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“The Eurozone: This is not an economic crisis, This is a political crisis.”

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Bernard Kouchner: Thank you very much. I am very happy to be in Canada, with my cousins, because – French-speaking or English-speaking – we are all cousins. And the particular relationship between France and Canada I feel is something very important and very friendly. Thank you for being kind enough to listen to my little remarks. I’ll be very brief, thanking the two directors of Salon Speakers and telling you that it is very unusual to be delivering a speech or a conference in this atmosphere.

They asked me to deliver a speech mainly talking about Europe. And just to prove to you that I am much better in writing than in speaking

-- I mean in English, not in French – I will read to you a speech I wrote five or six days ago, with the help of my excellent wife, Christine.

We Europeans keep forgetting about our common culture. It is my dear friends in Greece who invented the tragic hero. Alas, heroes are nowhere to be found these days. But there is tragedy aplenty. The Eurozone is adrift, markets have gone astray, people are shouting in despair in the streets. Europe and America are blaming each other for their common lack of resolve in the face of the financial crisis. So perhaps a more relevant Hellenic invention is catharsis: a purification which only powerful drama can produce. Let's hope it can still work.

The unfolding drama in Europe is not so much about the Euro as it is, unfortunately, about governance. Governments seem powerless, out of sync with market reactions to their short-term efforts to contain the crisis. Instead of preventing contamination from one sovereign debt to the other and taking the massive measures required by the scope of the crisis, they keep muddling through.

Last July, Eurozone leaders announced, with some fanfare, another definitive plan to refloat Greece. Two months, close to three months,

and more billions of wasted Euros later no one seems to be in control. The level of trust in political and business elites is plummeting and markets remain erratic.

Democracy, of course, has constraints that mitigate political heroism. Key elections are about to take place in Europe as well as in the United States. Our politicians keep talking as if we live on another planet. In France, left and right still pretend the state has a magic wand. Contenders in the socialist presidential primaries set for early October compete in surreal campaign chatter, vouching for more budgetary discipline but also promising more teachers, more policemen and more welfare subsidies. Conservatives worry about Nicolas Sarkozy's ratings, even among their own, and search for a saving message. Let him talk austerity to the Greeks in the morning and pamper domestic interest groups in the afternoon.

And then, look at southern Europe. Spain will hold general elections in November. Prime Minister Jose Luis Zapatero is exhausted. He's a good man, and he's a friend of mine but he is exhausted. And he looks it. The victory of the conservatives is so likely that their leader Mariano Rajoy doesn't even bother to venture a solution to his country's plight. And the Indignados de la Puerta del Sol in Madrid, these outraged

educated young people desperate to find jobs, have not forged a new political outlet. Nobody is proposing anything.

In Italy, it is worse. And I know that the owner of this fantastic place is an Italian, Mario. And I want to salute him, because this place is wonderful. But in Italy it is worse. Bunga, bunga has become tiresome and Italian politics even more so. Silvio Berlusconi is all but out but no one seems to be in. The country's debt has just been downgraded but the rating agency seems to be evaluating governance more than credit.

Catharsis, if it is to work, requires drama and strong characters. And Greece provides both. Prime Minister George Papandreou has demonstrated courage and obstinacy in confronting a desperate economic and political situation for which his own father Andreas Papandreou -- twice in the same office -- was greatly responsible. Plus, the other two families succeeding one after the other at the head of state, Karamanlis and Simitis, also added to the problems. The Prime Minister's name may be cursed by his countrymen who have taken their despair to the streets, but Papandreou shows the kind of political heroism which is dangerously lacking elsewhere.

Addressing businessmen in Berlin earlier this week he talked about the rebirth of his nation, and the superhuman sacrifice it requires. The markets immediately reacted positively. They have become the real sounding boards of our political system. I'm against that but this is a fact. You have to know how to talk to the markets, as Jacques Delors - the founding father of the Euro -- told us the other day, deploring the lack of vision and resolve of the current generation of policy makers. Heroes are tired, he added. So let us hope for heroines, one heroine.

That would be Angela Merkel. The vote in the Bundestag tomorrow, on Thursday, will be her moment of truth. Her coalition is crumbling, her party is divided, she keeps losing local ballot after local ballot. Tabloids spread Europhobia and Germany's federal system encourages a propensity to endlessly test the political waters. Can she now ride the storm like a Valkyrie determined to save Europe? This is exactly what is expected of her; exactly that.

