

Herman Van Rompuy – 9 November 2021

Values Matter in the EU and in the World

We live in a new world. The European individual of 2021 is different from the one who founded the Union. He or she has different values and lives in a society that is more prosperous, more equal, healthier and older, less child-rich, more mobile, better educated and informed, more feminine, more international, more diverse, freer, secular, more dangerous, more lonely, more critical, more volatile and often less happy. At the same time there is much more peace, everywhere in the world. In short, we live in a different kind of civilisation, certainly in Europe. And yet people continue to long for an ordinary good life for themselves and their families, no matter what political regime they have to endure or where they live. Anyway, this is our time, that of our children and grandchildren. You must embrace your time.

This new European man or woman has also got used to living in the EU. He can no longer do without the open space for trade and travel. We saw this in the corona era. He wondered where Europe was at the chaotic beginning of the pandemic. He missed Europe. He wanted 'more Europe'. He also knows that for the great problems of our time, the nation-state is no longer enough. Today's man also sees how the European countries have lost their status in the world after two world wars and the disappearance of the colonial empires. He is not nostalgic for those times. Besides, Europe no longer has the ambition to dominate the world or to amaze. The Europeans want to live a good life. They do not want to become 'great' again. They just want to defend their interests and stand up for their values. It is not very ambitious but it is human. History provides many examples of prosperity without power or power without prosperity.

The great danger is that some people want that good life too much for themselves alone, that they are less inclined to share, that they compare themselves too much with others (source of unhappiness), that they are too much in the short term. They feel insufficiently protected and supported by their leaders. Those people are afraid and insecure. This group lives in peace but is not at ease. They do not trust many other people and quickly see enemies. The pos-

itive values are too often supplanted by negative emotions.

For millions of Americans, Trump himself is the response to their fears and resentments. He creates the following feeling of identity and self-esteem in a group of people: I mean something, I am someone because I am a supporter of a powerful man who thinks and feels the same way as I do.

These developments are certainly accelerated by the digital revolution and the rise of the social media. They allow individuals to communicate directly and to make their anger and frustration known, without any filters nor barriers. The digital revolution is revolutionising democracies. Some elected politicians translate these feelings into policy in the form of a falling back on themselves, from nationalism over protectionism to anti-globalisation or anti-Europe. Some misuse this feeling of discontent to polarise, to stir up war between races, cultures and continents. The truth is then reduced to what people like to hear, which fits in with that enemy-mentality. The 'inconvenient truth', what does not fit the picture, is called a lie. For them, the virus, for example, is not so dangerous. Solidarity with others than one's own tribe is considered theft. Democracy is good as long as one has the majority.

This tendency does have socio-economic grounds but it goes straight to identity and self-esteem. Of course, not everyone thinks this way, but the group that adopts this attitude, in whole or in part, has grown.

Fortunately, society can continue to count on a majority of people for whom openness, altruism, common good and solidarity are not idle words. We have seen this during the corona crisis and in my country during the water disaster that particularly affected Wallonia. Yes, 'most people are good'. These people are less susceptible to slogans, manipulation and negativism. In the Anglo-Saxon countries, it is a 50-50 ratio.

The developments since 2008 have only fuelled fear and uncertainty. The 'multiple crisis' started with the

banks and was followed by the economy, the eurozone, refugees, terrorism, climate disasters, the pandemic. When many thought that everything was getting back to 'normal', energy prices skyrocketed and we saw shortages on the labour market, of raw materials, chips and other things. Soothingly, economists said that all this was temporary but no one had predicted it. I really hope it is temporary. Another explanation is that in a way, we became victims of our success: the global economic recovery proceeded too fast, resulting in a strong growth in demand.

No wonder the notion 'permacrisis', permanent crisis, emerged. The EU must find its way in this world of 'shifting panels'. I will try to outline this using a few core values.

The first is unity

Unity is harder with 27 than with 6! But the political landscape in each of these countries has become fragmented precisely because of the individualisation in our civilisation. In the European Council, there are perhaps 70 or 80 participants in coalition governments represented by 27 leaders. It is therefore not surprising that we often need a crisis to reach agreement. The big decisions in the Union are taken unanimously. But more centrally governed systems may have even greater problems. The USA has only one president and to some extent one parliament, and yet the decision-making process there is laborious, if not paralysed.

