

March 25, 2011

Brussels Forum

Opening Address

CRAIG KENNEDY: Okay. We are very appreciative for the tremendous support we've received from the federal officials of Belgium. In every possible way, they've gone out to help us make this Brussels Forum something special. Today, we're very pleased, as we always are, to have the Prime Minister of Belgium here. And we've asked a former Prime Minister of Belgium, Wilfried Martens, who's the President of the European People's Party, to actually do the introduction. Wilfried Martens, in himself, is one of the iconic figures in Belgium politics. Eight times Prime Minister. Then, decided that doing a ninth term probably didn't make sense. Went to the European Parliament, and now, has been the head of the European People's Party. We are very appreciative to have him give the introduction. Mr. Martens.

The Hon. Wilfried Martens: (Inaudible)
Excellencies, ladies and gentlemen. I would like to thank the German Marshall Fund of the United States for inviting me to speak here today in what can only be described as trying times.

I must admit that I have been thinking a lot about Winston Churchill recently. He once said that a politician must have the ability to foretell what is going to happen tomorrow, next week, next month, and next year, as well as the ability to explain afterwards why it didn't happen.

So far this year has provided a great amount of events that's very impossible to foretell. This includes, of course, the terrible disaster in Japan, but most of all the hope for awakening in the Middle East and North Africa.

However, it is precisely in situations like this that it is important for Europe and America to stick to the values we hold dear, above all, human rights, democracy and the rule of law. These have been termed

western values. I believe that this is the wrong term. I don't think we should call them western values if we believe that they are globally valid.

They were only first discovered in the west, beginning in Ancient Greece, to be precise. But they were developed in a dialog with other cultures, and in their present form like in the United Nations Declaration of Human Rights, they are truly universal.

I believe the young protestors of the Middle East are the best proof of this, when they demand the resignation of autodictarian rulers, the introductions of checks and balances, and multi-party elections.

If you want to remain faithful to those universal values, we have to help the people in the Middle East as best we can. In extreme cases this may involve the use of force as we can see in Libya.

But in most cases this will, above all, involve construction of a civil society, including assistance for building sustainable political parties. The European Union as well as the biggest--it's biggest

party family, the European People's Party is ready to engage in this task.

For that to happen, we need people like Yves Leterme, Prime Minister of Belgium and the next speaker. He's a personal friend of mine, and in some ways our political pasts resemble one other.

He started his career in the youth movement of the Flemish Christian democrats, where he got the taste for politics. He then worked his way through the party ranks and became a Member of Parliament. In 2003, he became president of the Flemish Christian Democrats after we just lost an election. In 2007, he led our party to a great victory that saw us go back into the federal government. Since then, our country, and in particular, Yves Leterme, Prime Minister, have been confronted with an endless flow of challenges.

However, if you know Yves Leterme as I do, you know he never gives up. He led Belgium through the biggest financial crisis of our time, and just recently resided

over a very, very successful Belgian presidency of the council of the European Union.

Yves, when I published my memoirs back in 2006, you were there to introduce me. It is my great pleasure to return the favor. Ladies and gentlemen, Yves Leterme.

H. E. YVES LETERME: Thank you very much, Mr. Prime Minister and president of the European People's Party. Ladies and gentlemen, excellencies, dear colleagues and friends, ladies and gentlemen, let me, first of all, say that we're very pleased to host this event. It's an honor for Belgium, for my country, to host what is called the Brussels Forum. Thank you for choosing Brussels.

Ladies and gentlemen, I would like to start quoting Nehru. Crises and deadlocks, when they occur, have at least this advantage that they force us to think. He was right. These days we have indeed a lot to think about.

As Wilfried Marten's already said, on Europe's doorstep today we see what has been called an Arab

spring. In one country after another, from North Africa to the Middle East, people have taken to the streets to demand freedom, freedom from oppression, freedom from corruption, freedom to think and speak for themselves. And this crisis indeed forces all of us to think.

