

**Speech of Mr. Herman Van Rompuy,  
President Emeritus European Council, Minister of State  
at the occasion of the ESU Videoconference “The future of Europe”**

1. We can learn a lot from the COVID crisis. A return to ‘normal’ or to a new normality?

Many wonder what will be left of the current crisis? Will the world change after the pandemic? Will we as human beings emerge differently from the current crisis? What lessons will we learn from it?

Of course, you cannot compare the pandemic with a war because it was not and is not a fight between countries but a fight of all countries against the common enemy, the virus. This year of restrictions in our way of life is a traumatic experience, for young and old. After 1945 there was a will to build a different society with more prosperity and welfare, social cohesion and social protection, with a stable political democracy and with international cooperation. This led to the Rhineland model with strong social dialogue, the welfare state and the European Community. Large popular parties worked towards a political consensus.

Today, we do not stand, as we did then, before the construction of a new society. Most people want to return as quickly as possible to a 'normal' life, in fact to 'business as usual'. There is little ambition to fundamental changes because the last 12 years with their successive crises have been disruptive enough. And it is not over. Although people know that future changes are inevitable and some even desirable, many are longing for stability.

But coming back on the current experience: will there be no trace at all of the current crisis when it comes to the way we look at life and living together? If so, how long will the impact last?

First the positive lessons. We experienced more spontaneous solidarity ('small goodness') among people, more attention to 'small things' and to what is really important, more shared responsibility, more creativity and resilience, more commitment to comply to the law, more respect for expertise, more attention to public goods including healthcare, more longing for political consensus. I have observed that people had expected a greater role for the Union in terms of health, not realising that the Union has hardly any powers in this area. People are asking for 'more Europe'.

On the other hand, distrust has also grown because other people can be candidate infectors; people acknowledged that man is only a plaything in the hands of unknown forces; there is the awareness of unequal treatment when it comes to the restrictive measures or to

protecting oneself against all the consequences of the pandemic; there is the fear for one's own job among young people and one's own life among old people; frustration about the limitations to freedom; confusion and despair, expressed in criticism that governments came up with measures too early or too late, or that measures were too strict or too weak. I add one reference to inequality: In the labour market the gap between people with higher and lower education has widened even further during the pandemic. As I already told you: these differences in skills and future opportunities lead to even more frustration and polarisation which lie at the root of populism. It i.a. explains the phenomenon of Trump and Brexit in the pre-COVID era. A future social malaise or explosion is written in the stars, especially if the market is allowed to play fully again, when protective corona measures come to an end with more unemployment and failures as a result.

These negative feelings reinforce the need for greater 'protection' against real or perceived threats that already existed before the corona problems. I am thinking of unemployment, precarious jobs, illegal migration, climate change, terrorism, crime and others.

Which feelings will dominate in the upcoming period? The positive or the negative ones? Hopefully, 'positivity' has grown to find the right balance. Many wish to regain their old way of life, but many also expect a better 'normal', a society that 'protects' them better and more justly against adversity. The pandemic has only increased this need for protection. People want that old and new form of stability in a changing world!

Politically speaking, I hope that more political and electoral wisdom will result from corona. In any case, populist governments did badly in fighting the pandemic. But will they therefore be ousted in the next elections? In the USA it is already the case! Anyway, the vast majority of people did not believe the populist stories about the virus being a 'flu,' the vaccine being 'dangerous,' experts being an 'elite' who want to take us hostage. The pandemic also showed how we cannot live and survive without respect for science and expertise. Hopefully the climate sceptics understood that.

There are even limits to irrationality!

The corona crisis also showed our dependency from good governance. People's lives literally depend on the decisions of governments. Politics is back.

Who is performing best: democracies or authoritarian regimes? There are great differences within the two groups. Compare China with the lamentable situation in Russia or Iran. It is also striking that among the democracies, populist governments catastrophically mismanaged the pandemic.

The pandemic will reinforce economic and technological trends and changes in our economies and societies. They are all related to the digital revolution. Without the digital, by the way, the economic crisis caused by corona would have been much bigger (think of telework as the saviour in need for many) and the loneliness much more painful. But these tendencies were already in the pipeline before the pandemic.

The digital fact will only reinforce the individualisation of our society. After all, everything can now technically be made and delivered to the individual, certainly as a consumer. The mass production of the past is no longer uniform. The paradox is that never in history has

the individual had as much impact on his own way of life as today, while collectively he feels he lacks 'control', that he is not listened to, that he is dependent, heteronomous instead of autonomous.