Unity is also needed in our external action if we are to defend our interests and values. Sometimes we are more so than expected, e.g. in the sanctions against Russia and China or in the Brexit negotiations. Often we lack it when we talk about strategy towards other global actors. Then national pasts and purely economic interests still play too big a role. But anyone who wants to be geopolitically relevant has to bring a single message, even if there are several voices interpreting it. One message is more important than one voice. What is certainly not acceptable, is for one or two countries to block the rest in terms of foreign policy.

There must also be unity around the democratic and human values enshrined in the Treaties. The strength of the US once was that they were one nation no matter how diverse, with the Constitution as what binds them together. Without shared values, there is

no unity or no 'sense of belonging', no feeling that we are 'in the same boat', no European 'demos'; worse, the seeds of separation are present. Do we still share public values in the EU?

How can the Union claim to make its foreign policy more values-based when it has an internal problem about this e.g. what is a democracy, how to treat minorities of all kind, how to be solidary with those countries and persons in need? Brexit is not a story of opposing values but of nostalgic English nationalism. It is very specific.

Shared values are more difficult to establish in an Internet society anyway. In contrast to the historic communities, the bubbles on the internet do not create a sense of belonging, duty or responsibility that would be a basis for solidarity and trust among members. The internet also destroyed the notion of distance and locality. Associative life is often local. The internet individualised communication and access of information and by doing so contributed to the waning of communities that represented the fundamental elements of societies larger than a family.

The second is solidarity

Solidarity in the Union is not about solidarity with compatriots but with 'foreigners' even if they are EU citizens. This is the most difficult form of solidarity. It requires a greater effort. Loving your immediate neighbour is easy. The difficulty starts with the Good Samaritan, who helped his so-called enemy.

The Union has strong solidarity with less prosperous regions, in the European budget, in the Recovery Facility (Next Generation EU), in the European Stability Mechanism (with the support of problem countries during the eurozone crisis). In the European budget, it may concern annually 2 to 4% of the GDP of a Member State. The Recovery Fund (2020) is about 3% of EU GDP over three years for the grant part; the amounts go to the regions hardest hit by the pandemic. In fact, the European solidarity funds have doubled for the next three years.

There was also solidarity on vaccines. The main reason for the joint procurement of vaccines was to give all member states equal access to vaccines and to lift everyone out of the economic swamp at the same time. Having been widely ridiculed in the first few months of the year for the slow rollout of vaccinations, the EU had passed the United States and

caught up with and, in the case of a significant number of member states, overtaken the UK. The Covid Vaccination Certificate too had been a conspicuous success and had greatly facilitated the resumption of cross border travel and trade within the EU.

The EU also has a social fund but the centre of gravity of social spending lies, of course, with the member states, especially when it comes to individuals and not regions. Incidentally, income inequality in the EU countries is significantly lower than in China or the USA. However, during the refugee crisis and before that, there was little solidarity with the countries that had to receive the most migrants because of their geographical location. This led to a populist government in Italy in June 2018-September 2019. The EU does not agree on a common asylum and migration policy, except on Fortress Europe, in the name of protecting external borders. If only a few come in, no solidarity is needed, no 'distribution' of refugees among the other member states is necessary.

The EU also shows solidarity with neighbourhood countries like Ukraine or candidate countries like the Western Balkans. The hesitation to engage strongly with them and to negotiate seriously with them leads to the fact that e.g. in former Yugoslavia, Russia, Turkey and China get more and more foothold there. I say to those who are in favour of a geopolitical Europe: geopolitics begins at home!

There is also solidarity with the poorer countries of the world. The EU is the largest provider of development and humanitarian aid, accounting for more than 50%. The Union is also delivering on its commitments to help poor countries with the climate transition, unlike other global players. This is not the case for vaccines. The EU promised to deliver 250 million doses in 2021, but it has so far delivered little more than 20% of that figure, despite being a major exporter of vaccines with about one trillion units to 130 countries.

