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This matter of the Euro is not just the future of our common single currency, it is quite simply the future of Europe. The past in Europe is made up of 2,000 years when there were more periods of war than of peace. We have had two world wars which were European struggles. Between Germany and France, we have come into conflict three times in seventy years. Today we are in the longest period of peace that Europe has known since the Roman Empire. After the war, we had to organise reconciliation in difficult circumstances. This was done around France and Germany precisely because of the past. It was done by starting with the economy because that was the only realistic way to build relationships of solidarity between our peoples.

We have succeeded beyond all expectations since, if you ask France today: “Who are your best friends?” Overwhelmingly the answer is: “It’s the Germans”. If you ask the Germans: “Who are your best friends?” Overwhelmingly the answer is: “It’s the French”. So we began by putting coal and steel together because we make guns from coal and steel, and then we set up a common market.

During this time the European Union, which started from that common market with six founding countries (less than 200 million people), has been gradually enlarged. Six, nine, ten, twelve, fifteen and then, at the start of the decade of 2000, we made a considerable leap forward by absorbing ten countries, then twelve, all in one go. That is to say 100 million citizens who were on the other side of the iron curtain and who we brought together at a stroke in peace, democracy and security.

What I am going to describe to you here is an adventure which has no precedent in the history of humanity, and which has no equivalent in today’s world. It is unification, by a democratic process and not by war, of 500 million Europeans who are in the process of building a common destiny. That is what is at stake today.

Why did we want the Euro? For two reasons. The first is that when you have a common market, you need a common currency. Imagine the United States with different currencies, one for Texas, one for California, one for New England. It would be absurd. In Europe, we have a single market, which is as integrated as that of the United States. So we need to have a single currency. The second reason is linked to history. At the time of the unification of the continent with the fall of the Berlin wall, we saw the unification of Germany. François Mitterrand, at the time, was uneasy at seeing Germany, which had the same population as France, suddenly become a country of 82 million people on reabsorbing the GDR. He was not against it. He simply wanted this great enlargement to be accomplished at the same time, for us to progress in the task of reinforcing the structure so that Europe would not fall apart. This is why Helmut Kohl and François Mitterrand decided to set up the Euro.

I was fortunate enough to take part in the final negotiation of the Euro between Jacques Chirac and Helmut Kohl. We knew that the Maastricht Treaty was not perfect, and we knew that what followed would not be perfect. Why? Because selling the Euro to the Bundesbank and the Germans was very difficult. Abandoning the Deutsche Mark, the very symbol of Germany’s success after two periods of hyperinflation, was a great achievement for Chancellor Kohl. In the final negotiation, there was no question of having clauses to exit from the Euro because that would have signalled an anticipation of the Euro failing.

We have to live with these legacies from history, and to see to it that the Euro is a success. We have a situation today that is rather paradoxical. If you look at the Euro, in terms of inflation, it is an even bigger success than the Deutsche Mark. The rate of inflation in Europe is less today, and even since the beginning of the Euro, than it was when we had different currencies, and especially the Deutsche Mark. Secondly, if you look at the Euro zone, our situation compares favourably with other countries. If you take public debt in the Euro zone, it stands at an average of around 85%, which is, by the way, the rate for France and for Germany. It is lower than what public debt is in the United States, as that is around 100% of GDP, and of course lower than Japan's which is 200% of GDP and even more.

If you look at our budget deficits for the Euro zone, on average the deficit is currently 4.1% of GDP, which compares favourably with the United Kingdom for example where, I believe, it is over 9%, or the United States where it is approaching 10% of GDP. On the whole, we have a Euro which is strong. If you had bought the Euro when it was introduced, you would have done well. The Euro was introduced at 1.17 dollars, today it is 1.34 dollars. You have in your hands a strong, stable currency, with countries which, on the whole, are in better shape budget-wise and in terms of debt than the United Kingdom, the United States or Japan.

So, where is the problem? Why this crisis? There are two main reasons. The first has a name: Greece. Greece entered the Euro because it wanted to, but it was not ready. In the Euro zone we have all experienced easy years.

The interest rates we have had in each of our countries, since we've had the Euro, have fallen sharply to the levels Germany had and even lower. In Greece, and also in Spain or Portugal, it was possible for families, for States, to borrow at rates which fell sharply to a very attractive level, and that was how in Spain, for example, the property bubble was created. In Greece, the government failed to keep enough control over its escalating debt. So we found ourselves with a country that had diverged massively from the core of the Euro zone, with debt standing at 165% of GDP. We needed to deal with the debt problem of Greece. We have done so, in the circumstances that you are familiar with, by a decision that has weighed heavily, that of involving the private sector.

You can argue about it ad infinitum: should we or should we not ask the banks to take a loss of 100 billion Euros? It is a debate that we can have. Anyway, the decision has been taken. What is certain today is that Greece is back on a curve that allows it to meet its payment deadlines, with debt due to fall to 120% of GDP by 2020 and with a government willing to take all the necessary decisions to stay in the club. We are confident that this government is capable of facing up to the situation, but in this process we have partly destroyed confidence in the Euro by involving the banks. That is the first reason.

The second reason also has a name; it is convergence or rather the absence of convergence. We have, in the seventeen countries of the Euro zone, situations which indicate that some are gradually diverging from the core of the Euro zone.

