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“Europe- our Common Future”

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Speech by the Taoiseach, Mr. Bertie Ahern, T.D.

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Europe – Our Common Future

It is a great honour to be invited to speak at the Humboldt University.

I am acutely aware that I speak at a time of great uncertainty for the European Union. The rejection of the European Constitution in France and The Netherlands is a major setback for the EU. The Constitution on which many worked so hard is under threat.

The Constitution was agreed during the Irish Presidency of the Union. I was uniquely privileged at that time to lead the negotiations among the Members States. It will not surprise you that I am deeply committed to the Constitution and what it seeks to embrace. Naturally, I respect the decisions of France and The Netherlands but I am disappointed that this historic project has now encountered such problems. We will surmount this crisis through leadership and determination. Ireland as a loyal and committed member of the Union will do whatever we can to steady the process and manage the current difficulties in a positive and constructive way.

As Europe faces important decisions over the weeks ahead, it should keep its eye on the wider perspective. The European Union has been a remarkable success in promoting the interests of its Member States and of its people, and in promoting its values in the wider world. Our world, including not far from the Union's own borders, is one which knows much instability and repression, one whose people often suffer from great want and even war. In that world, Europe - with all its imperfections - has the fortune of being an oasis of prosperity, an anchor of stability and a beacon of democratic values. I have no doubt that it will continue to be so.

If anyone questions the value of the European Union, as some now do, let them compare how we will go about addressing our difficulties at the outset of this century of hope for Europe, with how Europe fared at the outset of the last century.

The historical significance of the EU Constitution is not that it would change the nature of our Union. On the contrary, it would preserve its essence and its balances while making it more efficient and democratic.

The deeper significance of the EU Constitution is that it offers the prospect of a stable, coherent and agreed framework for our unique and increasingly complex Union.

During our Presidency last year, we knew that our first task was to listen. That allowed us to take on board the concerns of each and every Member State and contributed to the sense of trust, which made agreement of the Constitution possible. We should now listen over the coming weeks to what the voters of France and The Netherlands have said to us. We should listen to what we have heard from elsewhere in the Union, where nine Member States have already ratified the Constitution. We should listen to each other. We should listen to our people. If we do so, I have no doubt that we will find the collective wisdom and resolve to chart the best course ahead.

The process of European integration has known many setbacks in the past and has overcome them. But one fact is absolutely clear. The shared challenges of Europe's Member States remain. They can only be addressed effectively within the framework of the European Union.

The European Union owes its very existence to the great partnership of France and Germany. That partnership was central to the revolutionary sharing of power over the coal and steel industries in 1952. That partnership was central to the creation of the European Economic Community in 1958. That partnership has indeed been at the centre of every step in the great success of European integration. Without it, Europe would not be prosperous, peaceful and free. Without it, Europe cannot progress. I am certain that France and Germany will play a crucial role in leading Europe forward.

At all costs, we must now avoid pessimism and overreaction. Yes, we have problems. And yes, we must begin to do things better, much better. Working together, we can and will do so. Of this, I am absolutely certain. I am equally certain, however, that if Europe begins to pull in different directions, we will lose out dramatically in the face of all the challenges that we face.

The series of public lectures at the Humboldt University over the past five years has contributed enormously to the political debate on European issues.

Perhaps the most visionary and challenging speech in this series was given on 12 May, 2000, when Joschka Fischer set out his personal view of the final destination of European integration. Minister Fischer's thoughts and suggestions were wide ranging, thought provoking and not a little controversial. He rightly identified the need to focus more attention on the direction in which Europe was heading. He sought to inject intellectual rigour and political certainty to the vague references in the Treaties to "ever closer Union." He wanted, in short, to define what he termed the "finality" of European integration.

While some of Minister Fischer's ideas proved too ambitious, or too integrationist, for a large number of Member States, other parts of his speech showed great foresight. His references to a European Constitution and a "constituent treaty" foreshadowed the debates at the European Convention and the subsequent Inter-Governmental Conference.

At the heart of the speech in May 2000, was a profound understanding of the unique nature of the European Union. In historical terms, the Union is without precedent. It has developed through strong political leadership, inspired above all by the experience of a continent that has learned, at great cost, the devastating nature of unfettered nationalism and the balance of power politics.