Despite this individualisation, modern man is discovering through the virus that he cannot do without others, that we need each other to survive. It has also increased the feeling of helplessness of the human being, dependent as he is on external forces, such as the virus, coming from anywhere in the world.

Two million dead, starting from a cattle market somewhere in China!

Science has shown human genius through the vaccine but also how fragile human life is. Politics must be science-proof. Without a vaccine - the result of research in the Union - we would have ended up in the vicious circle of: health restrictions - fewer infections - relaxation - new wave of infections and then new restrictions, without any perspective or hope for sustainable improvement. Turning fear into hope is the worthiest ambition, also in politics.

Whether we like it or not, society is thus changing in spite of everything. The question is whether we undergo the market developments, mainly digital or do we want to steer them, e.g. through government regulation of the so-called social media in function of values such as truth, equal access to information, fair competition. In authoritarian regimes the government controls these media, in democracies it is so far the market, albeit not a free market due to actual monopolies.

The will to consciously change society is present today in climate policy. It could be as transformative as social security after 1945. Today, however, a country can no longer do this alone as it did 75 years ago. The great digital and ecological challenges of our time can only be tackled on a European scale.

The climate issue has not disappeared since the pandemic and the economic crisis that followed. Before that, bad economic times were a bad thing for the importance that people attach to the environment and climate. Perhaps the 2019 youth climate movement, controversial though it may have been, has had a more lasting influence than thought, at least on policy. It shows once again how a minority can and does set the societal agenda. It is up to politicians to respond or not. In this case, they do. It is part of an important function in politics: leadership. The EU has strengthened rather than weakened the Green Deal in the midst of the pandemic. It is now a question of meeting the objectives and finding a societal basis for them. Implementation is key.

Yes, society can be made. The stakes are unusually high: the survival of the planet and of humanity.

The digital revolution demonstrated the power of the market - too much power, in fact. Climate policy and the fight against the pandemic showed the power of the government. Man can also take his fate into his own hands.

## 2. How has the EU reacted to the corona crisis?

The EU institutions do not, in fact, have competence for health. The legal authority over health policy remains almost entirely in the member states. But with the second wave of infections, EU and national leaders seem to be reaching an accommodation, recognising they have no choice but to fight together for citizens' health. An important step was the joint procurement of vaccines.

However, the Union could have coordinated more among Member States in the first wave in March-April. A great merit is that we have always safeguarded the free movement of goods and quickly restored the free movement of persons. The single market of 447 million citizens has been fully functioning since June. Almost no border crossing has been closed. Sanitary regulations between but also within Member States do, however, hamper passenger traffic.

However, the EU as an institution has greater economic powers than it does in the area of health care. In a remarkable effort of solidarity, the 27 countries unanimously agreed to set up a Recovery Fund with EUR 750 billion of resources, of which EUR 390 billion in the form of non-repayable grants. This Fund will be added to the seven-year European budget (MFF), bringing a total of EUR 1.8 trillion into the economy or 12% of European GDP. This agreement would not have been possible if the UK had remained a member. Europe raised to the occasion as it has done so many times.

The Commission will become a major player on the capital market and its own budget will break the taboo of budgetary equilibrium that had been imposed until then. Funds for economic recovery will go to the countries most affected by the current crisis. Solidarity at work! Nevertheless, countries with already weak competitiveness will emerge even weaker from the crisis, which can exacerbate inequalities. Therefore the Recovery Fund will have to be made permanent.

More than one third of the new resources will go to the fight against climate change and twenty percent to the digital. It must not, therefore, be a traditional policy of relaunch with the infrastructure of roads and ports at the forefront. We are focusing everything on ecological and digital transformation. In this way, we are contributing to the global climate challenge, even though the Union today only accounts for 8% of global carbon emissions. In line with the goal of a carbon neutral EU in 2050, the European Council set out a more ambitious target for 2030 i.e. to cut emissions by 55% instead of an earlier goal to cut them by 40% compared to 1990 levels. This new benchmark for 2030 represents a renewed commitment to making deep, drastic changes quickly. We met the objectives for 2020. While emissions dropped 25% since 1990, our economy grew by more than 60%. Yes, we can!

In this way, we are building the long-term perspective into crisis management. All too often in the past, we have been too dominated by short-termism.

