



Europe's Last Chance: Why the European States Must Form a More Perfect Union

January 24, 2017



CREDIT: [Wikipedia/Public Domain](#)

Guy Verhofstadt

Joanne J. Myers

Introduction

JOANNE MYERS: Good evening, everyone. I'm Joanne Myers, director of Public Affairs Programs,

and on behalf of the Carnegie Council, I would like to thank you all for coming out on this rainy night.

Our speaker is Guy Verhofstadt. As former prime minister of Belgium, leader of the group of the [Alliance of Liberals and Democrats for Europe](#), and chief [Brexit](#) negotiator for the European Parliament, Mr. Verhofstadt's reputation for being a staunch proponent for a strong, integrated, and united Europe precedes him. He is the author of a very timely book, entitled [Europe's Last Chance: Why the European States Must Form a More Perfect Union](#), and it is the basis of his discussion this evening. In the book he provides insights into the problems facing Europe and imparts his vision for how to save the Union. His book will be available for you to purchase at the end of the program this evening.

The European project to integrate the continent into a peaceful region of economic prosperity has made slow but steady progress since it officially began in 1954 with only six countries in a [Coal and Steel Community](#). Today the European Union, with 28 member countries, 19 of which share a common currency, is the world's best example of successful economic integration. Yet, there are many serious problems, many of which were evident even before Britain's [vote](#) to exit the European Union last June. Signs of declining public support for an ever closer union appeared in newspapers with headlines that read, "[Remake the Union to Heal Europe's Rifts](#)," "[The Push for Europe to Redefine Itself](#)," and "[More Perils Lie in Wait for the Eurozone](#)"—just a few of the indications that the European project was adrift.

Challenges stemming from within and without—including but not limited to lackluster economic growth and unemployment, [a huge influx of refugees](#), terrorist threats, Russian provocations, and the rise of nationalism—have been, and continue to be, issues that threaten to tear the European postwar consensus apart. The upcoming elections in the [Netherlands](#), [France](#), and [Germany](#) could add further strain. In an insecure world where competition is becoming ever fiercer, the challenges ever more complex, and threats more numerous, a united Europe seems more necessary now than ever before.

With so much at stake, the question is whether there is a way to prevent further disintegration, save the European Union, protect its citizens, and for America to remain a valuable ally. While some may be calling for the breakup of the European Union, despite all suggestions and statements to the contrary, history has shown that for the United States a strong Europe based on trust and genuine partnership is instrumental for maintaining global peace.

In Europe's Last Chance, Mr. Verhofstadt provides a framework for ongoing Europe, transforming it, and offering hope that will pierce the EU gloom. It is a prescription for further integration, and it may be just the one to cure its ills.

Please join me in welcoming one of Europe's foremost statesmen, our guest today, Guy Verhofstadt. Thank you for coming.

Remarks

GUY VERHOFSTADT: Thank you very much. I am very honored that I have the honor today to present my book here, [Europe's Last Chance](#).

I have to tell you that the book was written a year ago. A year ago, I also found a literary agent in America, Wylie. I said to the agent of Wylie, "Okay, the book is there. Can you publish it next month?"

They said, "Oh, stop. It doesn't work like that in America. First of all, we are going to have the [presidential elections](#), and maybe afterward we can publish your book, because before the presidential election nobody will be interested in a book about Europe."

I thought that the literary agent and Basic Books, which is from the Perseus Group, made the right decision by waiting to publish this book just after the [inauguration](#) of the [new American president](#), because one of the first things that the American president did was to [say not-so-positive things about Europe](#). The first thing he said was that he thinks that there will be other countries going out of the European Union, not only Britain, indicating that he hoped even that there would be further disintegration of the European Union. That was what he mainly said.

So this book is in fact an answer to that statement of the American president. Maybe we could send it. I go to Washington tomorrow, and if I have the opportunity I will give it to him personally.

This book, Europe's Last Chance, explains three things:

Why a disintegration of the European Union could happen. It's a real threat. It's a reality. [Brexit](#) is not something that happened by accident. There is a problem in the European Union, a problem of a possible disintegration.

The second thing that the book is doing is it is telling why this would be a disaster, this disintegration of the European Union, not only for the Europeans, but also for the United States of America. I am always saying, "America can only walk on two legs, an American leg and a European leg." That's the trans-Atlantic partnership that was so successful since the end of the [Second World War](#). My impression, which isn't the impression of many observers, is the trans-Atlantic partnership is put at risk for the moment. So again, why the disintegration of the European Union will be a disaster for Europe and for the United States if this happened.