For millions of people who have grown up within the Union, the EU is now part and parcel of everyday life. The original excitement generated by the construction of European integration has unfortunately, to an extent, dissipated. The idealism that prompted a search for new ways of overcoming historic rivalries, of pooling sovereignty through common supra-national Institutions, is now challenged by cynicism and distrust.

We are too easily disenchanted with our common European home. Paradoxically, the European Union is becoming a victim of its own success. The peace, economic

development and the global role of the EU, underpinned by the organisational structures and decision-making mechanisms of the Treaties, are taken for granted.

Perhaps we all must work harder at communicating the message of Europe's successes. Take the last fifteen years. Germany has been peacefully re-united. The Berlin Wall is gone. The Iron Curtain is gone. The States that suffered years of Communist oppression are free and are either in or about to join the Union.

We have implemented economic and monetary union. We share a common currency. We have created a vast and sophisticated internal market that has provided unprecedented opportunities for our people and businesses.

We take all of this too lightly. None of it happened by accident. It was all planned, negotiated, agreed and implemented under the Treaties and within our common EU Institutions.

And yet, despite these successes, despite the demonstrated capacity of the EU to take difficult decisions aimed at securing the EU's future political, economic and social development, many of our people across the Union believe that we are not effectively responding to the challenges they face in their daily lives.

The roots of this climate of uncertainty, and even fear, lie in the economic area. All of our countries are facing very serious and difficult economic challenges. Globalisation, ageing populations, competitiveness, innovation and investment in research and development are issues that face all twenty-five Member States.

In the national debates on the European Constitution, voters are expressing fears that their jobs are under threat from low cost producers in the new Member States. There are concerns that there will be a race to the bottom and an undermining of social systems. People fear that immigrant workers from the new Member States will be prepared to work for less pay and will drive the wages of all workers down.

The fears and concerns about competition from the new Member States have to be rebutted clearly and convincingly. The accession of ten new countries to the Union on 1

May last year represents an unprecedented opportunity for the EU, not a threat. These countries are already injecting new vigour, new energy and new perspectives into the Union. Their economies are starting to grow strongly. They are important new markets for our exports. They will make a major contribution to the European economy in the coming years.

Yes, there will be some competition from low cost producers. Yes, we will see some economic migration from these countries. But this will be more than compensated for by the new opportunities opening up for our industries in these countries. And, of course, over time, as the new Member States develop, their productivity will increase, their wage rates will increase and their competitive advantages will diminish. This was the path followed by Ireland, Spain, Portugal and Greece. In Ireland's case, we were the poorest Member State when we joined. We are no longer a low cost, low wage economy. Our future economic development will rely on innovation, education, research and a focus on high technology, high value production and manufacturing.

The new Member States have already embarked on the path of long-term economic development within the Union. All of them have accepted the Union's acquis, and are obliged to implement EU law across all areas. They will in time join the Eurozone.

Their progressive integration into the broader EU economy will ensure that they will over time approach EU average levels in living standards and GDP per capita.

The real challenge to Ireland, to Germany and to all twenty-five Member States is not the low cost producer in Poland or Slovakia. It is the low cost producer in China and in India. It is the increasing presence of Brazilian producers on world markets. It is the research and development lead of Japan and the United States.

The rise of the Asian economies will, I believe, be one of the defining features of the twenty-first century. On the one hand, these tiger economies face an array of daunting challenges; a lack in many cases of democracy, poor human rights records, corruption, glaring inequalities and the pressure to move away from fixed exchange rates. On the other hand, despite these significant problems, the long-term trend in their economies is

towards high-growth, rapid development and a greatly increased weight in the global economy.

The EU has yet to fully face up to this challenge. Instead of concentrating on the relatively minor issue of competition between the Member States of the Union, we have to focus much more strongly on the competitive threats to the Union as a whole in the global arena. This means that we have to view issues such as state aids in a new perspective.

We have to see large-scale foreign investment coming into the EU from third countries, especially in high-technology areas, as a benefit for the Union as a whole. Similarly the loss of a large-scale foreign investment in any one country of the twenty-five to the EU's competitors in the global market is a loss for us all.