Of course, we do not yet know what the outcome will be, but this we do know. Once again it is shown that the aspiration to human dignity is, as Wilfried Marten said, a universal human aspiration.

Ladies and gentlemen, some years ago three persons--three people representative of what is called the international community already made a compelling case for this universal human rights of live standing up, not kneeling down. They were Kofi Annan, General Secretary of the United Nations, Federico Mayor, director of UNESCO, and Mary Robinson, U.N. High Commissioner for Human Rights.

Indeed in a joint message on international press freedom in 1999 they said, and I quote, "In the world

there are those who still question the value of freedom of speech to their societies, those who argue that it threatens stability and endangers progress, those who still consider freedom of speech as an imposition from abroad and not the indigenous expression of every people's demand for freedom. But this argument is never made by the people but by governments, never by the powerless but by the powerful, never by the voiceless but by those whose voices are the only ones allowed to be heard. Let us put this argument once and for all to the only test that matters, the choice of every people to know more or know less, to be heard or be silenced, to stand up or to kneel down." End of quote.

Ladies and gentlemen, how right they were. Right now we see that the voiceless are making themselves heard, that the powerless have brought down some of the powerful, and from all of them the message is very clear. They want to stand up, not to kneel down.

As the demonstrators earlier in central and eastern Europe have done in 1989, they are saying, "We are the people." And this crisis, this indeed makes us think. As I said, we do not know yet what the outcome of those revolts will be. Indeed much will depend on the wisdom of those who protest and on the restraint of the rulers who are challenged. Happily until now only in the Libyan case military action was undertaken against the population. But in any case one thing we do know, in most cases, ladies and gentlemen, the outcome in the short term will not be anything resembling a democracy as we know it in most parts of Europe and the Americas and in parts of Asia. But of course we should not blame them for that, because democracy, as we experience it, is not a flower that can easily be transplanted in all the soils. It is rather a slow-growing plant. And the bitter reality is that the more ruthless a dictatorship is, the more scorched the earth it leaves behind. The bitter reality is that the more reasons people have to revolt, the more difficult they

will find it to install a system of open and accountable governments, because the earth left by their former tyrants is so unreceptive to it. But of course this should not discourage them. And it should not make those of us who live in democratic countries skeptical or cynical. On the contrary, we can and we must help those who have brought down tyranny to follow the path of freedom, to follow the path of accountable governments.

We can intervene to prevent the tyrant who clings to power to crush a popular revolt with gunfire, bombs, and tanks as we do now in Libya. We can and must help all those people who want to live standing up, not kneeling down. But you can only give support. We cannot change their political systems in their place.

As Mahatma Gandhi said, and I quote, "The spirit of democracy cannot be imported from without. It has to come from within." End of quote. Ladies and gentlemen, indeed crisis forces us to think. And the revolt in the Arab world, just as other popular

uprisings past and future, demonstrate that there is indeed an international community. It is a community not of governments, but of ordinary people who share the same aspirations to human dignity.

Popular revolts against oppressive governments demonstrate something else. They show us that the regimes that govern without the consent of their people only bring a semblance of stability. Sooner or later a spark ignites revolts, and they are toppled.

This means that promoting open and accountable government is not just a matter of principal of conviction. It is also a matter of international stability. Democracies can seem messy, and often they are messy indeed. But at the same time open governments are accountable. Open governments are predictable. And in this way they contribute to international stability.

All of us who abhor violence and more have an interest in promoting and spreading open governments. But this is of course easier said than done. It means

indeed walking a thin line between respect for national sovereignty on the one hand, and on the other hand intervening when governments fail in their responsibility to protect their own citizens, and by doing so, threaten international peace.

Ladies and gentlemen, this Brussels forum with decision and opinion makers from so many countries and walks of life--this forum is indeed an excellent laboratory to discuss this most important challenge which confronts us, to listen to the people all over the world who want to live standing up, not kneeling down, to make governments accountable to their people, to bring about a world where governments of the people, by the people, for the people shall spread ever more widely for the benefit of all of us.