The third thing that the book tells you is how to avoid it. It is a positive book, saying what needs to be done to avoid it. To avoid it, what needs to be done is mainly looking to the history of the American federation, and looking at how at the end of the 18th century, from a loose confederation of 13 states, you became a good, working federation in 1785 [editor's note: it should be 1787; we have corrected this throughout.], after the [convention of Philadelphia](#). That is

mainly what the book is about.

So disintegration is possible. I'm very critical towards the European Union in this book. There are many people who are saying, "You are more critical than the Euro-skeptics." Yes, in some ways I am more critical than the Euro-skeptics about the actual way the European Union works. The European Union is always acting too little, too late.

If you have to describe the European Union, it's a confederation of Member States, of nation-states, still based on the unanimity rule. You need the approval of 28 Member States before you can act on issues of financial crisis, on issues of investment, or on whatever issue. So the problem of the European Union is that it is still a confederation based on that unanimity rule. You need the approval of the 28 before you can decide on a [bailout for Greece](#); you need to have the approval of the 28 before you can have a common position on the [tragedy in Syria](#); you need to have the approval of the 28 before you can, for example, save a bank that is in difficulty.

I compare it always—and I do that in the book—with the United States. Imagine for one moment that America should function on the same rules as the European Union today. What should it mean? It should mean that there is no [Obama](#) or no [Trump](#), no one president; it should be the 50 governors of the 50 states of the United States of America deciding on everything based on unanimity, coming together four times a year, six times a year, somewhere in Washington, for example, and then all 50 deciding together on what are we going to do with the dollar, what are we going to do with whatever problem that the United States is facing. And they only could take a decision with unanimity. If one of the governors says, "I don't agree," nothing happens. That is the way the European Union is working today, still based on this unanimity rule.

To take the comparison a little further, it means also that some of the states in the United States could participate in some federal policies and others could say, "No, no, I'm not interested in doing so." For example, California could say, "Well, the dollar is a fine currency, but we are not going to participate in the dollar. We are going to continue with the Spanish peseta," as was the case until the middle of the 19th century in America. For example, Florida could say, "Well, the American border and Coast Guard are very fine, but we are going to protect our borders ourselves. That is not a federal issue." Or, for example, Michigan or Vermont, or whatever other states, could say, "Well, the Federal Bureau of Investigation (FBI) is a fantastic organization, but not for me. I am going to do this myself in the future. It is not the FBI that can be responsible to fight against the 200 crimes that are in the competencies of the FBI."

That is the way the European Union is working today. Some countries are in the euro; other countries are outside the euro. Some countries are inside [Schengen](#)—that is, the freedom of movement inside European Union—and other countries are outside. We have even the particularity that there are some countries of the European Union not participating in Schengen and countries outside the European Union participating in Schengen, for example, Switzerland.

Then we have to explain to the public opinion what the European Union means. It was not put in the American edition, but in the Dutch edition there are 12 maps of the 12 existing European Unions of today: the European Union, the European Union of the single currency, the European Union of Schengen, the European Union of the European patent on research and so on, the European Union of judicial cooperation, and so on and so on.

So, the European Union is a complex animal today because of the numerous opt-ins, opt-outs, exceptions, earmarks, and rebates that have been created in the last year.

The best way to describe the results of such a European Union is to look to the way America has in fact emerged from the [financial crisis](#), what it has developed as policies, and how the European Union has done this.

America immediately, Republicans and Democrats together, launched what I call a "rocket with three stages": first, [Troubled Asset Relief Program](#) (TARP) to clean up the banks, \$400 billion; then an investment program over a period of 10 years, still in place, 2009-2019, with a total amount of \$900 billion; and then, the Federal Reserve quantitative easing to stimulate the economy with \$1.2 trillion. In total, an enormous amount, several trillion dollars, and that was immediately decided on the federal level in a combination: first it was the Republicans who started with it, and it was the [Obama administration](#) that continued it.

But you have to compare that with what is happening in Europe. In Europe we still have not cleaned up the banks after the outbreak of the [financial crisis](#). Every week, every month, you can read in your newspaper that then there is a German bank, then there is a Spanish bank, or there is a Greek bank, now Italian banks, that have difficulties and have a lack of liquidity and are in difficulty. We have not cleaned up our banks.

We have an investment program in total to overcome the fallout of the financial crisis of €300 billion, which is more or less one-third of the American investment program. And yet, we did quantitative easing also for an amount of more than €1 trillion with the European Central Bank, but that was at the end in a defensive way to avoid deflation, not at the beginning of the outbreak of the financial crisis to stimulate the economy, as happened here in the United States.

Always when we talk about the United States and Europe we are describing the United States as the country of capitalism. But it's more [Keynesianism](#), and that has been applied since the financial crisis, and with some success—growth figures of 2.0%, 2.5%, 3.0%, compared with the low growth figure of around 1% that we have faced since the outbreak of the financial crisis.

