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***Speech of Mr. Herman Van Rompuy
President emeritus European Council, minister of state.***

The times we live in are special. The phrase 'There's nothing new under the sun' is false wisdom. Why?

Because we have had a succession of crises since 2008 that give the impression of a kind of permanent crisis (perma-crisis). We faced the crisis of banks, the eurozone, the economy, refugees, terrorism, COVID-19, war, inflation, energy and periodic climate disasters. Many of these problems were imported from outside the EU. Some of these difficult moments were existential: they threatened our society, our values, our democracy, Europe. This is precisely why this time is special.

This crisis comes on top of a deep shift in our civilisation as a result of the individualism that challenges social cohesion and solidarity. These trends have their roots in past centuries but are now accelerating due to technological revolutions, especially in the world of communication, such as television and social media. These and other developments are eroding social (associational) (Robert Putnam) and family capital. This atomisation or fragmentation of society leaves people more autonomous but also more isolated and lonely. We compare ourselves to others and become unhappy and despondent. After all, there is always someone prettier, more powerful, richer and more successful than us. Those who are alone become more distrustful, anxious also towards fellow human beings, more quickly dissatisfied. The others - including the government - become enemies. Political adventurers and extremists take advantage of this. The perma-crisis must be fought in this more difficult social climate.

Does all this mean that there is no hope for a better and happier society and more contented people? There are signs of hope and, at the same time, we need to realise that we ourselves have to be creators of hope.

Signs of hope are plentiful. We saw many examples of solidarity during the COVID-19 period. The technical and human success of the vaccination centres, with their countless volunteers, is resounding evidence of this. In healthcare and education and also elsewhere, many have dedicated themselves to continue helping children, patients or their colleagues. In a very short time, vaccines were invented and widely distributed. In everyday life too, people lovingly and selflessly dedicated themselves to those they lived with. Most people are good. It becomes more difficult when it comes to those outside our familiar circle, our 'tribe'.

Governments, through the welfare state, have never in history been so 'social', though inequalities persist or old inequalities are replaced by new ones. The COVID-19 era has shown the indispensable role of government, of the State.

In every part of the perma-crisis, responses were flexible. Taboos were quickly jettisoned by citizens, governments and companies to get out of the crisis. See how nuclear power made its reappearance, even among ecologists. See how we got rid of Russian oil and gas in less than a year. We managed to reinvent ourselves each time. That did not come naturally. Sometimes the answer was 'too little and too late', but not always! The pity is that with climate, for example, we have no time to waste. Sometimes governments even want to act faster than a majority of their citizens! Taboos fall but new taboos emerge. All this is normal in vibrant and democratic societies. In dictatorships, supposedly, one can act faster, more long-term focused and more effectively. But is this true? Russia proved that dictators can be reckless and cruel on top of that. China maintained an extremely strict COVID-19 policy until pressure from almost a popular uprising forced the regime to radically change course overnight.

The EU acted more forcefully and unitedly than many had expected. We overcame all crises. Each time, the Union had to do so with a sense of compromise because many decisions have to be taken unanimously. Achieving that unanimity is all the more remarkable because, in many member states, governments are unstable and in some cases minority governments. Europe can be strong while its members are weak or weakened. A real paradox. Brexit turned out to be more of a problem for the UK than for the 27. This does not mean that we should not be even more united and the solutions more sustainable. This does not mean that the treaties should not be changed.

So there is hope. But as I said, I hope that we can also live up to our hopes in the future. And there are existential challenges that we already know about today such as climate, democracy, our security, our industrial future and demographic decline. We will need our flexibility, resilience, solidarity, belief in values and unity.

We must once again defend our political democracy and the rule of law. One fourth of our fellow citizens no longer believe in our system and think that a 'strong man' is the solution. Many are dissatisfied with their societal and also their personal situation, including those that politics cannot influence. The results of policies on purchasing power, equal opportunities, climate, irregular migration, crime are often perceived as insufficient. A number of voters therefore zap from one party to another out of a kind of desperate search for the policies that do satisfy them. That search leads to inconsistencies. Populists around the world have been unable to bring about real change. Brexit and Trump are proof of this. And yet much of the electorate continues to believe their fairy tales. The electorate weakens classical parties but which, as a result, are almost paralysed in governments to offer difficult and courageous solutions to the problems that many citizens care about. A third inconsistency is that sceptics of democracy think that in a post-democratic era they can still remain critical. They do not realise that only obedience awaits them. So we must defend our institutions. Fortunately, the EU is now taking action against member-state regimes where those democratic values are not respected. But extremism must also be fought in other countries where anti-democratic sentiments exist, and moderate forces must join together. I am convinced that for the basic values of a democratic society, there is still a silent majority but it is silent too much. Everywhere, despite the obstacles just mentioned, as many policy results as possible must be achieved by honest politicians who still dare to think of the common good. We must be well aware that the crisis of democracy is a reflection of the crisis in society, which goes beyond