Economic and social progress in Germany is clearly in Ireland's interest. And conversely, Ireland's economic development is in Germany's interest. I do not see our two economies as being in direct competition. Instead, I see us as cooperating together to ensure that the EU secures trade opportunities and investment flows that might otherwise go to Asia or Latin America.

Ratification and implementation of the European Constitution would enable Europe to confront the rapid transformation of the global economy much more forcefully than we have up to now. Over the past decade, we have in Europe devoted a great deal of our political energy to pressing internal matters. German unification, EU enlargement, the successive Treaty amendments and EMU have understandably absorbed a great deal of our attention. In the meantime, however, the world has moved on and we are not as well placed as we should be to ensure that Europe's interests are protected and promoted.

Revitalisation of the European economy is the core challenge. The Union that we have all worked so hard to create and to develop simply will not command the loyalty and support of Europe's citizens if there is a yawning gap between our rhetoric and the reality of people's daily lives.

But in addressing the many serious economic and social problems faced by our Union, we should not allow ourselves to become so despondent, so driven by angst, that our pessimism undermines our common effort to revive the confidence of our citizens in Europe's future prospects.

We must see Europe's cultural diversity, its commitment to social solidarity, its proud record as a global champion of the environment, its vast reservoir of quality global brands – from Irish whiskey to German automobiles – its magnificent infrastructure and its well-educated and innovative people as true sources of strength for the future.

We now have to work hard to build on these strengths, to invest in research and development, to focus on education and life-long learning, to provide people with the skills and knowledge to ensure that Europe maintains its unique way of life in our globalising world. We must also optimise the benefits of our internal market, including the market in services.

Maintaining the status quo in Europe is not an option for the future. Neither is building up protectionist barriers. Both approaches are recipes for stagnation and a steady decline in Europe's economic and social standing.

Europe's Governments will have to implement the commitments we have made in relaunching the Lisbon agenda. In working with one another, and with the social partners, to create the conditions for economic growth and employment across the Union, we will have to think in global terms. We need to devote more thought to the future development of the EU's long-term strategic relationships with China, India and Mercosur. And, of course, we need to continue to strengthen and develop our relations with the United States. The transatlantic relationship is, and will remain, the deepest and most important of our external partnerships. The Union and the US need to listen to one another, learn from one another and cooperate more closely in ensuring that Governments remain the master of the process of globalisation and not its servants.

Political and economic commentators like to suggest that there is a deep cleavage within the Union between what are termed Anglo-Saxon models of economic development and social market economies. This debate has been imported into national debates on the

European Constitution. In one country, it is claimed that the Constitution is overly influenced by neo-liberal policies. In another, the Constitution is seen as further promoting social solidarity at the expense of economic reform.

I do not agree that there are fundamentally different approaches to economic and social issues in the Member States. Careful analysis shows that the Member States that strongly proclaim their commitment to social solidarity also have a surprisingly good record in relation to liberalisation, competition and innovation. Similarly, Member States that highlight the importance of flexibility, liberalisation and competition also have a surprisingly high level of social protection and a commitment to the development of strong and effective public services.

In fact, the Member States with some of the highest levels of social protection are among the most productive. While the Member States that have moved far down the road of economic reform and have a high degree of labour market flexibility, have some of the best social services.

The neo-liberal versus social market economy debate is more a matter of emphasis than a deep divide between totally opposing views. While the European Constitution promotes neither left, right, socialist, neo-liberal or conservative policies, it does embody a set of values common to all of the EU Member States: respect for human dignity, freedom, democracy, equality, the rule of law and respect for human rights.

The Constitution also identifies the type of society that Europeans want - a society in which pluralism, non-discrimination, tolerance, justice, solidarity and equality between men and women prevail.

In his speech in May 2000, Minister Fischer referred to: “the project of a European constitution centred around basic human and civil rights, an equal division of powers between the European institutions and a precise delineation between European and national state level.” And that essentially is what we have in the European Constitution.

While each Member State rightly retains responsibility for taxation, social welfare, health and education, as these are at the heart of national sovereignty in our Europe of nation

States, the European Constitution reflects the common values that bind us all. It is these values that the Union brings to the global arena and which underpin all of our policies and actions at the national and international level.