So the question is: How is it possible that in the United States of America within a period of nine months they could decide immediately on such a rocket with three stages—TARP, investment, quantitative easing—for a total amount of more than \$2 trillion, and why is it that we are not capable of doing so?

The reason is very simple: because our institutions are not capable of doing so. We need 28 approvals of the 28 heads of state and governments before we can act. For example, on cleaning up the banks, creating a banking union, we didn't do that in 2008. We had to wait for problems with Spanish banks in 2010 and 2011 before we did it. And if tomorrow we need money to save a bank on the European level, it's not available, because we are still debating between the 28 Member States of the European Union about who has to contribute and what amounts the different Member States have to contribute to that fund.

There lies the problem of the European Union. It is not a union. It is, like I said, a confederation of Member States based on unanimity. The consequence of it is that if some of the heads of state think that we have to follow [Ferguson](#) and half of the other heads of state think that we have to follow [Krugman](#), for example—well, nothing is happening in the European Union. We are debating about the best way out of the crisis. But it continues to be a debate. No real action is undertaken.

That is the problem. It is an institutional problem, a political problem. And we all know that institutional and political problems are key for the economy.

I am a big fan of another book that has been written by two Americans, [Acemoğlu](#) and [Robinson](#), [Why Nations Fail](#). So if you need to have two professors here at once, you have to invite them, because I think that *Why Nations Fail* is one of the most important books that has been written in the last decade. They say, "It's not about the economy, stupid; it's about politics, stupid," if I can use—you know the [phrase](#) better than I. And for a politician, that is a very important book, because they are saying, "Yeah, what we are doing is important, even more important than what the economists are thinking or analyzing." They have said, "Well, if you don't have the right institutions, if you don't have the rule of law, if you don't have property rights, if you don't have a democracy, if you don't have human rights, then your performances on the economic field will be poor."

The whole book starts with a fantastic story about Nogales, a city on the border between Mexico and the United States, and north Nogales is in America and south Nogales is in Mexico. The same people live in north Nogales and south Nogales; they have the same parents; they have the same diseases; they eat the same food. Nevertheless, in the north they are five times richer than their counterparts in the south, than their family in the south. Why? Because there are good institutions in north Nogales—rule of law, no corruption, stable property rights—and there is quite the opposite in the south of Nogales, with all of the consequences.

Well, the same is true for the European Union. The European Union for the moment has a problem. It still does not have the economic growth of the United States. It has not emerged from the financial crisis of 2008—even when the financial crisis started here, in the United States, and not in Europe—because we don't have the right institutions. We are still a confederation acting

too slowly, too little, too late in everything that we do.

The book continues to explain then what is absolutely necessary, and on many pages and in many chapters I make a comparison with what is happening in the United States.

If you want a stable currency for the moment and a successful economic policy, you need to underpin the single currency not only with a so-called stability and growth act and not only with the European Central Bank. No, you need a government; you need a treasury; you need at least a partial common management of your debt; you need everything that is necessary for a currency.

What happened in America? In America you started in 1787 with a federation, and then [Hamilton](#) came and said, "We need a treasury and we need also naturally treasury certificates," and there was the big battle with [Jefferson](#), and finally the deal was done; Hamilton got his treasury certificates and Jefferson got Washington as the capital of the United States of America. That was the deal that was done. I am always joking in Europe in saying that maybe we could make the same deal: we make Berlin the capital of Europe, and they agree on euro bonds, and then maybe we can emerge from the crisis.

But the reason I am telling you that is because it's obvious that in America: first a federation, then a government, then a treasury, then treasury certificates, and only then, in the beginning of the 19th century, did you start with the dollar. We are far more intelligent. We start with a single currency in the euro, and then after a while we say, "Oh, shit. We don't have a proper government; we don't have a treasury; we don't have treasury certificates; we don't have all the tools and the instruments that you need to have a currency."

We don't have also on the European level a budget to underpin that. The budget of the European Union, the so-called "European superstate" that we have created, is 1 percent of the European gross domestic product (GDP). I call it a joke. The federal budget of America is 23 percent of the American GDP. In a confederation like Switzerland, for example, it is 15 percent of their GDP. It is impossible with 1 percent to govern a single currency and have a common economic strategy in the whole of the European Union for the moment.

But it is the same also on other issues. For example, we start with Schengen, so there is freedom of movement internally in the European Union, without first of all starting with a European border and coast guard. If you want to have freedom of movement inside, I think always the first thing to do is to manage together the outside protection of your border, and to do it in an appropriate way, not to be depending on whether one or another national authority in Greece or in Italy is doing or not doing their job.

Today we have now created this European border and coast guard. The budget of the European border and coast guard is €254 million. Do you know what your budget is in total for the American border and Coast Guard if you take the budget of the Department of Homeland Security

and take out everything that that is concerning immigration, customs, border control, Coast Guard, and so on? It is \$32 billion, and the total Homeland Security budget is more than \$60 billion.

