

## **357c Series** - The future of Europe

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*The following is an edited version of a speech given by Jose Maria Aznar. Aznar was the Prime Minister of Spain from 1996 to 2004 and is currently a director of News Corporation a member of the Club of Madrid.*

I am very grateful to have the opportunity to discuss with you how I envisage the future of Europe, with a special emphasis on the European economy and terrorism.

Everybody is aware that Europe is going through a difficult time, a time of crisis. We are talking, first of all, about a deep economic and social crisis, intrinsically related to the serious global financial crisis. However, in my opinion, we would be making a mistake by directly and only linking current European economic problems to the international crisis.

The crisis in Europe must be placed in the context in which the European economy has evolved for the last two decades. There has been a relative loss of dynamism, in comparison to other continents -- North America and the Asian continent, just to name two. Before the

financial crisis burst, Europe had been distancing itself from the United States -- and from North America -- in terms of per capita income for over twenty years.

While prosperity has not ceased to grow on both sides of the Atlantic since the mid-1980s, European unemployment levels have, at the same time, increased dramatically. Twenty million Europeans are currently unemployed, and this figure is likely to go up to 25 million next year. This is, in my view, both a social and a political catastrophe for the whole continent.

An additional consequence of these figures is that Europe has been, for a long time, losing relevance in the global economic context, with the exception of the European expansion towards the east. The relative loss of Europe's economic weight in the world has unavoidably translated itself into a loss of political weight in the geostrategic world context.

We cannot aim to gain relevance in the world without economic success. And we must reflect upon the reasons that this situation has come about and what can be done in order to rectify it. But before this I would like to highlight the fact that the economy is not the only thing

deep in a crisis in Europe. I wish it were the case. The whole continent is struggling with a broader crisis that has additional components – one of a political nature and another of a demographic nature.

In my opinion, both are, in turn, the result of a yet more worrying crisis. The crisis I am speaking of is one of principles and values. It is a moral crisis and at the same time an identity crisis that undermines the trust of Europeans in their own future. I am a convinced Europeanist, and I believe that Europe has been a story of success for the last fifty years. The debate facing us now, is how best to move forward.

We Europeans have achieved many great things. Our struggles and our hard work brought us the reunification of Europe. Our capacity to build a society based on shared values and a respect of knowledge and debate has produced some of the most fruitful and prosperous societies in history.

But the world does not freeze at our will. Changes have taken place and will continue to come, as do new threats and new ways. And we Europeans will not be honest with ourselves if we deny Europe's weaknesses and challenges. I will now list some of these arguments,

but before doing this I must clarify some essential starting points which might not be that obvious to everybody.

First, let me start by making clear that Europe is composed of nation states. Our common values as Europeans -- those of freedom, human dignity, equality before the law and democracy -- are embedded in our nation states. Europe has historical roots. It is not a project of social engineers. Likewise, those who would like to build a larger Europe by weakening our principles and dismantling the member states are, in my view, wrong. Following that path would only lead to the failure of the project of building a stronger Europe.

Secondly, we must be aware of Europe's geographical location. The European Union cannot be expanded ad infinitum. Rather, it needs limits that must be respected, and I think Europe should start an open debate to set those limits.

Further, Europe is a reality built upon common cultural and historical grounds. Unfortunately for some, Europe cannot be understood without its Christian roots. Denying everything that brings us together and identifies us is a serious mistake. European success has been built from a set of core values and principles that are worth

keeping and which must be defended.

If Europeans want to continue to be successful, we must recognize what makes us strong. We must promote the values that have made us strong. And those values are hard work, achievement by merit, individual responsibility and capacity. Personal initiative must be rewarded. On the contrary, however, individuals nowadays expect the rest of the community to solve their problems for them, through collectivism.

We Europeans must, therefore, turn back to the spirit of taking risks and of facing challenges. We can achieve this by turning short-term politics into long-term strategies. And in order to recover economic and social dynamism, I think we Europeans have to first fight the excessive size of our governments, their intrusion into the economy and the overall lack of economic freedom in Europe. A society which provides for everything has produced a society in which it is not important to fight for the future. Europe must recognize that it has become economically and socially weaker. And to combat this, Europeans have to recover a very serious performance spirit.

This spirit should be based on four pillars: the first pillar is the

Euro. The Euro is paramount because to have a common currency makes us strong. The Euro -- and I can speak of it as a former leader of one of the founding member states of the European single currency -- is the most important achievement of the European Union in the last thirty years, together with European reunification. We Europeans must preserve and even strengthen our European monetary union.