The third word is democracy

About 60% of the world lives in political democracies. Some just are. Russia and China never have been. American democracy is still recovering from the low point of January 6, but has the low point already been reached? What will happen at a return of Trump? In general, 'faith' in democracy has declined

as it has in any value or ideology. It fits in with individualisation: 'Each In His Own Way' (Pirandello). Democracy is no longer seen as a real value by part of the population. They look at its added value. A quarter of Belgians want to do away with the current parliamentary democracy and replace it with another system. More than one in three citizens think that our society would be better managed if power were concentrated in the hands of a single leader. More than half of the population thinks that our parliamentary democracy works badly but is still the best system. These are the first conclusions of an exclusive poll recently conducted. Similar results have also been obtained in other Western countries. Modern man wants to be protected by public authorities but at the same time to be particularly free in his private life. A paradox.

Democracy needs of course added value. A democracy must deliver. It must provide more jobs, less pollution, less violence, less irregular migration, more fairness, and so on. For politicians, it is tempting to promise all that. Over-promising and under-delivering. Successive disenchantments often cause voters to change parties and end up with populists. For them, democracy is a means to power. The goal is not to permanently respect democratic rules. It is a paradox that people are asking for more involvement, for more democracy in other words, and are increasingly voting for anti-democratic parties.

The 'democratic deficit' is not limited to the European level. It affects all levels of government down to the local level. The Conference on the Future of Europe focuses precisely on democracy, its input (how does it work?) and its output (what does it produce?). How can we better involve citizens in setting the strategic political agenda? How can participatory democracy complement representative democracy? How can we improve the results, the output of policies? However, the Conference is not a Convention that rewrites the Treaties. The COFE works mainly within the existing treaties.

Populists, once in power, curtail the independent judiciary, the freedom of the media, manipulate electoral constituencies and do not simply accept electoral defeat. They try to curtail the intermediary organisations between citizens and government - civil society - because they are rarely favourable to them. Between the isolated and often frightened individual citizen and the new elites, the leader, there must be

no one. But Tocqueville taught us that democratic consciousness is learned precisely in the middle. The waning of local associations increases this gap. The in-between area is the guarantee of a vibrant society. Democracy is a conversation. An absolute majority in parliament does not entitle one to absolute power. Conversation must disappear for populists. The language of moderation, which makes dialogue possible, is being replaced by hate-speech and enemy-thinking. In a dialogue, one respects the other as a human being. *“Of all the manifestations of power, it is moderation that impresses the most men”*, wrote Thucydides. As I already said, conversation and dialogue can disappear in the internet world. It needs two to tango. These are more difficult in an atomised society. How to rekindle conversation is a question of survival of our democracies and societies.

What about populism inside the EU? It is of course the citizens themselves in the member states who must react when democracy is undermined. In the EU, the Commission is the guarantor of the values enshrined in the Treaties and the ECJ is the ultimate arbiter of enforcement. Those who fail to recognise the latter create an existential problem for every state or entity. We are about to have such an existential crisis. Central to the debate is the primacy of European law over national law in European competencies. I hereby quote the president of the ECJ, Prof. Koen Lenaerts, in an interview in a Flemish paper on 19 October. *“The primacy of European law is not an end in itself but a means. The goal is the equality of member states and citizens for EU law. If European law did not take precedence over national law, one Member State would not have to protect the environment or the consumer or the worker in the same way as the neighbouring Member State that does follow EU law. To be efficient as a common authority, Member States say they all want to do the same thing in certain areas. That is why EU law must take precedence. That primacy goes back to a 1964 judgment and was confirmed in a Declaration to the Lisbon Treaty. If national judges question it, you get a deaf ear. If some member states say that the primacy only applies to powers that are allocated to the EU, they are right. But then the question is whether something falls outside or inside the competences of the Union, and who is competent to rule on that. The European Court of Justice has the monopoly to control that respect of the division of powers between the EU and the Member States. This follows from the basic contract concluded by the 27 Member States. It is not something new. Ever since 1964, the Court of Justice*

has interpreted the Treaty - which was then the Treaty of Rome - in this way.”