If you want to start with Schengen, the first thing to do is really good management of your external border before you can say, "Oh, and then I abolish the internal borders" in the European Union. And I can continue like that.

On the fight against terrorism and criminality—I always give the FBI as an example, and European politicians say, "No, no, that's not necessary. We are going to better coordinate the efforts on the national level." But you know better than I do that when President [McKinley](#) was [murdered](#), that was the reason for creating the FBI, based on the idea that there are some crimes that are so important, that are interstate—"transnational" we should say in Europe—that you need to have a "federal" bureau of investigation, that you cannot solve on the level of one or another state, or as we say one or another nation-state.

And the same is true for defense. You cannot say that Europe doesn't do any defense effort. We have in total with the 28 Member States a budget for defense that more or less represents 42 percent of the American defense budget. You can say that is not a lot, 42 percent, but the American budget is a big budget on military and defense. The European Union represents 42 percent of the American budget. But that's the input.

Now look to the output. We are only capable of doing 10-12 percent of the operations of the American Army. I did not study mathematics; I'm a lawyer, so I can be wrong. But if I can count a little bit, if you spend 42 percent of the American budget and you can only do 10-12 percent of their operations, you are three to four times less effective. That is the reality. It is obvious why it is like that because we do the same thing 28 times. We have 28 times a strategic air transport, tactical air transport, and so on.

So the first thing to do is not to increase budgets in Europe; the first thing to do is to create a European defense community, not outside the North Atlantic Treaty Organization (NATO) but inside, as the European pillar next to the American pillar, to make NATO also more effective.

And I can continue like that. I spoke about the single currency. I spoke about the fight against terrorism and international crime. I spoke about migration and refugee flows. I spoke about defense. Every time what you see is that there is a lack of European capacities, European capabilities, to create a European Union that can really deliver, that can act rapidly, and that can act effectively.

But certainly you have heard from many—maybe European—friends you have who tell you, "Yes, okay, that's a federalist idea, and in fact the people in Europe do not like that. They don't want such a European 'superstate' of 1 percent of the European GDP."

Well, the opposite is true. What people don't like is the European Union as it works today. They are very critical. That is the reason why we have this rise in populism and nationalism in Europe. By the way, populism and nationalism in Europe, we have a patent on that, and I think it's more the nationalists and populists in Europe that have influenced Trump than Trump has influenced our nationalists and populists. We have a long history with nationalism and populism. We had in the 19th and 20th centuries more than 20 million deaths on the European territory because of populism, because of nationalism, and fascism, and [national socialism](#), and you name it—[ethnic cleansing](#)—everywhere, in the four corners of Europe, 20 million. There is not one family in Europe who does not have a brother, a grandfather, a grandmother, who has not been a victim of this slaughter in the 20th century.

Nevertheless, people are looking and are in fact following these nationalist and populist rhetorics because they see a European Union that is not effective, not capable to overcome all the crises we are facing today—the [refugee crisis coming from Syria](#); the [migration crisis](#) coming from Africa; the ongoing financial problems we have with our banks and the economic fallout of this in the South of Europe, where we have nearly 1 percent growth; our geopolitical weakness that translates itself into our weak attitude toward [Putin](#), for example, or our incapacity to intervene in Syria, while, I think in Syria it is a common responsibility between Europe and America, but that will be for history and for later.

It is not abnormal that citizens in Europe are following the rhetoric of these nationalists and populists, because they see a European Union that is not capable of dealing with all these crises. While naturally, if you ask European citizens in the same survey, "What do you think? Is it necessary that the European Union develops more policies to fight against terrorism?"—70-80 percent of the people say "Yes." "Is it necessary that we create a European army?"—70 percent of the citizens say "Yes." If you ask them, "Is it necessary that we develop an investment program on the European level to fight against the fallout of the financial crisis?"—70 percent say "Yes." "Is it necessary to save banks on the European level to clean them up?"—60-70 percent say "Yes."

So people are very critical toward the European Union, but they are not critical toward the idea that it is on the European level that you have to fight against terrorism, that you have to fight against climate change, that you need to tackle the financial crisis and the economic fallout of it. So it's not true; people don't see for the moment a vision, a project, that can solve these crises, and they fall back into the classic nationalist and populist rhetoric.

It is so easy for a populist to say, "Yes, the European Union doesn't work. Let's go back to the old-style nation-states of the 19th century and at the beginning of the 20th century." It is easy to make that case. It is far more difficult to explain that the problem is not Europe as such, but that we need to reform Europe, to make it a real federation capable of acting not only in the economic field but also by establishing a defense union, by establishing a European investigation capacity, by establishing a real European border and coast guard to protect our external borders, which is

nearly the case today. That is what the book is about.