The second pillar is the independence of the European Central Bank. I do believe that, in the future, we should be much more respectful of the independence of the European Central Bank. It guards Europe's prosperity and future monetary and economic stability.

The third pillar must be a real internal market throughout the European Union. The new national protectionism we have seen recently in Europe, especially in the last few months, is a dangerous thing.

And the fourth pillar is general economic reform. What Europe really needs is fully open economies and more flexible markets, including labor markets.

I am fully persuaded that Europe needs less government, not more. Europe needs better economic regulation, not more bad regulations. Europe deserves better public financial supervision, not more bad financial supervision. We Europeans need lower taxes. We Europeans need less public expenditure. We Europeans need less public intervention in the market. We Europeans need fewer public enterprises. We Europeans need profound reforms in the welfare state. We Europeans need more free trade, more openness to the rest of the world. We Europeans need to promote competitiveness and productivity. Europe has to face the negative results of the excesses of welfare and lack of competition. And we must promote excellence in education and research.

Immigration and integration are, as well, a real challenge for Europe. As I said before, Europe has a demographic problem and immigration may be part of the solution, but it is probably not the entire solution. This is especially the case because we Europeans are receiving enormous flows of immigrants, but we are not succeeding completely in regards their integration. And real integration is crucial. Real integration will come with job opportunities.

And, of course, the law must always be respected. One of the

most important rights of citizens in a democratic country is equality before the law. This is one of the core values of our democracies: equality before the law without any discrimination based on race, color or gender. There cannot be different rules depending of the origin of the citizen.

Freedom of speech is at the core of our democracy and we Europeans cannot accept any threat from those who want us to shut up. In this context, Europe has to reform its anti-terrorist policies. As President Obama stated some weeks ago, Europe is exposed to the threat of Islamic terrorism to an even larger extent than the United States. Therefore, more national efforts are needed in terms of anti-terrorist intelligence, and co-operation must be reinforced among European national security services. As well, co-operation between European national security services and the anti-terrorist bodies of the United States is much needed.

But the two most important things to do in the medium and long-term are in the hands of the politicians. First, European politicians must convey a very strong and clear message in just one direction -- appeasement is not on the agenda and terrorists must lose any hope of getting any positive results from their attacks. Secondly, politicians

must work in order to reinforce the trust of Europeans in their own identity. Multiculturalism and relativism are powerful ways to destroy Europe's identity. And this gives ground to the further advance of Islamism in Europe, which in turn encourages the dreams of radical Muslims of expanding the *jihad* to the European continent.

Europe needs to find its new role, its new place in the world and I believe the only way is to look towards an Atlantic Europe. That is why I believe we need to reinforce Europe's institutional and economic links with North America. We need to remove the long list of obstacles to trade and investment that still remain across the Atlantic – in other words, we need a free trade agreement between North America and the European Union. And I propose to create an Open Atlantic Prosperity Area between Europe and North America. To see these changes happen, we need more courage and political commitment.

I also believe that Europe should pay more attention to Latin America. The future of Latin America cannot leave us indifferent, as it is a substantial part of the Western world. We should support those on that continent who work for democracy, freedom and open markets, as those are the best means to achieving prosperity. We should face the reality of the danger of Latin American communism in the 21<sup>st</sup>

century. Freedom and liberty have been seriously undermined in Venezuela, Bolivia and Ecuador, and of course, for so long, in Cuba.

Defense and security should be a top priority in the Atlantic agenda. NATO should be renewed to confront and defeat terrorism. It is the only way to secure European and American freedom and liberty and stability and security throughout the world. NATO should be open to new democracies, as NATO is not a geographical expression. It is an expression of values and principles that we share in different parts of the world.

As the challenge to our freedom is global, so should be our response. I completely agree with President Obama's recent statement that Europe should assume more responsibility in regards security. Freedom is not free. The return of France to the military structure of NATO is very good news for all of us -- Europeans and Americans alike.

The Middle East is also a European responsibility. And I believe that the best possible policy is to promote freedom and democracy in the region. We should not lie to ourselves. The defeat of terrorists in Afghanistan and Iraq is vital to European interests and to the stability

of the region. I know the huge difficulties both democracies face, but success must happen in both Afghanistan and Iraq.

At this moment I would like to say something to all those do-gooders who criticize leaders that fight terrorism. You should not criticize those that assume the responsibilities. You had better criticize those that do not assume theirs, those that do not recognize terrorism as a global threat. And you had better criticize those that do not respond accordingly.

This is the way I see Europe today, its challenges and the solutions to those challenges. There is much more that we will have to face, but to make Europe a success in the following decades we will need to find one spirit, the spirit to reach success and to acknowledge that there is no second best. I thank you very much for your attention.