Sarkozy may have the political will -- and yes, he has the political will -- but he lacks the budgetary virtues and economic weight. Merkel alone can do the job. She must convince her parliament tomorrow, and her fellow citizens, that it is in their interest to keep the European Union and the Euro, and even the Greeks afloat. Or there will be an

even greater global breakdown. Her time, Merkel's time, has come to take the lead of this European drama. Not the lead of all Europe, the lead of this economic crisis. And if she does, perhaps Europe will have its desperately needed catharsis. Thank you very much.

Ok, so now this little speech must give place to a real explanation between us. I'm not despairing of Europe at all. I believe that tomorrow the Bundestag will vote in favour of saving Europe, at least I hope so. I don't know, but I know with a positive result in the Bundestag it might be better that we are defending the Eurozone. If we are killing the Euro we are killing Europe. I do respect the rest of Europe. We are 17 in the Eurozone, ten countries are out of the Eurozone but are part and legitimately part of the European union.

The Euro was a real challenge on the way forward to a federation. The founding fathers after the war were very clear on the idea of a "united states of Europe." It was impossible at that time because we were just out of the massacre, out of the genocide, out of everything that happened. Europe is the model of carnage, barbarian carnage. And after such monstrosities it was impossible to talk about the economy, it was impossible for such enemies – and we were real enemies – to talk about politics. It was impossible. It was too early.

But step by step we found the opportunities. It was impossible to get to Maastricht and to accept the sacrifice of the Deutschmark or the French franc without a certain degree of, let's say, co-ordination. So what is happening now is a real opportunity. I am sorry to be very brutal and realistic but this crisis is an opportunity. If we get rid of Greece it would mean the death of the Eurozone, and while I don't know what all the consequences would be, certainly Portugal, certainly Ireland would be gone, too. Or -- and this is my choice, of course -- we will make the impossible possible.

This is not an economic crisis, by the way. We don't care about economic crises, we'll overcome them. This is a political crisis. We are democracies in very difficult situations; in a democracy if you are telling the truth to the people you are not going to be elected. Ask the voters if they want to commit suicide every day. I mean, politicians are professional. I'm not professional, that's why I have nothing to risk in telling the truth.

I know that candidates, people running for primaries, they are not telling the truth. I know that they are more clever than what they say might indicate. But they can't tell the truth, absolutely not. If you are

telling the truth to people you are talking about sacrifice, at a certain level. If you are talking about sacrifice they will not vote in favour of your program.

In Canada, you were wise enough to start your reform before the others. And your balance, your sort of perfect equilibrium, is protecting you for the time being. But look at the United States; it is difficult to govern and it is very comparable to Europe in this capacity. This economic crisis was born in United States, don't forget that. The consequences came to Europe; we were not concerned enough with what happened in the United States in 2008, certainly not. We had to reform the banks and the regulations and I'm sorry for that, but is the financial world directing, controlling, ruling the whole world? No, polity, democracy is governing the world. So I believe we have to change a bit and find a balance.

Is it possible to find a way out of this crisis? I believe so. We'll see tomorrow in Germany – this is a very crucial vote. Please, just think about the unemployed people in Europe -- 10% in my country, 20% in Spain. There are young people with a diploma and there are no jobs for them. Talk about Europe to them. Yes, the second generation after the founding fathers of the Eurozone was strongly in favour of

continuing -- in all the polls 70% of the people were in agreement. But this is no longer true, because they ask the very simple question, "What is Europe doing for my own life, for my family and my job?" The rest was a very fantastic political adventure – the only one after the Second World War. What was a real dream is no longer a dream for the people. This is a nightmare.

I'm strongly in favour of democracy but democracy is under a fire now. So we have to come up with some solutions. On the 21<sup>st</sup> of July, the 27 European ministers of finance decided on a second plan of support for Greece: 140 billion Euros. It has not been implemented. Another meeting of the finance ministers which was supposed to take place in Poland has been postponed till October. Now, I know that the people in Greece are not paying taxes, I know that they are not paying T.V.A., I know that they are corrupt, that there are too many civil servants, I know everything – but I know also that they invented democracy and I know that we cannot just get rid of Greece.

I told you my opinion of Papandreou. He's a very good guy and he's a friend of mine. When I was in charge of Kosovo he was the only one supporting my very adventurous policy. He was not the prime minister at that time, he was the Minister of Foreign Affairs. I believe he is a

great statesman. He has already told the civil servants that their salary will be diminished by 20% and meanwhile, these ministers of finance decided to postpone their meeting. This is unacceptable.

That's why Jacques Delors was so furious about these people. They have no political common sense. They do not respect the people. On the other hand, I understand the Germans. They were the only ones respectful of the decision of Maastricht and they were the only ones who were careful to control their deficit, et cetera. They are the strongest and the richest so they will pay more than the others and they are not completely inclined to do so. I understand that. And now I'll take some questions.