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Herman Van Rompuy

Calm stability in times of crisis

Leiden Europa Lecture



Universiteit
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Discover the world at Leiden University

Calm stability in times of crisis

Leiden Europe lecture by

Herman van Rompuy

President of the European Council

Delivered at Leiden University

on Friday, October 10, 2014



Universiteit
Leiden

Europa Institute

Europa Lezing, Europa Institute, University of Leiden

The lecture was organized by the Europa Institute in collaboration with the Dutch Association for Competition Law

The lecture was pronounced in Dutch

Check against delivery

Preface

On Friday 10 October 2014, Herman Van Rompuy, former President of the European Council, delivered the third Europa Lecture in the Groot Auditorium of the Academy Building, Leiden University.

It has been a tremendous honour for the Europa Instituut that the President of the European Council, a position only established following the Lisbon Treaty, chose Leiden as the place to reflect, at the conclusion of his term of office, on his five years as the first 'European President'. In his lecture, which bore the appealing and also characteristic title 'Rustige vastheid in tijden van crisis' (Calm stability in times of crisis), Van Rompuy took us behind the scenes of the functioning of the European Council and the President's role in this process. He focused on two 'major events' of the past five years, the euro crisis and the crisis in Ukraine. At the close of the lecture, he also looked ahead, identifying some of the challenges his successors will have to face ...

The Europa Instituut of Leiden Law School launched the Europa Lecture series in 2013 to mark its 55th anniversary. The aim of the lecture series is to deliver a contribution to

the public debate on the European Union through lectures at Leiden University, delivered by prominent external speakers. The first Europa Lecture was given on 12 June 2013 by Mr Radosław Sikorski, then Minister of Foreign Affairs of Poland, and was entitled: 'Poland, the Netherlands and the EU - Common Challenges'. The second Europa Lecture, 'Mededinging: hart van de Europese zaak' (Competition: the heart of the European cause), was given on 14 May 2014 by Dr Alexander Italianer, Director-General for Competition of the European Commission.

The lecture by the President of the European Council offers a new highlight in our lecture series. Following the lecture, Rector Magnificus Carel Stolker presented Herman Van Rompuy with the William of Orange medal, the highest distinction awarded by Leiden University 'in recognition of your great contribution to the European project and out of admiration for the exemplary and inspiring energy with which you have steered the European Union through consecutive storms'.

I trust you will enjoy reading this lecture and look forward to continue our promising Europa Lecture series.

Stefaan Van den Bogaert
Director Europa Instituut

Thank you for your kind words and for your invitation to speak here today. I myself am an alumnus of the University of Leuven, and we always regarded Leiden as a kind of sister university despite the fact that we were established under totally different circumstances. The University of Leuven was founded in 1425 by papal bull (something from which you are no doubt glad to have been spared), while the University of Leiden (as I have just learned) was established in 1575 by William of Orange. His motto, "*Je maintiendrai*", is something which I have borne in mind throughout my political career. Although I am aware that it is the motto of the House of Orange rather than of William himself, in any case we have always held the University of Leiden in the highest esteem. I consider it an honour to be allowed to stand before you in this hall.

I have just come from The Hague, where we were received in the Trêveszaal, another place rich in history. "Trêves", of course, means "truce", which brings us back to the seventeenth century. Looking at the paintings on the wall there, I could see the close links between the Seven Provinces - incidentally the same Seven Provinces which, at that time, were referred to as "the Union". Of course, this automatically turned my thoughts to that other Union with which I am rather more familiar and which will form the focus of our discussions here today.

The subject I have chosen is "calm stability" and everything I have done over the past five years. The term "calm stability" comes from a verse by Henriette Roland Holst, a Dutch poet with whose work I am very familiar. During my time at high school, she was very warmly recommended by the Jesuits because she had taken the step from socialism to faith - a step which is not in itself contradictory. While I am aware that Dutch traditions have changed greatly since then, the fact is that in any case she entitled her poem "calm stability". When it comes to sharing my experiences over the past five years, there is of course a risk of dropping into the anecdotal. I shall try to stop myself falling into that trap while at the same time avoiding the other error of a tendency towards visionary thinking.