My proposal is that we use the Brexit negotiation of today also to launch a second track in which we reform the European Union and we make it fit for purpose, fit for the future. It is not necessary to invent a lot of things. We simply have to go back to the founding fathers of the European Union in the 1950s.

We were talking about the European Coal and Steel Community (ECSC). It started there, in the beginning of the 1950s, with six countries—three Benelux countries, Italy, France, and Germany—coming together. After they started with the European Coal and Steel Community, they were so positive that they said, "Oh, we have to go further."

They developed a first constitution for the European Union in 1952-1953. We call that the "Constitution [von Brentano](#)" because it was a German who was responsible for it. This constitution—yes, it was not a copy-and-paste of the [American Constitution](#), but it was based on the same principles: It was a political union; it was a defense union; it was a European Parliament controlling that; it was a small executive; it was a senate representing the Member States in one or another way; with a budget, with taxation. It is normal that you collect income to finance your public good.

So it was not a copy-and-paste of the American Constitution, but it was inspired by the same basic ideas. There are no miracles in politics. There are a number of basic ideas to govern a country, and certainly a federal state or a federal entity. And then what happened I think was a disaster for Europe. In 1954 the French National Assembly refused the defense union, for different reasons, but the main reason was that the prime minister at that moment, [Pierre Mendès France](#), was new, and it was a project of his [predecessor](#), so he didn't defend it before the National Assembly, before the French Parliament. He didn't "launch the confidence vote," like we say, to go through with that project.

Once the defense union was refused by the French, there was no longer a need for a political union. There was no longer a need for that constitution, a constitution that was accepted by a big majority, with unanimity, of the representatives of the six Member States of the European Coal and Steel Community, with unanimity except for five abstentions—not so bad in politics, unanimity besides five abstentions.

But okay, it was refused—"not ratified" as we say—by one of the Member States. You were far more intelligent because in 1787 there were at least four of the states that did not agree with the transformation of the confederation into a federation. What you did was say, "Well, there is a new rule, now nine of 13. There is a new majority rule, so you can enter or you can leave." All four—the last was Rhode Island, if I don't make a mistake—entered into the federation.

Not in Europe. In Europe the whole project—the constitution made by the founding fathers,

[Monnet](#), [Schuman](#), [Adenauer](#), and all these people who worked on this, who found the real answer to the atrocities of the Second World War—the whole project was put in the freezer I should say, and they agreed then to do something on which everybody agreed, to make a customs union. That customs union became the [Treaty of Rome](#) in 1957. We are all going to Rome in a few weeks, on the 25th of March, together for festivities there to remember this important Treaty of Rome.

In our universities and in our schools, when we talk about the European Union, they tell us: "Oh, European Union, that started just after the Second World War. It was the answer to the atrocities of the Second World War. And it was a big success. We started with the European Coal and Steel Community, and then, step by step, we built up the European Union as today." It's a lie. The reality is that it was a failure from day one. Because at the moment we needed to push forward and to create a federation, that attempt to do so was stopped in a brutal way, and the only thing we could do was to create the customs union as we have today.

So I think the moment is there—I know I'm already going over my time, but that can happen with a politician. That is a risk that you take with a politician, certainly a European politician.

I will conclude on this. What I am proposing is that we go back to the ideas of the founding fathers and that, in parallel I should say with the negotiations on the Brexit, which will lead to a new partnership with Britain, we also put in place this new, modern, effective European Union. That doesn't mean a European Commission of 28 portfolios because there are 28 Member States. That means a small, real European government controlled by two bodies, a parliament representing the citizens and a senate representing the Member States, with a real budget, with a defense union—with everything that is needed to make the Union more effective.

I conclude then with the question: What is now in the American interest: To have such a European Union that can be the ally of America because we share the same values in an insecure world with China and with Russia; or a disintegrating Union, as Trump was referring to? I think it would be a big mistake to give up the trans-Atlantic defense partnership—a big, big mistake. We share the same values. What the American president has to do is to push the European Union toward unity, to go further in their integration. That is the interest of America.

And certainly, not to fall into a period of protectionism. Protectionism has never created, in the midterm or in the long term, wealth or jobs. It gives the illusion that you can safeguard in the short term maybe a few jobs. But what you do, in fact, is you make all goods, all services, more costly. You reduce the purchasing power of poor people. That is what in the midterm protectionism is doing.

So what we need is an America, a United States—and that is the reason why I am so happy that this book has been published in America—based on its own fantastic experience and history that will push the Europeans in the right direction. That is far better than to embrace a British

politician like Mr. [Farage](#) because he wants to disintegrate the European Union.