politics or economics. It is also about a spiritual deficit in which self-centredness is gaining too much on other-centredness. It sounds like a generalisation, but it is no less true for that. We also need to think about a different functioning of our democracy where citizens themselves play a bigger role. We should further test formulas where participatory democracy goes hand in hand with representative democracy, which of course has the final say.

Migration remains a very important issue internally in member states and within the EU (as it is in the US and the UK). For some people there is too much (irregular) migration but for the economy there is too little, in the face of labour market tightness in almost all countries. A European migration policy should be a mix between the protection of our borders and solidarity. The recently agreed pact is a success in that respect. Of course, migration must take place in conditions where one does not lose control, especially if one has Africa as a neighbour where the population at the end of the century may reach four billion compared to 1.2 billion today.

Migration is a global phenomenon of people fleeing poverty, war and oppression. Migration is also determined by demographics in some EU countries as it is in China, Japan and Russia. Even more dramatic, in some Western European member states, the population will decline by one-third by the end of the century. In a number of Central European countries, emigration amplifies demographic decline. The decline in the population and its active part is already making itself felt in the labour market. In almost all sectors in all Western countries, there are labour shortages today. A reliance on migration is inevitable. Many people recognise this, but social resistance to it is strong, as mentioned above. Resistance to working longer is sometimes equally strong. Look at France. Productivity increases through greater use of technology or even harder work. The latter is partly at the root of burnout and depression. So choices will have to be made. Already we are heading towards an 'and, and' story but without a plan.

The implementation of the Paris agreement (of December 2015) on climate change by all global partners is key. As an intermediate EU target to climate neutrality in 2050, there is now a legal obligation to emit 55% less greenhouse gases on average by 2030. By 2035, the EU even wants new cars to be fully electric. EU countries reached (on 16 June) a final agreement on a 42.5% share of renewable energy in final energy consumption by 2030. All this will require colossal investments and at the same time a different business model for many companies and a different way of life for many citizens. Clean tech is now the fastest-growing investment sector in Europe. In fairness, we must admit that today we (and other global actors) are not on track to meet the ambitious 2030 emissions targets in practice.

We also note that public support for the EU Green Deal is waning as it becomes clear what the bill is for every family and business. The enthusiasm of the 2019 youth demonstrations is no longer there. So it will take a lot of political courage to persevere anyway. Don't count on the populists for that. They only want to be popular, at least with their supporters.

The future of industry in Europe is at stake. Industrial policy, as well as other types of policy, is also increasingly permeated by a political factor: security, both economic and military. The means to this end is so-called strategic autonomy. China and the US also want to reduce their dependency. The Union wants to be less dependent on others on energy, food, batteries, semiconductors, rare earths, telecommunications, defence and others. We do not want a

general 'de-coupling' which means no more trade except between countries that are allies, but we do want 'de-risking' so that we are not over-dependent in strategic activities on countries that are not allies or friends. Less dependence also means more diversification of supply lines, not depending on one supplier, especially China. Autonomy does not mean autarchy, or general self-reliance. Strategic autonomy leaves still plenty of room for trade and investments, also with China. But with Russia we want de-coupling.

Just to give you an idea of the degree of Europe's dependency: for rare earths, which are vital for manufacturing key technologies - like wind power generation, hydrogen storage or batteries - Europe is today 98% dependent on one country. Or take lithium. With just three countries accounting for more than 90% of the lithium production, the entire supply chain has become incredibly tight.

The EU described four years ago its attitude towards China using three words: a competitor, a partner and a systemic rival. It was a factual observation. We should have the honesty to acknowledge that the war in Ukraine affected the EU-China relationship. China became the friend of our enemy! But the EU is also questioning what will happen in the US after the elections of November 2024. There is concern and uncertainty about this. This too is a factual observation.

