half of them children. Another 1.7 million Syrian refugees are registered in Jordan and Lebanon. That is one refugee per three Lebanese. These countries display a generosity which is truly impressive. But faced with such numbers they have reached their limits. Too many refugees face dire poverty, lack of food and healthcare. Half of the children don't go to school. Most refugees live under the national poverty line. The most vulnerable refugees living in Lebanon have seen their food ration cut to \$13 per month because the World Food Programme ran out of money. What a humanitarian scandal! And how short-sighted! Former UNHCR Special Representative Antonio Guterres stated that the lack of funding was the trigger for the migration flow reaching Europe in recent months. The refugees felt abandoned by the international community. Faced with such harsh conditions, without hope, who can blame people for seeking a safe haven and a future in Europe?

Clearly, we must support Jordan, Lebanon and Turkey in their task. Yesterday's Syria Donors' Conference made headway towards this goal. And I thank Prime Minister Cameron for convening it. Ensuring humanitarian relief, providing for education, jobs and economic prospects are imperative if we are not to witness a lost generation growing up in the region.

Unfortunately, Syria is not the only crisis zone on our doorstep. The situation in Eastern Ukraine continues to be worrying. Who among us could have imagined that in Europe borders could be shifted

once again by force of arms? That once again in Europe people should be living in fear of war? And yet it has happened.

President Putin's irresponsible actions, the annexation of the Crimea, the acts of aggression perpetrated in eastern Ukraine and Russia's repeated failures to honour its promises are only too reminiscent of the Cold War era.

What happened in Ukraine was a bitter blow. Not only to the people on the Maidan who risked their lives to secure the freedom and future of their country. But to us all. Europe's security architecture has come under attack – an architecture that we so painstakingly built after the fall of the Berlin Wall 25 years ago. A security architecture that keeps the peace on our continent and is meant to improve economic prospects. Now, the law of the jungle threatens to return to international relations.

I say this because we cannot stand idly by and watch as fundamental principles which underpin dealings between states, rules which we all accept, are disregarded. As representatives of a Union based on shared values, we cannot allow powerful states simply to ride roughshod over those rules. They apply to everyone. Since the beginning of the conflict, and after the unlawful annexation of Crimea, the European Union has worked towards a peaceful solution of this conflict in our immediate neighbourhood. Because we know that the only viable solution is a political solution.

The Minsk ceasefire agreement reached in February 2015 under the auspices of Chancellor Merkel and President Hollande did bring about some de-escalation on the battlefield. But most provisions of the agreement still remain unfulfilled. In 2016, the EU clearly must push more forcefully for the implementation of the Minsk agreement - to date it is the only document signed by both Russia and Ukraine and thus the only viable framework for a political solution. Moreover, implementation remains the pre-condition for lifting sanctions against Russia. And in 2016 the EU must prove staying power in this respect.

In the Ukraine conflict we have so far resisted all attempts at dividing us. That is good news in itself. If we Europeans stick together we can achieve so much. Remember the Iran Deal, or the Climate Agreement reached in Paris last December. No one thought any of these deals would be possible. These examples must encourage us that we Europeans can and must take more responsibility on the global stage.

At a time when the United States are increasingly turning inward, when Russia is challenging the global security architecture in Ukraine and Syria, when China is rising in East Asia and simultaneously slowing down economically, surely, we Europeans have to stick together more than ever. European diplomacy built on dialogue, perseverance and multilateralism is what the world needs in 2016 and beyond.

And surely, Europe needs the UK with its foreign policy experience and clout, its open market policies and its trade track record if we want to have hope of solving any of these crises - and even more so, if we want to maintain the global security architecture and shape the future world order.

This is why personally I am a strong supporter of the UK remaining in EU. And this, despite the fact - and I admit this quite frankly - that the British often test our patience and good will with their continuous demands. They are demanding. They push hard. They insist. They just don't let go. Many of my colleagues say behind closed doors: "Don't stop a rolling stone. If the Brits want to leave, let them leave."

I do not support this line that just because the UK can be frustrating it would be in our interest to let it go. I believe we need the UK to make the EU stronger and better. And to make something stronger and better sometimes it's necessary to push hard and be critical. When the UK says it wants to make the EU more democratic, more transparent, more competitive and less bureaucratic - I am in!

Anyone with ideas on making the EU better is pushing on an open door with the European Parliament. Anyone who comes with proposals which are in the best interest of all is welcome with open arms. But proposals which cater to narrow self-interests, risk undermining the common good, or would set dangerous precedents for a Europe *à la carte* will meet with resistance from the European Parliament.

Earlier this week, President Tusk presented his paper, which will serve as a basis for the UK's renegotiation. We are now studying it carefully. As the saying goes: the devil is in the detail.

Therefore, I want to raise my concerns not in some bid to be sensationally controversial thereby putting the European Parliament centre stage. Rather, I do this because the European Parliament needs to see its concerns addressed early on to avoid a serious roadblock later on when legislation will need to be debated and adopted in the European Parliament.