A last element that I want to say is the reason why we need to go further in this trans-Atlantic relationship is also to remember all those people who fought for it. I come from Belgium. What is the biggest battle of the American Army? The [Battle of the Bulge](#) in Belgium, which finally defeated Nazi Germany and [Hitler](#). We can never forget it. We have a shared history. We have shared values. And nobody—not even an American president—can take that away.

Thank you very much.

Questions

QUESTION: James Starkman.

Mr. Prime Minister, thank you very much. Problem solved: the United States of America and this administration would be very glad to annex the European Union as their 51st state. That would take care of the whole thing.

GUY VERHOFSTADT: I know an island in Italy that wants to become the 51st state, [Sicily](#). You know that.

QUESTIONER [Mr. Starkman]: Adenauer, [Schröder](#), and [Angela Merkel](#) were certainly the strongest leaders to focus on and push through the solutions that you suggest. Is there any leader—because Angela Merkel seems to be politically fading in her influence to some extent—on the horizon that you can see who might lead the charge?

GUY VERHOFSTADT: What we see for the moment is that, besides nationalists and populists, we see emerging new political parties and movements in Europe that are defending what they call "citizens' interests" and are very pro-European. So I know, when in Koblenz, Germany, five or six of these populist leaders [come together](#), you find it on every TV screen. When these pro-European forces gather, you see nothing on your TV screen. It is not very "sexy" to show these leaders.

Nevertheless, they exist. For example, in my movement, in Spain we have a new movement. The name is [Ciudadanos](#). That means "citizens." A young leader, [Rivera](#), had an enormous, fantastic result in the [last election in Spain](#)—totally new, 100 percent pro-European.

In Poland we have a new party named [Nowoczesna](#). I am not very good in Polish, but it means "modernity," "modern politics" there, and it is a citizens' movement. The citizens' movement there is in fact leading the opposition against the old-style conservative government there, and they are rising in the polls and organizing [meetings in the streets](#)—not of the magnitude that [you did](#) recently—but at least several hundred thousand Polish citizens going into the streets to ask for more Europe, not less.

We have next to that, in France, for example—I do not know what will happen; are you following [that?](#)—[Macron](#), a new independent political leader. Macron is a very pro-European politician. He has said, "The only real sovereignty is not the French sovereignty but the European sovereignty." I have to tell you, for a French politician that's great—I never heard something like that—and he is rising in the polls.

So it is not true that all the people in Europe are following these nationalists and these populists. They represent maybe 100 to 140 seats in the European Parliament of 750 seats. That is a lot; that's important. Maybe they are going to win the elections in a number of countries, but certainly they will not take over power in France or in the [Netherlands](#) or in other countries.

Moreover, what we see for the moment is that, after the Brexit, in a number of Scandinavian countries, like in Holland, there is more and more support for the European Union. The reaction of many people is: "Yes, we are also skeptical toward Europe. Yes, it can be far better than they are performing now. But leaving the Union? We don't want to be like Great Britain." So there is a reaction to that.

I should say, when the thesis today in Europe is populism and nationalism, the antithesis is already born. It exists by the emerging of political parties, groups, young politicians of 30-35 years old, who are defending these ideas and proposing them.

That is needed. You cannot expect from ordinary citizens that they wake up in the morning and they say, "Oh, I have a solution: We need more Europe." It doesn't work like that. You need politicians to develop a vision, a project. And politicians are there not to follow the public opinion; they are there to guide the public opinion, to say, "What is the direction for the future?" That is what we desperately need.

But I think, with the leaders who are emerging for the moment in France, in Poland, in Chechnya, in Spain, and maybe tomorrow in other countries, this pro-European force will be there and will finally beat nationalists and populists, because we have not forgotten what in fact nationalism and populism have done to the European continent, what disasters, what atrocities, what tragedies, have been created by these political movements in the past.

QUESTION: Thank you very much for your remarks, Prime Minister. My name is Fabio Pereira. I work with the United Nations system a little bit.

Outside of Brexit and the sort of stylistic musings of the new administration about NATO and the sort of traditional alliance, what are some of the events that you see on the horizon for this year that might help to better shape the trans-Atlantic relationship, and indeed shore up support in Europe?

GUY VERHOFSTADT: I think it's very important for the trans-Atlantic relationship that Europe get

its act together; that Europe starts to think about a defense community; that Europe stops thinking, "Oh, when we have a problem in Kosovo, it will be the American Army who is doing it." No. There are common causes, common problems, common conflicts that we have to resolve, and that means that we need to take up our responsibility.

I can tell you when I was prime minister, five years ago I was talking about European defense, and everyone was saying, "What is he talking about? It's not necessary. We have NATO and, okay, the Americans will do the job." This is over. And that is not since Trump.