I wish you, ladies and gentlemen, very fruitful discussions, and I thank you for your attention. Thank you very much.

CRAIG KENNEDY: Thank you so much. It was a perfect tone to set for the beginning of this

conference. It's now my privilege to introduce Herman Van Rompuy, president of the European Council. In a long career as a scholar, a poet, a politician, he's had an accomplished life.

I won't go through the long list of posts that he held, but he did serve as the prime minister of Belgium, and especially at a time when we were really developing the Brussels Forum and had immense help from him then. He is now the president of the European Council, tasked with helping to implement this new structure. And he's kindly agreed to set the tone for the rest of this conference with his opening remarks tonight. Mr. Van Rompuy.

H.E. Herman Van Rompuy: Mr. Chairman, dear colleagues, ladies and gentleman, it's good to be back here at the German Marshall Fund. It is the third time in a row that I'm here. And I'm glad to see many well-known faces and also many new faces from both sides of the Atlantic.

As you may know, I came right out of a two-day meeting of the EU's 27 heads of state of governments. And two colleagues that were present, the Prime Minister Leterme and (inaudible) have already spoken to you. In any case, Yves Leterme, unlike me, they are still fresh. My only excuse is that they did not have to chair, but tomorrow they have to run a country, whereas I can take a day's rest.

Ladies and gentleman, I thought, in these opening remarks, I stay close to the events of the day. They are, by all means, momentous. I shall focus on two issues, work on the Eurozone's financial stability and the situation in Libya and the Arab world. Both are important in themselves and both deeply affect transatlantic relations.

When I spoke here one year ago, almost to the day, the world looked quite different. As it goes, the Euro, the crack of the Greek problem had appeared, but nobody had foreseen it could become a threat to all European economies, as we were to find out soon after.

Twelve months and one Euro crisis later, we have completely rebuilt, we have rebuilt the way we govern the Eurozone. I can say it is a collective work that is quite an achievement.

As regards to Northern Africa and the Middle East one year ago, the burning sun of oppression seems relentless, like a law of nature. And today there are revolts all over the region, things good, mostly good, and bad, violence and war happening, but no clear outcome yet.

Ladies and gentlemen, let me first say something more on the most recent economic policy making. We have worked hard on that over the last two days and, in fact, over the last months.

But before going into that, it may be useful to remind you that European economies in the Eurozone have sound fundamentals. Firstly, economic growth. In the Eurozone, the Eurozone has been quite good economic growth in 2010, around 1.7. And the forecast for this

year and next year are encouraging with growing, getting close to two percent.

Secondly, the Euro is a stable currency. Its value is well above that at which it was launched, when it was at 80 cents, nobody said it was in danger. And now at around \$1.40 the Euro is attacked for being weak.

Thirdly, the Eurozone, as a whole, as an (inaudible) on the current account of the balance of payments. Indeed, we have internal divergences, but those are our own business. So unlike other major economies, see I'm very cautious, we do not contribute to the global imbalances.

Fourth and finally, the average public deficit in the Eurozone is estimated at 4.5 percent of GDP. That is definitely too high. And all countries make budgetary efforts to decrease it. The deficit rate is still way below that of other industrial countries. The estimations for the US are 9 percent deficit in 2011. And I'm only recalling a basic fact, strangely enough, it is often overlooked.

Of course, these sound figures are not to deny we faced a difficult moment, starting with the Greek debt crisis. However, we have dealt with that. There were no instruments at all when I arrived a year ago in office. A lot of countries benefited from the positive effects of the Euro, like the low interest rate. This proved to be a sleeping pill for countries with high public deficits, just as it proved an incentive for households and companies to over invest in bubbles.

The financial markets slept also. Although, some countries had large balance of payments deficit, nobody had the political will to act. As I often said last year, we had to build a life boat at sea, but we did it. And now, keeping the image with the full package of decision taken this month and yesterday and today, we bring the Economic and Monetary Union into safer waters.