You know what Helmut Schmidt once said about visionaries: "*People who have visions should go and see a doctor*".

Ladies and gentlemen, I was elected, or designated - I shall leave that to your imagination - on 19 November 2009. I can scarcely believe that almost five years have elapsed since then. On that occasion I made a sort of introductory statement, which I took the opportunity to reread when preparing this speech. It is seldom that one can look back at a text written a number of years ago without blushing or feeling ashamed at one's efforts.

What I did say then was that I saw my task as that of a "bridge-builder" - a phrase which, of course, has since been endlessly repeated. I also said that "in my opinion, every country should emerge victorious from negotiations; a negotiation that ends with a defeated party is never a good negotiation. As President of the Council, I will listen to everyone and ensure that our deliberations yield results for all parties". I added that "much has been said about the profile of the President of the Council, but only one profile is possible, and that is one of dialogue, unity and action. The image of the Council is based on the results achieved".

This all sounds very simple, but there was much prior debate about what kind of person the President of the Council should be. Some wanted a charismatic figure (and that, of course, is what they got!). Others expressed a preference for someone who could lead from behind, who was in fact more skilled at concocting compromises (both possible and impossible), and who could guarantee results.

Ladies and gentlemen, the lawyers among you will by and large have read the Treaty on European Union, in its Lisbon version, and will have discovered that it describes the European Council and its President in nothing but the vaguest terms. The European Council must create momentum and specify the general orientations for Union policy. No further explanation

is given, and even less is said about the role to be played by the President of the Council, who was subsequently designated a “permanent” President. Now I’m not sure how you would define “eternity” or “permanence”, but to call a two-and-a-half-year term of office “permanent” seems to be stretching things a little too far. That term of office may be renewed once only to make a total of five years, and those five years are now up. The European Council has become a body of central importance in the European construction, and the President of the European Council is both the leader and chair of that central body of heads of state or government within the Union’s institutional framework.

The European Council has gradually become more and more influential. It was established in 1974 based on an idea put forward by Jean Monnet. It is often forgotten that the father of the European idea and the Community method was also the inventor of what he then referred to as a “provisional European government”, that is to say the European Council (although that definition is not entirely accurate). At the time it was President Valéry Giscard d’Estaing who took the initiative of starting regular meetings of heads of state or government.

The European Council meets on important occasions, for example in the event of amendments to the Treaties, on the accession of new members and whenever the EU budget has to be drawn up, and it has also gradually become a kind of appeals chamber for unresolved issues in other domains or at other levels of the Union. If no solution can be found, the matter is taken up at the highest level and it is the heads of state or government who have the final say. Meanwhile, the European Council has become more than just a crisis management body; it is in fact now responsible for setting out the Union’s main priorities in the years to come in terms of both economic and, increasingly, foreign policy, and its President is naturally bound by the objectives assigned to his institution. The whole situation is actually quite peculiar, because not only does the President of the Council have a short mandate (which, per-

sonally speaking, suits me fine, but I digress) - he also has no budgetary responsibility whatsoever. Moreover, he lacks the right to hire and fire - a key instrument for any politician. He therefore has no right of appointment, nor indeed any administration of his own. He has a very small staff of direct collaborators, roughly comparable in size (for the Belgians among you) to that of a Belgian state secretary: of course, by Dutch standards that is still substantial, but nevertheless it is in any case still a small number of staff in whom he has the utmost confidence and with whom he works on a daily basis, in addition (naturally) to the Council Secretariat.

I do not wish to bore you any further; I merely wished to point out that the President of the Council has few formal powers. Everything he does or has the potential to do must be based on informal connections and informal means of exerting influence. From the very outset, we actually started to give an informal structure to matters that had not been placed on a formal footing. If one is seeking a consensus - and all but a few decisions are taken on the basis of unanimity, that is to say with the agreement of all 28 Member States - then at least two conditions must be met.