The European Parliament stands ready to act as an honest partner in the renegotiation process. That being said, there are concerns and we will defend the fundamental principles and objectives of the EU.

Please allow me to explain what I mean by picking two examples.

First example, the so called "multicurrency union" as demanded by Prime Minister Cameron. The currency of the European Union is the Euro. The Treaties are very clear on this. And the Treaties also guarantee an opt-out for the UK. There is simply no need for further clarification. However, there is a need for clarifying possible de facto veto rights due to ambiguities in the present texts. Giving a de facto veto to any member state in the European Council on Eurozone issue is unacceptable for the European Parliament - such a step would entail the risk of a paralysis for the Eurozone.

The UK government claims that its goal is not to obtain a veto and I welcome this. But if the effect of any future decision creates this possibility, and the current text on the table risks this, it matters little if there is no explicit wish for a veto. The danger is manifestly there and is too important to neglect. So some work is still needed on this.

Secondly, the so-called "benefit debate". If freedom of movement creates practical problems on the ground, if there is systematic abuse as is often - rightly or wrongly - claimed, this must be addressed. If schools are overcrowded and hospitals overstretched, as the British government states, of course these problems have to be solved! And if there are indeed EU citizens coming to the UK more for the benefit system than the work opportunity this also needs to be addressed. But solutions cannot come at the price of discriminating against EU citizens. This is a fundamental principle of our Union!

The Commission now commits to proposing a so-called "Emergency Brake". This "emergency brake" would have the following real-life consequences: Claudia is a German national. In 2017 she comes to work at the London School of Economics. She is denied in-work benefits. And she is told that she will only receive the full benefits in 2021. Her British colleague John, also employed at the University doing the same job, receives the benefits in full. Even though EU law, as interpreted by the Court of Justice, gives Claudia a right to equal treatment. And even though Claudia is paying the same taxes as John. At the same time, John's son Gary, also a UK national, goes to Germany to work in the IT sector and receives full equal treatment, as does his Spanish colleague Raquel. Is this the European Union we want to live in?

Allow me to say this very clearly: The European Parliament will support all proposals which fairly address real problems which may emerge from free movement - as long as they do not cause discrimination and undermine European values.

The European Parliament is fully aware of its responsibility in this process and will step up to the plate. The big picture is that the UK and the EU both stand to win by remaining together. And we must always keep this big picture in mind. I believe that the EU is stronger with the UK as a member. I need no more convincing.

For the UK, leaving the EU would entail the risks of a second Scottish independence referendum, losing foreign investment and damaging London as a leading financial market place. Let's face it: a huge chunk of London's attractiveness for global finance is down to it being part of the internal market. And as often said by the UK Government, a strong, sound and resilient Eurozone is an advantage for the UK.

Those who argue for the out campaign usually don't paint a clear picture of what leaving would entail in their eyes: how would years of negotiating the Brexit affect the British economy? Would they want

to keep access to the single market like Switzerland? - Which by the way entails paying into the EU budget and observing the rules without having a say when the rules are being drawn up. - Or would they want to lose privileged access to the biggest single market of the world?

The UK has one of the most open markets in the world - this is great, it's the foundation of your wealth. But it also makes Britain very vulnerable to global economic and financial crises and to the volatilities of global markets. For 2016, a slowing-down of the Chinese economy and on-going rebalancing efforts are to be expected, the oil price remains low, the gradual tightening of US monetary policy, the dramatic decline in imports by some emerging market and developing economies weigh heavily on global trade. With such prospects, isn't it reassuring to be part of the biggest single market in the world? Being part of a big bloc makes countries more resilient against external shocks - and less vulnerable to the volatilities of global markets.

Britain does half of its trade with the EU! Leaving the EU would be bad for pay and jobs. While staying in is good for prosperity and security. Some things are as simple as that.

It is my firm conviction that staying in the EU is better for the UK because staying in the EU is better for any European country. You don't believe me? - Just look at the world around us!

We are living in a world which is becoming more interdependent by the day. Russia is becoming more aggressive, China more assertive. Yes, the economic prospects for the emerging markets are not great in 2016 - but the long term trend is clear-cut: Europe and its nations will have an ever decreasing share both in world GDP and in world population.

I know it's a bitter pill to swallow. When I talk to people in my home-country, they tell me: "Germany is strong - we are 82 million people, the fourth largest world economy - surely, we could go it alone."

But what are 82 million against China's 1.3 billion? China which is set to overtake the US as the biggest world economy within 15 years?

In 2050 Europeans will make up just 5.4 % of the world population;
– in 2050 neither Germany, Italy, France, the United Kingdom nor any other EU Member States will any longer be a member of the G7; they will be second-tier countries!
– in 2050 the world economy will in all likelihood be dominated by the Big Three - say China, the USA and India.

These figures must give us pause for thought. The world is changing.
The 21st century will be the century of world regions.

The President of China, Xi Jinping, once put it to me this way:

We, the Chinese, numbering 1.3 billion, are a world region, our Indian neighbors, numbering 1.1 billion, are also a world region. The USA is a world region. Latin America, with the emerging countries of Brazil and Mexico, is a world region. The South East Asian countries, the ASEAN, are a world region too.