The Americans are pushing for a worldwide confrontation between the democratic countries in the four continents and the authoritarian states, actually China and Russia. A kind of ‘clash of civilisations’ that has pushed the other clash, that with Islam, to the background. Nobody wants a Cold War but we may already be in one! The EU is obviously in the democratic camp but with our own accents, especially after the Trump era (which may return). For twenty years now, there has been an alternation between unilateralism and multilateralism in the States. It creates a lack of full commitment to allies. Trump’s trade war also with the EU has not helped much. The EU is in principle for dialogue and against confrontation. However, it recently found itself in a confrontation with China when it de facto not ratified a major investment agreement with China that had been negotiated only a few months earlier. The reason for the EU’s changed attitude lies in ‘values’, especially the fate of the Uighur’s. China has taken counter-sanctions against European parliamentarians, which is a huge blunder and provocation. But at the same time, all forces, like-minded or not, should be united in the fight against climate change. This is another paradox.

Common values with China are scarce. The preservation of humanity and the planet is one of them. All this is happening at a time when trade between the three global players is still growing very strongly and when the real underlying dependencies are very visible. Trade between the EU and China has grown by 30% since the beginning of this year to a record volume. Another paradox.

A fourth word is European autonomy

The pandemic has greatly heightened the awareness of over-dependence on other global actors in strategic areas. This feeling was already growing before the pandemic in the EU and particularly in Germany, traditionally an export-oriented economy that has everything to gain from open markets. This European sovereignty or strategic autonomy concerns many domains: digital, technology, defence, chips, energy, the role of the dollar and the City, rare commodities, medical equipment, migration flows, etc. This autonomy applies in relation to China, America, Russia, Turkey, the UK, etc. Common values do not neces-

sarily lead to common perceptions, common actions and common interests. The recent row with Australia and the US is a convincing example.

Strategic autonomy is not about autarky but about limiting excessive dependence. The EU wants to acquire this autonomy within the rules of the WTO and without lapsing into protectionism. But how to protect our interests without becoming protectionist? This 'strategy' is a political option. In general, the role of the political authority, the primacy of politics is increasing. I will give examples of negative and positive actions.

The trade war was political and against the wishes of American business. Brexit was a political, an anti-economic decision whose economic consequences are now becoming clear. The economic sanctions against Russia were introduced for non-economic reasons, i.e. what happened in Ukraine or concerning Navalny. The sanctions against China had to do with democratic and humane values. The Chinese import ban on Australian coal was a sanction against political statements of the Australian Government. Russia used and is using its gas as a political tool.

Some other examples about the primacy of politics and the role of the state:

The financial crisis and the pandemic have highlighted, and accentuated, underlying economic and social weaknesses of our system. In an inversion of the Reaganite and Thatcherite notion that "government is the problem, not the solution", the state has had to get us out of these crises. And now, in the UK and the US, from where modern neo-liberalism emerged, taxes and public spending are on the rise. Neo-liberalism seems to be giving way to a 'neostatism' that aims to reduce income inequality, raise wages and invest in new infrastructure, the climate transition and 'left-behind' regions.

During the pandemic, we realised the importance of public goods such as health and education. Budgetary policy moved away from mere austerity. Budgets and all kinds of State aid (especially in Germany) were used to save the economies and, as I said, to prepare for the future. Prime Minister Draghi rightly said recently: "there is no alternative to state intervention to achieve the ecological and digital transition. If the state isn't present, these two transitions won't happen'.

We also see this greater role of politics in China. It is a mixture of social reasons (inequalities caused by wild capitalism) and power motives (the excessive role of mega corporations in big tech and others, which is potentially a threat to the communist party).

The EU is leading the charge against Big Tech. The EU is moving full steam ahead with rules that will impose more responsibilities on the company and could potentially limit parts of its revenue model based on targeted advertising. Politicians in the European Union and United Kingdom are already on the same page and they are about to make Facebook do something it has long tried to avoid: take legal responsibility for content.