First, the President’s relations with his colleagues in the Member States must be based on trust; he must succeed in establishing with those with whom he is called to cooperate a connection that is not so much personal as loyal. The central quality required by any Council President is the ability to act as a guardian of trust. This quality, which likewise applies at local, provincial and national level, will also apply to my successors. Anyone who is responsible for managing a club must have an abiding bond of trust with those with whom he has to work on a daily basis. Such a bond is often established by means of very simple initiatives. I see the current President of the Commission, Mr Barroso, every week, discussing any problems with him every Monday morning, and we will maintain that tradition right up until the last day in October, when our work together will cease. I see the President of the Parliament once a

month, and I also hold monthly meetings with the group consisting of the Presidents of the Central Bank, the Euro Group and the Commission in order to discuss economic policy.

Regular contacts are essential. Every year, I make at least one trip to each of the 28 capital cities of the Union in order to gain an understanding of where people live, to see them in their natural environment and to establish a direct connection with them. After all, the European Council is a special body. Whenever one sits in government and takes one's seat on the first day, one knows that one is about to embark on a four to five-year journey with the four, five or six individuals who together make up the core cabinet of ministers in a Belgian context (and I am sure the situation is similar in the Netherlands). One will see one another almost to the point of tedium, but one knows that this is the club that is to govern the country. The same applies to the European Council, although in that case there are 28 fellow passengers. Of the 27 leaders who departed on that journey with me, only eight remain in the European Council. In the meantime I have seen in total 65 individuals pass through its doors. It is therefore a club of varying composition, so to speak. Now we are about to welcome four new prime ministers from Slovenia, Poland, Belgium and Sweden in the next European Council. The "club" is constantly changing and a bond of trust will have to be established with each and every one of those individuals. An ability to instil trust is therefore the main quality sought in a President of the European Council. Those of us who have spent our careers in politics are accustomed to this as we have had to put it into practice at every level of government.

Secondly (and this aspect was underestimated throughout the euro crisis), those who sit around the negotiating table must be "driven" (if I may use such an emotional term) by the spirit of compromise. No one person can be right alone; we must come together and seek agreement with each of the 28 parties. How do we do this? (Of course, over the past five years it has been thanks to the presence of a brilliant Council President, need-

less to say!) Most importantly, we have managed over the past 30 or 40 years to see a culture of compromise accepted in the Union. Anyone taking part in a Council meeting knows that he and his colleagues will be bound by an atmosphere of give and take - not with a view to establishing a token compromise that will lead to nothing (which would have been of little comfort to us during the euro area crisis), but rather in order to seek an operational and workable compromise that takes account of every party's individual sensitivities.

The most difficult thing I have had to do during that period is to reach agreement with those 28 members on a seven-year European budget - a budget that is shrinking, and hence smaller than that which covered the preceding seven years. When a budget is increasing, it is not so hard to keep everyone happy. But in the case of a shrinking budget, we were able to maintain unanimity only by ensuring that every party could say they had won, while at the same time being fully aware that their own interests were subordinate to those of the EU as a whole. Without such an attitude, a body such as the European Council would grind to a halt. We have proved that we are capable of reaching conclusions. If, at the time when the Union consisted of just six countries (that cosy club consisting of Benelux, West Germany, Italy and France), our forefathers had said: "Ladies and gentlemen" (or simply "gentlemen", since there were no ladies in office in those days), "there will in future be 28 of you, and the Union will continue to function", they would have been laughed out of court. Trust and compromise are therefore essential if progress is to be made.

The advantage and added value of a President of the European Council also became apparent during the euro area crisis; it has nothing to do with the personalities involved. I will prove this to you by posing a question. Imagine if we had had to manage the euro area crisis with six successive half-yearly Council Presidencies, with a new man or woman having to take up the reins again on each occasion in order to be able to take effective action at a time of crisis. The question answers

itself. The importance of the continuity of the mandate has become clear, in particular during the periods of crisis which we have experienced. It was some time ago that Mrs Merkel asked me: "Herman, what will you be doing between Council meetings? There are after all only four meetings a year - who else works full-time and has only four meetings a year?". It is a question which I am no longer asked.

Ladies and gentlemen, I would like to illustrate the importance of the European Council with reference to two major events which have taken place in the past five years. The first is the euro area crisis, and the second is Ukraine. I have singled these out as examples not only because they dominated the agenda, but also because they may provide a good illustration of the lessons that can be drawn from the past five years.