This also serves to undermine confidence because, quite rightly, economists and the markets question how a zone of seventeen countries can go on for long with a single currency and with economies that are diverging, particularly in terms of competitiveness. We have a big task ahead of us. Some say: “You are much too slow”. It is true that we are not working at the pace of the markets. And for a reason! We are not the markets, we are seventeen democracies. When I think of my American friends and the difficulty they are having finding a solution to the problems existing between Congress and the U.S. President, I ask for a little understanding for seventeen democracies which likewise have to adopt difficult measures. But with seventeen, it means that each country must have the necessary democratic debate and a joint solution must be reached.

We achieved this during that long night of the 8th to the 9th of December. We adopted as our rule five key words. The first was convergence of our economies. There is no future for the Euro if there is no convergence in our economies. The second key word was discipline. This was not to please Chancellor Angela Merkel, it was quite simply because, without budget discipline, there comes a time when the debt grows, when you need to revert to sound policies. The third word was solidarity. Because if there is convergence and if there is discipline, then it is normal that there should be solidarity among the members of the club of seventeen countries in the Euro zone. The fourth word was integration. Precisely because convergence, discipline and solidarity will lead the countries of the Euro zone towards even closer integration. The final word was competitiveness. Because this path I have just described will make us more and more competitive with the adoption of structural reforms, which we are going to discuss in the first half of 2012.

So, countries that are not so competitive will be able to catch up with the more competitive ones in the Euro zone. Of course we need to help them to do this, and we are going to do so, and when we have managed to converge properly the whole Euro zone will be a highly competitive area.

I know that we have caused a lot of anguish right across the world. For a simple reason: we represent 30% of the world economy. When we have problems, these are naturally problems for the whole world economy. My message for you today is that we are aware of that. We have taken the decisions that were necessary to deal with these problems. We are absolutely determined to succeed. It will take years to put into effect what has been decided. But I tell you this; don't count on Europe disappearing from the stage of history!

Not only are we determined to save the Euro, we are also determined to be one of the most competitive groups in the 21st century world.

So what happened on this famous night of the 8th to the 9th of December? I see the headline in the Financial Times this morning: "Veto by David Cameron". That is not exactly what I witnessed. We would have wanted a twenty-seven nation reform treaty. Because we are the family of twenty seven with the common institutions: the Commission, the Court of Justice, and the European Parliament. But that would have assumed that everyone was ready to implement the five words I have just mentioned. To obtain that, there was no price to pay because the survival of the Euro is in the interest of everyone, including the British. We accepted an opt-out for the British and also the Danish. They are not part of the Euro zone by choice, but when the Euro zone needs to integrate more, they cannot veto it.

They can no longer impose conditions. It is very important for the United Kingdom to keep the single market, and the single market includes financial services. We were unable to accept an opt-out for, if I may say, the City because that would have undermined the single market in the financial markets. The seventeen decided to go ahead with a treaty which will not be a treaty of the twenty seven, and we said to all our partners, including the British, that if they wanted to join us they were very welcome. At the last count, we will probably be twenty six, that is, the seventeen plus nine who have said: "We want to join you in the Euro zone and to join you as soon as possible. We want to be part of this task of integration". And then there were some who said: "We really need to consult our Parliament". The final result is likely to be, and we regret it, an intergovernmental treaty of twenty six, maybe twenty four or twenty five, without the United Kingdom.

But all in all, this decision to build an intergovernmental treaty is a blessing. Why? Because when we negotiate a treaty among twenty seven, we must go through a very long procedure. First we have a convention that goes to work and decides unanimously; then we have an intergovernmental conference; then the European Council decides; then we have the process of ratification. Now the clock is ticking. We must decide and move forward very quickly. The fact that we cannot have this long treaty procedure with twenty seven, like the treaty of Lisbon for example, with ratifications difficult in some countries (the Irish referendum, etc.), in reality will allow us to go much quicker, and that is a very important advantage.

When Angela Merkel and Nicolas Sarkozy said: "We want results from March and if possible before that", they knew that it could be done, precisely because we are going to negotiate an intergovernmental treaty, something – for the specialists – like the Schengen Treaty. We are going to do this by bringing in from the start, over and above the seventeen of the Euro zone, all those who want to join us.

This is really another Europe, which is going to add further to the Europe of the European Union of twenty seven. It is a much more integrated Europe, much more competitive in its objectives, determined to make the Euro a complete success and to take the measures necessary to that end.

And we will put an implementation clause into the treaty which will allow us to go ahead without waiting for all ratifications. If our Irish friends need to have a referendum for example, or if our Slovak partners have problems in Parliament, we will still put the treaty into effect. We have not yet decided, but we need a clause to say that, after a certain number of ratifications, the treaty will enter into effect between all those who have already ratified it, and the others will join us as and when they ratify it.

As you can see, these are absolutely fundamental decisions which have been taken. As you have seen, the European Central Bank, the fully independent status of which is naturally strengthened, has decided to support this move by lowering its key rates to 1% and by authorising all European banks to borrow from the ECB, without limit, at this rate over a period of three years. We hope that this series of decisions will enable us not only to reassure the markets but to move ahead very quickly towards this “Europe Plus”, if I may say that we all aim to build in the Euro zone and around it.

I thank you.