In short, governments, politics, play a much more central role today than in the recent past. The stronger your economy, the more sovereign you can be. Geo-economics is the biggest component of geopolitics. The EU is the third largest economy in the world (purchasing power parities) and the first trading power. The EU needs to focus much more on innovation and competitiveness. Knowing full well that 'scale and size matter'. Alliances between and mergers of European companies are inevitable. Large companies are forming alliances in strategic areas. Fortunately, industrial policy is no longer a forbidden word in the EU and in Germany. Fragmented national action is not the answer. That is why a Capital Markets Union and joint scientific and innovation initiatives are so important. Our universities must cooperate even more.

For the EU, geopolitics is not a means to dominate the world but to defend its interests and values. Nobody dominates the world anyway. Afghanistan was another great lesson. We live in an a-polar world. American companies are dominant in the world economy especially in the digital but America itself is not dominating the world. The EU will never be a fully-fledged geopolitical actor without a 'European army'. The latter is unthinkable for the time being, but more cooperation is obviously needed. The current form (PESCO) is insufficient. We spend more on defence than China but it is fragmented in terms of equipment and commands. In any case, the EU wants to preserve the NATO framework.

But the question is whether the EU needs this hard power to defend its own interests. The answer is that you can. Since Vietnam, the Americans have encountered the limits of using military power.

A fifth word is future

Short-term thinking is just as much an expression of individualisation, of electoralism, and of market thinking gone to the roof (banking crisis, bitcoin, quarterly profit figures, speculation on stock and energy markets, etc.). All this at a time when we need strategic thinking in the global economic rivalry and competition and with the climate catastrophe hanging over the human race. That is why it was gratifying that the European Recovery Plan focused so strongly (60%) on the digital and ecological transition and not on the classical infrastructure as was often the case in the past. The enormous financial resources required for this transition should be gathered at European level, as is the case with the Recovery Facility. The instrument must be made permanent. It will also create a Euro capital market and favour the international role of the euro.

The EU is ambitious on climate. We have already reduced our emissions by more than 31% compared to 1990, while our economy has grown by 60%. So you can reduce emissions and increase prosperity. By 2030, we will achieve minus 55%. Our target for 2030 was minus 40% a few years ago. Climate policy will be central in the next decades although the political and social agenda is unpredictable. Just look at what is happening now regarding energy prices. This increase is a foretaste of what is in store for us politically if those prices go up for climate reasons!

Everyone agrees on the climate objectives but much less on the means to achieve them. Technology will not bring all the solutions and certainly not free of charge for consumers, companies and taxpayers. Climate change is happening faster than foreseen in the Paris agreements of late 2015. Time is short, but gaining a certain level of public support normally takes more time. Political leadership (the opposite of populism) is therefore desperately needed in order to avoid a real delay. Delayers is the new word for deniers. Climate knows no borders but global governance is not possible either. Fortunately, however, the USA is back on board.

At global level, we are condemned to the intergovernmentalism of 190 countries in the COP conferences, with each country having a right of veto! At European level, there are very important instruments (the emissions trading system ETS) and funds, but important powers remain national (or regional, also in the US).

We will also have to hit some hard nuts about the demographic future. On the one hand, there is the threat of irregular migration that will come mainly from Africa (4 billion inhabitants in 2100 compared to 1.2 today?) and the enormous shortages on our labour market that will surface after the pandemic. Controlled migration will also be massive, given our own demographic implosion (also in Russia, China and Japan). Italy threatens to halve its population by the end of the century. Look how dependent the UK is on migration these days.

The strongest form of short-termism is open or hidden nationalism or chauvinism. It is almost ridiculous to think that one country alone can cope with these problems. That is not to say that the European institutions function in a satisfactory manner. In fact, that also depends on the member states themselves. After all, the EU is still, to a large extent, the sum of the member states. One may not ask too much of the EU.

Today, the EU is certainly not a super state with a budget that amounts to 1% of the European GDP. If I add the temporary Recovery Fund, I arrive at 2% where the overall public spending of the 27 countries is as big as half of their GDP.

Of course, five words cannot sum up a complex and unpredictable world and Europe. At best, they can provide a framework for further reflection on the State of the Union and its future. A few years ago, people stopped talking about the future of Europe. Did the EU even have a future? That was the question. Today and 'after' the pandemic, it is all about what future!