8 We have gone through not just a crisis, but an *existential* crisis of the euro area. At one point, the German Chancellor made the following comment (and I would like to underline the importance of her words): "If the euro falls, Europe falls". I would add, however, that if the Union falls, then so will the greatest peace project in the history of this continent and indeed beyond. I am not implying that everything we have done is of such historic proportion; rather, what I mean is that while we are busy discussing the "six-pack", the "two-pack" and the capital to be invested in the European rescue fund, we are actually concerned with something much larger. In the midst of all the activities we are planning to undertake and the decisions we are preparing to make, we must always bear in mind the context in which we are operating, the framework within which we are confined and why we are doing all the things we are doing. What, in fact, is the point of all our efforts? The answer is that, within a very short space of time, the history of the Union has become closely linked to that of the common currency. Consequently, ensuring the euro's survival has emerged as a prerequisite for the continued smooth functioning (and some might even say the very existence) of the European Union itself.

We have thus also discovered just how interdependent we all are and how heavily we rely on one another. To give you just one example of this, the problems experienced by ten million people in Greece were relevant not only to the Greeks, but also to the 350 million other people using the common currency in the euro area. The President of China once said to me: "Mr President, please explain to me how things currently stand in Greece". The leader of the world's largest country, with 1.3 billion inhabitants, knew that his nation's economic development and hence its current status were partly dependent on conditions in a small country of just ten million inhabitants. This demonstrates the current strength of interdependence both within the Union and worldwide. Of course, I could provide many examples by way of further clarification, but suffice it to say that this *existential* discovery of interdependence is among the lessons learned by the Union in recent years. You might say that we were already aware of that fact on an intellectual level. Yes, of course we were, but when we are confronted with the reality it takes on an entirely new dimension.

Naturally, we have also discovered other truths which seem actually to have taken an unimaginably long time to enter our collective consciousness. For instance, we have realised that if one has a common currency, one must also have a common policy, or at least ensure that the various different policies are moving in the same direction. We introduced a common currency as an incredible political project, but paid too little attention its economic aspects. In this case too, we were brought back down to earth by the reality. However, one of the most important lessons we learned is that throughout that period, and also in the years to come, what we needed (and still need) is not so much an ever closer union as an ever closer euro area. We embarked on our journey with the scantiest of requirements for an optimal currency area - the bare minimum of preconditions for an Economic and Monetary Union. Although we have since raised the bar, we are still some way from where we need to be. We are still not a *genuine* Economic and Monetary Union. While we have taken important steps

towards banking, budgetary and economic union, we still have some way to go. We therefore need “more Europe”, not less, particularly in the euro area. We may need “less Europe” in terms of all forms of regulation, but with regard to the fundamental architecture of the Union, and certainly of the euro area, we need even more integration. We must simply accept the consequences of something which we all jointly desired and which has nothing to do with ideology - in other words, the common currency, which we christened the euro. The continued expansion of that concept is of very great importance. Hence “more Europe”, at least in that sense, is the inevitable logical consequence of our past actions.

Since I find myself in academic surroundings, I must raise another topic that is the subject of frequent discussion: in the course of the past five years, has there or has there not been a shift in influence towards what may be referred to as the “inter-governmental” path, to the detriment of the “real” Community institutions, such as the Commission and the Central Bank - the genuine institutions of the Union *per se*? To a certain extent, such a shift has indeed taken place, but in this case too there is an explanation that has nothing to do with a power struggle or indeed any kind of ideological “Europeanism”. So what has happened? We had to rescue Greece, followed by a number of other countries, and we had to build a firewall in order to convince the rest of the world that if any further problems arose elsewhere in the Union, we had the resources and financing necessary in order to respond appropriately, and that in the event of any new problems, we could provide the countries concerned with temporary assistance to help them make it through that difficult period.