Already Obama, when he came to Europe, in an important [speech](#) in Hanover and in a long [interview](#) I think in The Atlantic, had indicated that the period of "free rider"—Europe is like a free rider—is over, that we need to take responsibility. But again, I repeat, that is not a question of putting from day one more money in Europe. That means to put together all of the capacities and the capabilities that are there and to eliminate all of the duplications that are there.

I can tell you that in Europe on military matters we have bilateral cooperations between the Netherlands and Belgium, between the French and the Germans, between the French and the Italians, between the Baltic States, between the Scandinavian states. All of this is fine, but that does not make a defense community. A defense community is something different, and a defense union is certainly something different.

So what I expect—and we are starting on this—something that was impossible five years ago becomes possible now to talk about and to develop. That will strengthen, I think, the trans-Atlantic relationship.

Another thing, on trade. I have seen, as you have seen, that the American president has stopped the [Trans-Pacific Partnership](#) (TPP) and will renegotiate the [North American Free Trade Agreement](#) (NAFTA), has not used the words [Transatlantic Trade and Investment Partnership](#) (TTIP), and there is a free trade agreement with Europe. We will go full speed. We will in two weeks re-ratify in the European Parliament the [Comprehensive Economic and Trade Agreement](#) (CETA), the free trade agreement with Canada. I think within a few weeks we are going to be ready with a free trade agreement with Japan. We are working on a free trade agreement with India, and so on and so on, and most of South Asia, because I continue to believe that a good trade agreement creates jobs and does not destroy jobs, certainly not in the mid term and the long term.

And then, defending our common values. Let us never forget—you know that famous book of [Francis Fukuyama](#), [The End of History and the Last Man](#)? It's not the end of history. We need to continue to fight for rule of law, human rights, and democracy. There are hundreds and hundreds of millions of people, billions of people, not living in a democratic society, in a world where the rule of law is the basic principle. That is our common goal, and it needs to be our common goal.

QUESTION: Mike Koenig, Long Island University.

You mentioned control over the European Union's external borders. It appears that control of internal borders was a major factor in the Brexit decision. In the discussions with the United Kingdom and the European Union before that, was there any discussion of a compromise –something like, "We all agree to the Schengen principle of unlimited mobility within the European Union in the long run, but every country is allowed to limit, let's say, to 4 percent the number of citizens from within the European Union that it allows into its country per year?"

GUY VERHOFSTADT: I know that was a major point of the debate in the Brexit, and moreover the "Brexiters," the "leave" camp, has used that as their main argument. The "remain" camp was talking about economics, and the leave camp was talking about migration. They find there is too much migration in Europe. I am talking now about migration inside Europe, because that was the main argument, not from outside the European Union—"There are too many Polish plumbers coming to London," and things like that.

What do you think labor mobility is in Europe? The labor mobility in Europe is 1 percent. It is 10 times less than in the United States. Labor mobility in the United States is 10 percent.

The consequence of the labor mobility of 1 percent is that there are more than 2 million vacancies in Europe at the moment because of a lack of labor mobility. So I think we need more labor mobility in the European Union to safeguard our common European future, to develop our economy, and that there is not an over-mobility and so on.

The Member States have the possibility within the treaties of today to limit the number of benefits so that we do not create mobility to shop for benefits in one or another country. That can be limited to every country.

Mainly the Brexiters, or the leave camp, have used the migration argument. But the real purpose is you have to go outside the European Union. They don't like the European Union. And they have abused, in fact, the argument of migration and made it—I saw posters during this campaign that reminded me of propaganda of the 1930s and the beginning of the 1940s in Central Europe, showing all migrants coming in a long row who would overtake Britain. I can tell you the propaganda we saw and the posters we saw during that campaign were not very beautiful and reminded me of the darkest years of European history.

QUESTIONER [Mr. Koenig]: If [Cameron](#) had been able to come home and say, "We've got a deal. No more than 2 percent" [off-mic, inaudible].

GUY VERHOFSTADT: He got the deal. The deal was not bad. I negotiated the deal for the European Parliament, together with two other colleagues, directly with David Cameron. He got an opt-out on the political union, first of all. So it was not necessary that he continue with Britain

exits the political union and we, 27, want to go forward. There was also a special treatment to limit, certainly, benefits toward people who were coming into Britain. That was possible.

But let us be honest. After the deal was done with David Cameron, it was never used in the campaign. You know how a [referendum](#) is? A referendum is fantastic. But if you organize a referendum on a complex item like this, I don't know if a referendum is the best way to deal with it, because you have to say yes or no, and one is saying yes or no for maybe completely different reasons.

Finally, I can tell you that what I am receiving as a Brexit negotiator is more and more an increase of letters from British citizens who tell us, "Please do all that is necessary so that we can keep our European citizenship." But, okay, the decision has been taken. I think that we have to respect the outcome of the referendum. There is no other way to do it. It will be a negotiation that will start, as you know, by the end of April/beginning of May, in the next weeks.