Yes, the EU has become less naive. It has been a hard lesson. But we are learning! Buying gas and ammunition together as a Union is a new approach. In 2021, we already showed that we could solve a serious crisis by jointly purchasing vaccines against COVID-19. The Critical Raw Materials Act, proposed by the European Commission, will significantly improve the refining, processing and recycling of critical raw materials in Europe. The Union has taken many other initiatives to strengthen our competitiveness and our strategic autonomy.

We also need to address our digital backlog, especially in the field of artificial intelligence, and not only on regulation, how important it is to safeguard our freedoms and values. Among the world's 15 biggest digital companies, there is no European one. We have neither the big companies like the US nor the one, strong state like China. Scale matters.

There is a need for a European industrial policy, not only for security reasons. Competitive disadvantages directly threaten a number of industrial activities. We are winning the energy war with Russia on supplies but losing the one with the US on prices. Even today, our energy cost is still twice as high as a few years ago and three times higher than, for example, in the USA. This energy price gap represents a major competitive disadvantage for European companies and may undermine the attractiveness of the European market for large investments by multinational groups. The temptation to outsource energy-intensive activities is strong and already under way. We already had to deal with protectionist measures (under the form of state aid) from our main global competitors.

If Europe is not competitive, then it cannot be strategically autonomous either. If it is not sovereign, we cannot play a geopolitical role. It is as simple as that.

We live in a dangerous world.

The general distrust between the US, China and the EU also contribute to the fact that international institutions, such as the G20, the WTO and the UNO, now function poorly. Much lip service is unfortunately paid to multilateralism. Until recently, the COP conferences on climate change escaped this but the last one in Sharm-el-Sheikh was not really a success. It would be a miracle if that mistrust were to have an exception, especially for climate. The climate obviously deserves it, given the stakes for the human race. Let's hope. Nevertheless, international agreements were concluded on bio-diversity and on oceans.

Economic globalisation continues but it has passed its peak, as I already said. The world is in a process of "geo-economic fragmentation". The Union remains a believer in free and fair trade. Despite everything, the EU finalised a trade agreement with Brazil, Argentina and two other countries (the Mercosur countries). We are also negotiating with other countries.

Nevertheless the globalisation of migration, the internet, sports, culture, fashion, music, lifestyle, women's rights is accelerating. Young people all over the world are looking more and more alike, independent from their political regimes, especially authoritarian regimes.

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To some extent, there is a return to a kind of Cold War but this time even resulting in a real war. Russia, however, is no longer a geopolitical actor. For that, it is no longer strong enough economically (only 3% of the world economy, half of it coming from fossil fuels) and Russia has been overrated militarily. The war in Ukraine has given the West and NATO a second life.

Today's world is dangerous because nuclear war has not been completely ruled out, nor has a catastrophe around nuclear power plants. This fear is widely spread in the population according to numerous surveys.

The war in Ukraine is not over and so peace is not near. Usually, peace negotiations come after the war itself ends, as it happened after World Wars I and II. A prerequisite for peace is respect for the independence and territorial integrity of states. It is as simple as that. The other possibility is a de facto 'frozen conflict' that destabilises countries for a long time and even prevents them from restarting with reconstruction or economic recovery.

In any case, work needs to be done on Ukraine's candidacy and that of other countries for Union membership. Of course, the required criteria must be met, but we must also learn to think strategically and geopolitically. Domestic objections to Union enlargement in the Western Balkans and in Eastern Europe outweigh the geopolitical advantage. Geopolitics starts at home and Europe is our home. If there is widening, there must also be deepening of the Union to make it more democratic and efficient in decision-making. There will be major geopolitical changes in the coming times.

Climate change, demographics and social discontent will create real shocks in all domains that are unforeseeable today. No regime or empire or world order is eternal. The implosion of the Soviet Union taught us that. Like everything in contemporary times, everything is moving faster, both rise and fall. Even climate change. Unfortunately.

The balance of power in the world is changing, but in the EU that balance is also shifting away from the dominance of the two largest countries.

The EU, as other global actors, must find its place in this new world economically and politically. The war in Ukraine shows the disarray everywhere in the world. The EU caravan moves on. No exit can stop it. Europeans themselves are convinced that we need 'more Europe', precisely in these dangerous times. At the same time as being fully aware of global rivalry and competition, we need more international cooperation, more multilateralism, more global governance, knowing that this goes against the tide, against the spirit of the times. The less the time is ripe, the more we have to do to make it ripe. Despite everything, I remain a man of hope.