But those resources were not available, and we had to build a lifeboat - indeed, rather more than a lifeboat - as the storm raged around us. And because the EU budget had set aside few resources for that purpose (the budget, while significant, accounts for just 1 % of EU GDP), those funds had to come from national coffers. However, the heads of state or government

then said: “That’s all very well, but this is our money, and we must therefore ensure that it’s spent wisely. We must have a say in how that money is spent”. So who should have such a say? The national finance ministers, of course, but ultimately the heads of state or government themselves, because of the very large amounts involved. A matter for those at the very top, so to speak. The European Council has thus gradually gained influence as a result of the desire to ensure that control over the raising of funds from the national coffers, or in other words from national taxpayers, should remain in the hands of the heads of state of government.

At the same time, however, it has been said that this crisis must never be allowed to arise again. We have been far too lax over the past ten years of the euro’s history. We ought to have acted at a much earlier stage when things started to go wrong in terms of national economies and budgets, and we therefore require the resources to ensure and if necessary enforce a closer degree of supervision. Who is better placed to do this than the Commission, and who is more independent? We have therefore accorded greater powers to the Commission. We will soon see just how great the Commission’s influence can be, because over the next few days it will have to examine the budgets of all the Member States in order to ensure that they comply with the agreements reached within the degree of flexibility permitted by the rules. Moreover, we have accorded to the European Central Bank - albeit separately from its monetary functions - responsibility for supervising almost all banks in the euro area as well as those wishing to join the banking union. Hence the intergovernmental method has resulted in considerably more power for the Community institutions. This just goes to show that one can never dismiss an entire period by describing a situation in terms of slogans and one-liners. One must have an eye not only for nuance, but also for reality as a whole.

I am well aware that the European Parliament is not always happy to see power shifting away from the Union institutions to the Member States jointly. However, at a certain point we

faced the choice of either doing nothing (which was in fact not an option, since it would mean the end of the euro area and all the associated ramifications), or doing what we had to do, and in that case we initially had to work together with the Member States at the level of the European Council (at the time, we had no opportunity to discuss who was in the best position to take action). We were obliged to take a decision and to choose the method which I have just described to you. Hence the outcome was of the utmost significance, and I think that we took due account of the Union's institutional balance.

Of course, sometimes we had to be creative (and it might be said that the Belgians are at times overly so), because problems arise and one is judged on the results achieved. During the discussions on Cyprus in the spring of 2013, for example, we faced the problem of a serious disparity between what had been decided by the parliament in Cyprus and what had been decided by the Eurogroup finance ministers in Brussels. In the normal scheme of things, the European Council would have had the last word. However, time was limited and there was the threat of a bank run on Cyprus; it was therefore a race against the clock. We did not even have enough time to convene the European Council. I then convened a meeting which is not described anywhere in the treaties.

It was composed of the President of the Eurogroup, the President of the Central Bank, the President of the Commission, the managing director of the IMF and, of course, the President of Cyprus and his most senior ministers. Just minutes before insolvency was due to be pronounced, we concluded an agreement in close contact with the Member States, which was subsequently sealed. We had to do the best we could with the means that were available - or, as our French friends would put it, the *moyens du bord*. This meant that we had to be very creative throughout that period. I could give you many more examples of occasions when, in the case of certain decisions relating to the euro area, we first convened the European Council and then took a break in order to meet among the prime

ministers of the euro area and take decisions. We subsequently returned with those decisions to the full European Council - still in session - and went on to amend the decisions taken by the euro area leaders because they were not to the entire satisfaction of other members of the Council. Eventually, we found a solution to the problem. Hence while it is true that the institutions must be respected, we were in a crisis situation and we had to proceed with a great deal of creativity, but without infringing the rule of law.

In Ukraine too we were faced with a situation without precedent. In Crimea, borders were disregarded for the first time since the Second World War. Borders were always respected, even after the fall of the Berlin Wall - look at the Oder-Neisse line. It is a major crisis on the European continent, and we have been compelled to respond to it, particularly as the entire episode started with the European Union. The fact is that the former Ukrainian President was unwilling to sign the Association Agreement that had already been initialled. This gave rise to the Maidan uprising, which led to the destabilisation that followed. We were thus on the threshold of a major crisis, especially once the borders laid down after the war were disregarded. As a result, we were compelled to respond, and we responded as a body of 28 countries, aware that sensitivities within the Union were very different, the economic interests were different, the neighbourhood was different, the history very different. So too, in many cases, was the willingness, or unwillingness, to enter into a confrontation. Each time, however, we succeeded in taking decisions unanimously, including in the difficult debate about sanctions and the rest. Without that unanimity we would never have made an impression on those with whom we were in conflict, and we could never have concluded the interim agreements that we have now concluded.