The governments have learned their lessons from the financial crisis and from the crisis in the euro area. We saw political courage in the Union to give up budgetary and monetary taboos. Who is talking today about the 'sovereign debt crisis' although public debt increased

by 15 to 20 GDP points in one year in many countries? Austerity is now taboo! Of course, the financing of deficits is now easier because of the lowest interest rates since centuries, but these, in turn, are the result of the fall of another taboo: exuberant money creation by the central banks without fear of inflation.

In the EU, the belief in the pure market got a new hit, after the financial crisis. Governments are de facto paying a good proportion of private sector wages, so unemployment in the EU has barely risen in the last year. Until recently, flexibility was the buzzword. Today we are talking about stability. It is not only the labour market that is being supported, but also companies through state guarantees and deferral of payments. The question is whether all this is in conflict with fair competition that must exist in a single market. It should, of course, be remembered that during the financial crisis, we also bailed out banks on a massive scale with public money. Countries with fiscal space can afford such generosity more easily than weak countries. How long can we keep this up, is another question. Sooner or later, however, a return to low deficits and lower public and private debt must be initiated.

The more effective the corona policy (the stricter), the faster the economic recovery. The impact on the economies of health policy is clear. It has also been recognised that health and wealth go hand in hand.

Speaking of strong and weak countries, but on a global scale, it is striking that in 2020-2021 China will grow with 10%, the US with 1% and Germany will decline by 1% and the eurozone with 4%! China was first in and out of the pandemic. The geopolitical shift is continuing.

At the same time, we also note that, among the global players, there is a growing tendency for companies and nations to become less dependent on each other, both in terms of trade and investment. Since the Great Financial Crisis, trade in goods has grown largely in line with world gross domestic product (GDP) and not faster. This is unusual. In the decades before the financial crisis, trade grew twice as fast as world GDP. The high point of globalisation is certainly behind us, but I do not believe in the 'way back' to the closed world of yesterday or the day before yesterday .

For the EU, one should not underestimate the trend of European sovereignty or 'strategic autonomy', a concept mentioned in the European Council conclusions of December 2020. We have to become less dependent on other countries or other geopolitical actors.

The word 'strategic autonomy' applies to all domains. It's about much more than defence. It relates to the digital, our strategic sectors, the international role of the euro, the City of London, energy, irregular migration, food, pharmaceuticals etc. In our European language we like to talk about 'a common destiny'. But if the EU is so dependent on others in so many domains it has no longer its 'destiny' in its own hands? What is the point of a single market if it is dominated by non-European companies, whether or not they benefit from state aid or whether or not they abuse their economic power? Out of the 15 largest digital companies in the world, not a single European. Some EU countries are already making their foreign policy dependent on receiving foreign investment. We became 'dependent' from cyber attacks from outside the Union targeting our political system. The crucial question now is: how can

the EU play a geopolitical role when it is so dependent on other geopolitical actors? There is a close link between strategic autonomy and geopolitics.

Industrial policy becomes as important as the single market. We need to learn to think strategically collectively. France and Germany see this. Scale matters. Size matters in today's world. There is no shortage of talents and start-ups in the EU, but they cannot grow due to a lack of venture capital and a Capital Markets Union.

Enough inventions but not enough innovations. But we can do better also in the former. How is it possible that in the last fifteen years we have invested significantly less in research and innovation than other global players? It has put us at an enormous disadvantage. The much-reinforced new Horizon Europe research programme for the years up to 2027 is a response to this backlog.

We have focused too much on opening up our market and too little on strategy. And even in this area, we were lagging behind in creating via regulation a true digital single market that fits with our vision of society and in creating a single energy market. I remember all too well, how we started working on this in the years 2009-2014, which I know better than other times. Since then, that awareness has grown strongly. The Digital Services Act and Digital Markets Act, proposed by the Commission, encompass a single set of new rules applicable across the whole EU. They will create a safer and more open digital space, with European values at its centre.

There is now less naivety. I would rather speak of the Commission of 'strategic autonomy' than the libelling 'geopolitical Commission'. As I said, the latter is not possible without the former.

In the upcoming Conference on the Future of Europe, one must also be aware that Europe has no future without that sovereignty, without massive collective investment, without stronger social cohesion. The Recovery Fund should not be limited to a one-off operation because there are permanent challenges. We need strategists, not only traders.