In fact, exactly one year ago, on the 25th of March, the European Council decided to improve the EU's economic surveillance and coordination in launching a

task force on economic governments. One year later, we have witnessed a sea change. In 12 months the working of the Economic and Monetary Union and the Eurozone has fundamentally improved. We have new rules. We have new instruments. And we have more ambitious policies. It was an effort of all institutions and all member states. It was not always easy, not always without drama, but the political will has been unflinching. Our sense of direction has been clear and the results are there. I think we can be satisfied.

If I had to summarize, I would say that the overall economic package embodies two basic lessons we are drawing from the crisis. Firstly, the need to collectively secure the Eurozone stability. And secondly, each member state needs to take its full individual responsibility. So we have a collective responsibility and an individual responsibility.

The first basic lessons started from the extraordinary, interdependence of countries. A point hammered home by the financial crisis. Just as in

September 2008, the fall of one big American bank triggered a global economic crisis. So last spring the crisis of one small member state, two percent of the Eurozone GDP became the crisis of the Eurozone as a whole and even threat to the recovery of the world economy, starting the crisis in one small European country.

This danger for the Eurozone had not been foreseen. Many smart analysts, the prophets of the past, have explained why a monetary union without a fully fledged economic union could not work. It can work. And examples taken from the 18th century will not convince me.

However, nobody had taken the full measure of the risk of contagion, the danger of the weakest link jeopardizing the rest. When the problem appeared we faced an unknown situation. It was a moment for strong political action, a challenge we lived up to last May.

Yesterday, we finalized the work on this first basic lesson, the need to collectively ensure the

financial stability of the Eurozone. We adopted the final decision on the permanent Stability Mechanism, including a treaty change to give the Mechanism full, legal certainty. We confirmed the operational features of the Mechanism. We will make sure that 500 billion Euro is available with a triple A status. We will have full fire power.

We have also agreed to ensure that temporary facility, as an effective lending capacity of 440 billion Euros. This will be in place in June. And earlier, we showed our sense of collective responsibility by helping both Greece and Ireland with rescue packages.

This development has deeply changed political balances. And that's why much of the debate for the last year has been about finding a new political balance in the Economic and Monetary Union, finding a new balance between, on the one hand, this collective responsibility, or you can call it solidarity and on

the other hand, the responsibility of each individual country for our common good.

The political constraints on both sides are considerable. Governments faced with the need for austerity measures and economic reforms had to take courageous decisions. And they did. They are mostly succeeding. Even if they know that unpopularity is awaiting them, the governments of Ireland and Portugal both fell over austerity measures.

Other governments had to convince their public opinions to step in with loans. That is not easy either. In some countries, the issue is key in the current election debate, for instance, in Finland. So here the stakes are high, as well.

Between all these constraints we have found this balance because we also have a whole series of measures to improve member states' economic performance: a stronger stability and (inaudible) on fiscal surveillance, the new microeconomic surveillance on

competitiveness and our EU 2020 strategy on more economic growth, structural economic growth.

On top of all that we adopted yesterday, what we call, the Euro Plus Pact. This will improve economic policy coordination between the Euro countries and some others. We call it the Euro Plus Pact for two reasons. Firstly, because it is about what the Eurozone countries want to do more. They share one currency and wish to undertake extra efforts on top of existing rules and efforts.

Secondly, it is Plus Pact because it's also open to the others. And that's why I'm glad that six colleagues from non-Euro countries announced that they will join the Euro Plus Pact. And they are Denmark, Poland, Latvia, Lithuania, Romania, Bulgaria. The Pact will remain open for the others to join later.

So in 12 months we really have to come a long way. A crisis is never an easy experience. Indeed, some of the naive joy of Euro's successful first decade has disappeared. As a result of the last 12 months, the

Economic and Monetary Union has perhaps become like Ernest Hemingway's hero, sadder and wiser. Well, a little bit sadder and much wiser and ready to face the future.

Ladies and gentleman, I would not like to leave this audience without saying a few words on the events in the Arab world. For the second time in two weeks, the EU's 27 heads of state or governments spoke long about it yesterday evening.