There too, however, we had to do things at an institutional level that we had originally not anticipated. We had initially said that the sanctions were a matter for the highest echelons, and were so important that they could not be implemented even

by the Foreign Affairs Ministers, but only by the leaders. The final decision was to be taken at the highest level because so many economic and political interests were at stake. As tragic fate would have it, when the aircraft carrying so many of your countrymen was dramatically brought down, it was at that point no longer the leaders who had to take the decision - it had become all too apparent that we had to act, and so - despite the fact that we were in the middle of the holiday season - the decision was taken at ambassadorial level. Because it had become all too apparent that we had to act, what had initially to be decided at the highest level was subsequently decided at the level of the Permanent Representatives.

The Union is a living entity, not a set of institutions whose interrelations are permanently fixed. No, the Union is a living entity, and not only is the President of the Council (and this must also apply to my successor) the President of the 28 countries that have to gather round the table seven or eight times a year, but he also has to be the one who, where possible, steers the institutions themselves in the right direction. The European Commission, the Eurogroup dealing with problems in the euro area, the European Parliament to the extent that he is able or allowed to influence matters...; in any event, he must ensure that there is no rivalry between the institutions, rather that the institutions all serve the general European interest. That might sound a little high-flown but it is the case, nevertheless. The worst that could have happened to us is that during a major crisis either in the area of foreign policy or involving the euro, we would have been faced with a conflict between the institutions. That did not happen, nor must it be allowed to happen in the future. That is why consultation, trust and compromise are of tremendous importance here too.

Some say: "Yes, but such a European architecture is highly complex". I could answer that by saying that countries with a very simple institutional architecture do not always find it easy either. In the United States there is a single president and a bicameral parliament. I haven't looked at the timeline, but I

think that it took over a year to reach agreement on a budget. Hence it is not because there is a simple structure that the structures work. And even at the level of the Union I could, with a little goodwill, say that we also have a kind of separation of powers. In fact, the European Council acts as a kind of collective head of state. Not the President of the Council, but the Council as a whole. With the same degree of goodwill, I could say - not entirely correctly, but I'm trying to present it schematically - that the European Commission plays the role that the governments play, especially governments as we see them in the French tradition; this makes the European Council and the Commission "the executive couple". And, of course, we have a European Parliament that since the Treaty of Lisbon has had competence in all areas, whereas until ten years ago its sole competence was for part of the budget. And naturally there is also the Court of Justice of the European Union. Thus the architecture is not at all as complex as people wish to present it. Obviously, for those who dislike institutions, complexity is always a convenient argument but that is not the case. We live, it goes without saying, in peculiar times, and the complexity of the structure is the least of the criticism.

The European idea has suffered in recent years. There is a loss of trust but one must also ask the question: Is the crisis surrounding the European idea and the loss of confidence in the institutions a phenomenon confined to Europe, or is it broader than that? It is a broader phenomenon. In many countries the rise in populism of all kinds dates from before the financial crisis and from before the euro area crisis. I come from a country, from a region where a racist party received 24 % of the votes in 2004. That had nothing to do with the economy, nothing to do with the euro area crisis and nothing to do with the financial crisis. Ten years ago the Front National was already the second largest party in France. The person Jacques Chirac, the French President, had to face in the 2002 presidential elections was Le Pen senior, who had achieved second place in the first round; he received 18 % of the votes and, after seven years in office, the French President achieved less than 20 %. The difference

was that small. So, generally speaking, there is what we can, for the sake of convenience, call a crisis “of politics”, and that does not date from yesterday.