The conference on the Future of Europe should take off this year. It is a difficult exercise: a mixture of bottom-up and top-down, listening to the worries of European citizens and showing political leadership. Without working on a new Treaty, lessons can be learned from the experiences of recent years: further restricting the rule of unanimity certainly in foreign policy, extending the European competences in health care, enforcing European values on those who violate them and reinforcing political democracy. In order to cope with the great problems of our time, we need more, not less European cooperation and integration. That is another lesson of the corona crisis.

### 3. The Union in a changing West and East

I wouldn't want to leave this webinar without saying something about Brexit. The fresh FTA was concluded under the motto: avoiding the worst is doing the good. There are at least two inevitable truths. The FTA of 24 December 2020 with 'no tariffs, no quota' will always be

worse than being in the single market and the new FTA will inevitably involve border controls, with the consequent impact on supply chains. By the way, the current European red tape cannot be compared to the bureaucracy on our borders after Brexit! It is an issue for both parties but much more for Britain. It should be borne in mind that 45% of UK exports go to the EU-27 but the UK market represents only 8% of EU-27 exports.

In the negotiations, the EU-27 has first and foremost defend its unity, its principles and its interests. For four years, the EU-27 has been negotiating as a bloc through Chief Negotiator Michel Barnier or the President of the Commission. Of course, the EU and the UK must work together where they can and as far as the Union is concerned, within the Treaties.

Brexit was a setback for the Union although the UK was the least integrated country in the Union not having been a member of the eurozone and the Schengen area. But there is a queue of states on the European mainland that want to join the Union. I am only saying this to show that our model is still attractive, and not just for financial reasons. The fact is that negotiations are under way with three countries in the Western Balkans. We will see where that takes us.

The geopolitical map is changing drastically.

The pandemic also reinforced the geopolitical shift that was underway. On the one hand, there is China, which is emerging from the pandemic economically faster and stronger than others. On the other hand, resistance to excesses of Chinese influence has also increased. Unfortunately, during the pandemic the USA was led by a president who acted unilaterally and erratically, often against the interests and welfare of his own country and people. The West disappeared as an idea and as a political power. The rivalry with China was not even a struggle between democracy and authoritarianism because Trump sympathised with Russia, Brazil, Saudi Arabia and others. It is a power struggle! Regarding China, Trump had an unclear strategy. On the one hand, there was the 'trade war' but, on the other hand, the president gave up a partnership that was actually set up by president Obama against China (TPP) and Trump refused to act together with the EU against China. The EU drew lessons from the unilateralism of the Bush period (2000-2008) and especially from the Trump interlude, and from the fact that almost half of Americans nevertheless continued to vote for Trump. Europe has to take its destiny much more into its own hands. It has to become much more strategically autonomous in many areas. Transatlantic relations under President Biden will again become much stronger but different from the past. If, as European leaders suspect, the incoming president finds himself consumed with domestic problems, the EU won't put its own agenda on hold.

The next few years will show a kind of power struggle certainly between China and the USA, with neither succeeding in dividing the world into two camps or controlling the world. The struggle will be much more economic than military, less or not ideologically inspired. The globalisation of economies and of mobility set limits to everyone's urge for power. Globalisation and its interdependence serve peace as the EU does our continent.

The EU is of course close to those who share similar values about people and society. It will reduce its dependence on other countries while maintaining multilateral rules and institutions especially the Paris agreements on climate change (2015), the WTO and the WHO. We want an open world where dialogue is the means to resolve differences.

Europe is the biggest provider of development and humanitarian aid. Although this is no longer as popular, we should continue to do so after the pandemic. On a global scale, extreme poverty is increasing after decades of decline. As many as 100 million more people than previously projected could go hungry in 2020, bringing the total number at 700 million, especially in Africa, our closest neighbour.

The EU is a global actor in a number of crucial areas, such as trade, climate and monetary affairs, where it also acts in unison. In the absence of its own defensive instrument, the EU is not a traditional world power. However, the balance of power in the world is now more economic than military. On the other hand, this absence of a military arm weakens our influence in our neighbourhood, particularly in the Mediterranean.

Brexit or not, the European caravan is moving on, as I have tried to show you. It is not just about survival but about deepening that unique project of cooperation. By the way, in today's world with the interdependence in terms of trade, migration, health, climate and security, cooperation is inevitable. In our view, the Union is indispensable for its 450 million citizens, for defending and promoting our interests and our values, indispensable also for world stability and progress.