That is the way the world is going, said Xi Jinping.
What about you Europeans? Are you a world region?

That is indeed the question facing us as Europeans generally and the British people in the immediate: What role do we wish to play in the 21st century?

Do we wish to ensure that our interests prevail and help steer globalization along a course converging with our own values?

Do we wish to protect our democratic and social model?

How do we wish to rise to the new challenges of climate change, international terrorism or migration flows?

Left to their own devices, all European countries, including my own, rapidly come up against their own limits when it comes to acting effectively.

If we Europeans fall apart, laboring under the fond illusion that, now of all times, the finest hour of the nation state has arrived, we should make no mistake about the consequences. We will be left to drift insignificantly into the backwaters of the world political scene.

Don't get me wrong, I don't want an EU super state. But I have always found - and still do - the concept of an "ever closer union" as proposed and introduced into the treaties by no other than Prime Minister John Major a very convincing and appealing one. Nation states are not one of world history's nine-day wonders but rather the political embodiment of French, Swedish, Portuguese, Polish, German or Slovenian sentiment. That we wish to remain British or Germans, for example, is obvious when we consider how much importance we attach to our respective languages and cultures. And to football...or cricket...

Yes, nation states are here to stay and that is a good thing because people need a home, they need identity. And as a mayor I learned that the closer decisions are taken to the citizens the better they are. What we need in the 21st century is a smart coexistence between the regional, the national and the European level. Because for some issues we Europeans are simply stronger together: 507 million citizens, 28 nation states and the largest and biggest single market in the world put us well and truly into the heavyweight category. Let me give you one specific example where we are stronger together: trade agreements.

At the moment we are negotiating the Transatlantic Trade and Investment Agreement:- TTIP. Just imagine what would happen if each individual European country, Germany, France, the UK, Latvia, climbed into its own negotiating ring with the US - we would find ourselves hopelessly outclassed. But together, as the European Union, we can come to a deal with the United States, a deal between the two biggest markets in the world, which will assure that for decades to come we will remain standard makers and not become standard takers.

Hand on heart can any one of you imagine the two biggest economic blocs uniting in a free trade area - and the free trade champion, the UK remaining outside?

Ladies and gentlemen,

I am convinced that we all stand to greatly benefit from an EU which is strong and stable. Unfortunately, the EU has not always proven to be either. It is suffering from the lack of political will of member states to succeed. In the European Council, heads of state meet global challenges with the mentality of nit-pickers; and look only to their own benefit or pass the buck to others. In German we call this the principle of Saint Florian. The gist is: "Please spare my house and set my neighbour's on fire". Only, in Europe, if one house catches fire it risks spreading to the whole village. If everyone just looks to maximize their own national benefit, the result is one which benefits no one at all.

I dubbed this phenomenon "Transformers": the heads of governments jump in the plane in Berlin, Vienna, Rome, Madrid or elsewhere as representatives of their national governments and their national interests. Once in Brussels they transform into the organ of the European Council, which takes decisions for the European Union. Unfortunately, as said, this results in outcomes that are of no use to anyone. Because the addition of 28 national interests does not automatically equate to a common European good. After the summit the participants fly back to their national capitals and transform back into national heads of governments who then criticize "the nonsense those people in Brussels" decided.

The "blame game" is adequately known. But recently this problem has got worse. Not only do heads of governments criticise their own decisions - which they took in the formation of the European Council as a body of the EU -, but neither do they implement them. We have taken so many good decisions in Brussels which would help solve the refugee crisis - if they were implemented by national governments.

In other policy fields too, the European Council has failed. In place of long-term, anticipatory action, small-term, single-topic actions are preferred: one crisis summit after the other is convened, first on the financial crises, then on youth unemployment, then one Greek summit followed by another. Since summer numerous summits on the refugee crisis have been held only to give way to meetings on anti-terror measures. Once a new subject, a new crisis looms on the horizon, we lose sight of the other problems we considered pressing a few moments before. And with them we also give up our long-term goals, which we set ourselves to solve existential issues and deliver a good future.

Europe was not built by do-gooders, by peaceniks or romantics. Europe was built by hard-nosed realists, the likes of Winston Churchill and Charles de Gaulle. Because they realized that sometimes

compromise is in the best interest of everyone, not only to preserve peace, but also because some challenges are just too big for nation states to cope with on their own.

We do not need the EU to meddle in every little detail. Where there has been meddling it should be cut back. As I said earlier, the nation-state level and the regional level have an important role to play. But in the globalized 21st century our countries are no isolated "black boxes", but, on the contrary, closely intertwined. Be it a financial crisis, climate change or the refugee issue we are just better off tackling these issues together. And I hope that to win back the trust of citizens more heads of state and government will have the courage to explain to their citizens why we need the European Union today more than ever. That the EU is not about giving up sovereignty, but about taking back control and governance in a globalized world. And finally, that they take the decision they take in Brussels because they are in the best interest of their citizens.

Thank you for your attention.