QUESTION: Sir, my name is Ryan Torres. I'm from the United States Merchant Marine Academy. I want to thank you for taking the time to talk today.

I worked alongside European, including Belgian, navies, and they are a fine force, and I want to put that out there.

You were talking about defense. Could we go further into peacekeeping within European borders, in places like Transnistria, in Kosovo, in Crimea, and even in the Basque region? Where do you think the "European pillar," as you said, of NATO belongs in that category?

GUY VERHOFSTADT: Yes. [Transnistria](#), I do not know if we are capable to go there to solve the problem. It is a "frozen conflict," as you know. You know that Putin and Russia have a policy, and it is that they create frozen conflicts. They enter into a conflict and then they make an agreement, and that becomes then a frozen conflict. The list of frozen conflicts is a long one—the [Crimea](#) is a frozen conflict, certainly, and [Eastern Ukraine](#) could become a frozen conflict. That is a tactic, that is a strategy, to have influence in a number of countries.

I am not in favor to now say, "Oh, we create a European defense and then we are going to show our muscles and enter into the frozen conflicts." I hope that we can solve the frozen conflicts with negotiations and diplomacy.

I think we need a bold attitude toward Putin, not a bold attitude toward Russia. I always make a distinction between the Kremlin and Russia. In fact, Russia is Europe. It is European culture. For me, Europe starts at the Atlantic and ends at the Volga, because in this whole part of Europe you are going to see and read the same literature, have the same music, the same architecture, and the same trends that makes it part of one civilization.

The problem is that with Putin, and before that naturally in another area, we have an autocrat,

and this autocrat does not want a society based on the rule of law, based on human rights, based on real democracy. In my opinion, there has not been an honest election there in the last 10 years, a real election there. It is all manipulated.

So I think that the time is ripe that we develop a new strategy toward Russia where we have a positive agenda toward Russia concerning visas, traveling, economic cooperation, but linked to an agenda to restore democracy and rule of law and political reforms in Russia. I call it "Helsinki 2.0."

Do you remember the first [Helsinki process](#)? In the first Helsinki process, we changed our attitude toward the Soviet Union and said, "If you do a number of reforms in your society, on the political side, we could do business with you economically." And it worked in the end. Finally, it was the end of the Soviet Union.

I think that we need not a copy-and-paste of that Helsinki process—that is the reason why I call it the "Helsinki 2.0 process"—in which we could show our willingness to have a common future together, certainly economically, but that we, as Europeans and as Americans, ask them also for a number of political reforms. And in that process, naturally, it will be absolutely necessary, for once and for all, to try and solve the so-called "frozen conflicts," even when I can tell you they are frozen as never before for the moment, if you look at them.

QUESTION: Sondra Stein.

What do you think Europe's position should be in negotiating with Britain, which also might be an example for other countries considering a Brexit?

GUY VERHOFSTADT: The position of Europe is very clear: We say, "Okay, if Britain, based on the referendum, wants to go out of the Union, out of a single market, out of the customs union, and out of the European Court of Justice—okay, that's their choice." But they cannot expect then to start an exercise of cherry-picking and say, "We are out now—and, oh, that's an interesting thing; that we want. Oh, that's an interesting program; that we like." We will never allow that you can have a status outside the Union that is more favorable than to be a member of the European Union. That is not possible.

And we will certainly not allow that you can pick and choose the so-called "four freedoms"—the freedom of goods; the freedom of services, mobility of services; the freedom of capital in Europe; and the freedom of people—in Europe, which are linked to the European project. We will not say, "Oh, yes, the European project in the future, that is everything but not the freedom of mobility of people." That is part of it. You cannot pick and choose and say, "Yes, I want capital," for example, because your city is London.

QUESTIONER [Ms. Stein]: So there really isn't room for negotiations.

GUY VERHOFSTADT: There will be room for negotiations, but based on basic principles

–reciprocity; based on principles like, "We will not undo the basic principles of the Union, the four freedoms."

And another—this is not about revenge or punishment; it is a decision taken by Britain. As I already indicated, in my personal opinion, we need also to be generous toward those British citizens who want to continue their European citizenship and want to keep that link, that European identity. I have to tell you, every day the number of requests in that sense, in which British citizens are expressing their closeness with Europe, is growing and growing.

JOANNE MYERS: Although we have not run out of questions, we have run out of time. I would like to invite you all to join us and continue the conversation.

And a very big thanks to you for such a wonderful presentation.

GUY VERHOFSTADT: Thank you.

Copyright © 2017 Carnegie Council for Ethics in International Affairs. All Rights Reserved.