The euro area crisis contributed to it and speeded things up in some countries, but it is a much more fundamental crisis than just a European one. It relates to practically all institutions. It is above all not merely a question of politics but also of society. In an increasingly individualistic society (and that is not a value judgment), the fact is that fear is something that can be spread more easily than in a strongly cohesive society. If large numbers of individuals are preoccupied with themselves for whatever reason, it is much easier to persuade yourself that your problem is the other's fault; the “other” in the broad sense. The “other” who speaks a different language, comes from a different culture, is of a different colour, or is different in many other respects. It is also very easy to blame the “other” when one lives in a society that is profoundly marked by fear. And here Europe too can have a place. In some countries - but not in all, and not always with the same degree of intensity - Europe is identified with “the other”, and as something that can easily be seen as the enemy. In saying that, I do not wish to talk down the problem or put it in such a context that one becomes lost in it. I am merely saying that it is a problem that is much deeper and much more far-reaching than just Europe and the European Union.

We must therefore be able to perceive the European Union more as a place and less as a space. I would like to explain those concepts. By “place”, we mean protection, stability, solidarity, a nest, a home. By “space”, we mean not only the geographical space, but also the intellectual space, being able to travel and meet other people. It's more about direction, speed, time, openness, movement and possibilities. Place and space are two different concepts and we need both. We need a nest, but we also want to fly. But after flying, we want somewhere to come home to. Human nature is actually very simple.

It's no different with Europe. Europe is in fact based on the idea of space, on the concept of the free movement of goods, people and capital, on taking down borders, on the disappearance of customs offices and foreign exchange offices, on being able to communicate everywhere, via telecommunications or by other means. The European space is a concept that is actually at the very heart of the European construction. It was all born with a more distant goal, but out of a kind of common market. Europe was never thought of as a home, a place, a “*Heimat*”, and to a certain extent we are paying the price for that today. There was a kind of unspoken division of labour: Europe had to create the possibilities and opportunities, and had to open up markets and market outlets for a population of what is now 500 million, the largest and most valuable market anywhere in the world. The division of labour was regarded as a matter for Europe, whereas protection, the welfare state and all manner of legislation were matters for national institutions. Both aspects were seen as positive, but globalisation and continued European integration have turned them in a different direction. What was seen as openness was at a certain point partly or even mainly perceived as a threat. What was seen as an opportunity came to be seen as something that can threaten my job and my position in the markets. The whole concept of an open world became a world in which the “other” was seen as an interloper, and Europe, friend of freedom and space, as a threat to protection and the place that one sought.

Naturally, such a view is not really sustainable, and the division of labour is no longer feasible. We must start to see the European Union as much more than just a Union for those on the move, and those who have the opportunity to travel, do business and find a job elsewhere. The Union must also be for those who stay put, who remain at home, and who often feel themselves threatened very close to home. A Union not only for citizens with diplomas and a knowledge of languages, but for everyone. Not only for consumers who obtain the lowest prices, but also for producers who fear the possibility of unfair competition or social dumping, or who are worried that their

jobs are under threat. We must strike a new balance. An appropriate balance between home and “place” on the one hand, and “space” on the other. I could provide many examples to support this, but in any case the fact is that we must think carefully, both now and in the future, about fundamental values and about where the European Union’s core business lies. Does it lie only in those problems that the countries cannot resolve by themselves, and where the Union is necessary as a Union in order to offer sufficient protection - cross-border problems, to put it tritely? Migration is one such problem. On the other hand, we must also look at where the Union can actually play less of a role or even stop playing a role. This can involve all manner of topics: from the welfare state to regional traditions or local cheeses.

We must therefore consider what the Union’s core task is - and that debate is certainly going to take place in the future - without us having to stoop to a new Treaty, because we spent seven years negotiating the last one. We have other things to do apart from discuss institutional changes. That debate is however conditioned by a broader goal, and the broader picture must always be kept in mind. Why are we doing all this? Because if Europe is necessary and confidence needs to be regained, it must try to reset the balance between those functions of place and space. I have interpreted that generally, a little pseudo-philosophically, but in any case that is my firm conviction.

Rector Magnificus, Dean, Mayor, Your Excellencies, all who were kind enough to be here today, regaining people’s trust will be one of the great challenges in the years to come, and I am convinced that the Union’s new political leaders will take on that responsibility. I hope that you in Leiden will be able to follow that closely. As I shall do after 1 December, as a spectator, albeit a very committed one - a *spectateur engagé, très engagé*. Thank you.



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