We all realize that the outcome of the events in our southern neighborhood is of strategic importance for Europe, as well. Arab spring is the term which seemed to capture the developments for awhile. It is unsure now whether this rather optimistic metaphor will resist to the latest turn of events. It seemed like the Arab mess was onto it May '68. The triumphed, youth-changing society all over Europe, but do not forget that the bright spring was crushed by the Soviets.

And let me just make three general remarks. First of all, the revolutions in our southern neighborhood are momentous. We see revolts, turmoil and suffering, things good and bad. We see hopeful signs, hopeful steps forward, as well as, disheartening setbacks. In itself, this is no surprise. We knew from the start that the process would take time. And that the outcome would be uncertain, perhaps controversial and different from country to country.

It was never going to be one single glorious march to freedom. And that's why it's important to continuously and realistically assess the situation on the ground, while keeping a positive long-term perspective.

The constitutional referendum in Egypt last week is a promising sign. Irreversible change is also underway in Tunisia. Change has begun in Morocco and other countries in the region, such as Jordan. At the same time, we are all very worried about the events in Syria, Bahrain and Yemen, not to mention Libya.

The union will support all steps forwards, democratic transformation and to economic (inaudible) for democracy and shared prosperity with a more performance-based approach. And yesterday we decided on first steps, more humanitarian assistance, more investment possibilities for countries undertaking political reforms and increased border assistance.

My second remark is on Libya. From the start we have shown determination. We set out an appropriate cause to stop Gadaffi from killing his own people. At the extraordinary European Council the 11th of March we determined the conditions together with the 27.

In the following international diplomatic effort the Europeans were in the lead. It is our neighborhood. And this resulted in the U.N. Security Council resolution on the protection of civilians as a reason for intervention.

It is a landmark resolution. The principle of responsibility to protect translated into action. The actions, taken in conformity with that resolution and

again with the Europeans in the lead, have helped to save thousands, thousands of lives.

I will not comment in front of this transatlantic audience on the respective roles of the Europeans and the Americans in this enterprise. It is maybe too early for that. In any case, the transatlantic cooperation has been very good, confirmed now by NATO assuming its role and taking command of the no-fly zone and the arms embargo.

But perhaps we do see a remarkable change of roles. We see that Europeans are willing to take risks, risks to defend their values. I hope that this will prove to be a more general change in our foreign policy.

Political and social reforms were and are too low on our foreign policy agenda. Two decades ago the people in Central and Eastern Europe corrected us and today the people all over the Arab world did the same.

Today the European Council took further significant decisions on Libya, further sanctions against the regime. We want to stop their income flow from oil and

gas sales, more humanitarian assistance, if needed, because the situation remains (Inaudible). And the confirmation of our political objectives, Gaddafi must go and there must be a political transition lead by the Libyans. We stand ready to help them in that transition.

And a third, and final, more general point, later this year on both sides of the Atlantic we will commemorate the 10th anniversary of the 9-11 attacks. Back then it seems the beginning of a new era, supposedly an era of violence and tensions between the West and Muslim countries.

The amazing events of the past weeks changed the picture. They do not fit in the post 9-11 frame. The uprisings in Tunisia, Egypt and Libya have nothing to do with fundamentalism. No, the protesters' aspirations are familiar to young men and women all over the world: jobs and justice, a say in their country's politics, the right to speak. We witness no extremes, no clash

of civilizations, but an episode in the fight for freedom and for justice.

And to conclude, Ladies and Gentleman, one of the lessons is that the people in those countries believe more sometimes in our values than we do ourselves. For us it is a lesson in humility. It can be the start of a new trans-Mediterranean dialogue.

Politics is more than trade. It is a hard lesson but we are capable of learning that lesson. Our political and military initiatives prove this awareness. Thank you.

CRAIG KENNEDY: Uh, we'll now take a break 'til six o'clock when we'll have the next section on creating jobs. Thank you.