The Constitution was negotiated over thirty months. No other multilateral negotiation between sovereign States has ever been conducted so openly or gone to such lengths to ensure that all views were heard and taken into account. Having led the negotiations in their final stages, and having spent six months criss-crossing Europe listening, advising, encouraging and, at times, arguing, with my colleagues on the European Council, I know at first hand how difficult these negotiations were.

The European Constitution that emerged from this open, democratic and intensive process of negotiation seeks to create the basis for an effective EU of twenty-five or more Member States. The Constitution reflects Europe's core values and the type of society Europeans want to have. It strongly reflects Europe's tradition of social solidarity. It gives the citizens of Europe new rights. It makes the EU more democratic and accountable, including through new powers for the European Parliament and for national Parliaments. It strengthens Europe's role in the wider world.

Our Union is unique: neither an international organisation nor a federation, but a unique and unprecedented experiment in the sharing of sovereignty where that makes sense. One of the great strengths of the Constitution is that it represents a balance.

As I said earlier, the rejection by French and Dutch voters of the European Constitution in their recent referendums clearly has far-reaching implications for Europe. The negative outcome in these two founding members of the Union is obviously a serious setback. It is a powerful demonstration of the sense of disconnection between what many voters see as important in their daily lives, such as jobs, social security and the fight against crime, and their perception of the European Union. Clearly many voters believe that the Union is far removed from their daily concerns and is not delivering where it matters.

The votes in France and The Netherlands confirm the point I have tried to emphasise in my remarks this evening. The European Council and the Governments of the Member

States need to focus very strongly on the competitive challenges facing Europe in the global economy. We need to convince the citizens of Europe that the EU is working hard to deal with economic and social issues. The irony is that the European Constitution greatly strengthens the Union's capacity to protect and promote Europe's interests and those of its workers in the global marketplace.

In dealing with the present situation, we have to be guided by the Treaty establishing the European Constitution, which all twenty-five Member States have signed.

The Treaty provides that it will enter into force on 1 November, 2006, providing that all of the Member States have ratified it. Clearly, therefore, the European Constitution can only come into effect if all Member States have ratified.

A Declaration appended to the Treaty says that if two years after the signature of the Treaty, four-fifths have ratified it and one or more Member States have encountered difficulties in proceeding with ratification, the matter will be referred to the European Council.

At this stage, nine Member States, including Germany, have ratified the Treaty and two Member States have rejected it. In Ireland's case, we have now published a Bill providing for a national referendum on the European Constitution. We are continuing our preparations for this referendum. We will, of course, take into account the outcome of the discussion at the forthcoming European Council. At the Council, the Heads of State or Government will need to consider carefully how best to approach the completion of the ratification process.

The EU will have to reflect on the implications of the French and Dutch votes. We need to understand fully why the voters in France and The Netherlands rejected the European Constitution. The forthcoming European Council will, therefore, listen with particular interest to the comments of President Chirac and Prime Minister Balkenende on the situation in their countries and their views as to why their people voted no.

We also need to hear from France and The Netherlands their suggestions on how best to respond to the concerns of their people.

And as we proceed to deal with the fallout from these two important votes, we must remain clear-sighted and, above all, united. The message sent to us from France and The Netherlands is addressed not only to their Governments, but also to all of the members of the European Council. We must address this message collectively and in a spirit of mutual support and understanding. While the way ahead is not clear, it is only through collective action based on the Treaties and our common commitment to the people of Europe, that we can successfully respond to the profound concerns for the future expressed in the votes in France and The Netherlands.

We must show that Europe matters and that the European Constitution matters. We must show by our actions that the leaders of Europe are listening and are responding to the message they have sent.

This year, Germany, and indeed all of Europe, commemorates the 200th anniversary of the death of the great poet and playwright Friedrich Schiller. Schiller wrote the poem Ode to Joy which Beethoven set to music and which would now be formally recognised in the European Constitution as the EU's anthem.

I spoke earlier about the loss of idealism in an EU which is maturing and transforming. Schiller said: "keep true to the dreams of thy youth." The Union was created by people who were committed to the dream of a Europe free, peaceful, united and a force for good in the world.

We must, as Schiller advises, keep true to this dream.

Thank you.