

JOAQUIN ALMUNIA

Vice-President of the European Commission

First of all, I would like to thank Antonio, Thierry and the organisers of this conference for once again inviting me to take part in these debates.

Are we emerging from the crisis? Clearly it's a pertinent question, but the answer depends on who you ask. If you put the question to the majority of European citizens, they would probably answer that the crisis is deepening. Public opinion is currently affected by the consequences of the crisis, although not to the same extent in all European countries. There are considerable differences. Unemployment rates in Austria, the Netherlands and Germany are probably lower now than before the crisis. However, the unemployment rate in my country, Spain, or in Greece, is above 25%. There are also lots of social tensions due to the consequences of the destruction of economic value which is taking place in some of our economies and countries.

There are three main reasons for this negative public opinion. Firstly, Europeans believe that a crisis which originated in the US, in the financial system in any case, has been imported to Europe. They also think that those responsible for the crisis are not making enough of a contribution to solving the problems they have created. And that "Brussels" – that distant entity which citizens imagine has all sorts of powers – is issuing procedures, making recommendations and reaching agreements on economic, adjustment and austerity policies which will not actually solve the crisis.

We have to acknowledge the existence of these points of view. When speaking to outside observers, they often make the logical criticism that it is difficult for the European institutions to make decisions. It was discussed again this morning. Such criticisms are aimed at Europe's leaders, both the joint institutions and national governments. I also regularly hear the following statement: "Your diagnosis of the crisis is completely wrong, so you cannot come up with real solutions because your diagnosis is incorrect." Incidentally, Mario Monti has just referred to this diagnosis and the whole problem relating to incorrect budget balances in some countries. These countries must work even harder to get out of the crisis.

There is also a tendency among Europeans and the various political circles to focus on individual interests and not pay enough attention to what is going on beyond our borders. This is known as "Inward Looking Europe": as we have lots of problems related to growth and employment, we don't pay enough attention to what is happening outside. In the long-term, that makes us lose sight of global issues, competition from other countries, their increased competitiveness, etc. And that is a significant risk to our future because Europe can only play an international role if its internal market is strengthened and made more competitive, and if the European Union comes out of this crisis stronger and more united.

Despite public opinion tending towards the negative, those of us who work within the European institutions on a daily basis are more optimistic. Why? Because I sincerely believe that we have achieved a lot, despite the difficulty in making decisions which I mentioned earlier. In fact, we have made numerous decisions, some of which are vital for Europe's future, such as those relating to financial sector regulation. We have initiated lots of reforms, not only in the public accounts of certain member states, but also structural reforms which had been delayed before the crisis. We have made major decisions to strengthen our governance and to equip ourselves with tools which are needed but which did not exist at the start of the economic and monetary union project.

As Herman van Rompuy said, we are working on the medium- and long-term with our roadmaps for economic and monetary union and the blueprint that the European Commission adopted last week to support the ideas of the President of the Council. Next week we will try to persuade the heads of state and government to adopt a medium- to long-term vision in order to better define the right decisions in the coming months and years.



We are working much better than at the start of the crisis, and we are starting to see positive results. Where we asked for significant efforts and sacrifices, we are also seeing reactions. That is Europe's biggest challenge – facing up to problems, coping with reactions and coming out of the crisis stronger than before.

Of course, we should not ignore the collateral damage which Antonio Vitorino spoke about earlier. In particular, there are outbreaks of nationalism which should not be encouraged, especially since in some member states they seem to be intensifying. We are also seeing, pretty much throughout Europe, defensive, nationalist reactions of “every man for himself”. This applies not only to important future decisions, major treaty reforms or big projects to share public debt, all of which are extremely politically important. For these major issues, it is almost understandable that not all member states respond positively the first time the question is brought to the negotiating table.

But, at the level of my direct responsibilities as competition commissioner, I also see these defensive reactions reflected in backtracking over certain aspects achieved in the internal market. This is an extremely worrying phenomenon. If the exit from the crisis – which, in any case, will last years – is accompanied by backtracking on policies which were integrated and applied community-wide before the crisis, we will have lost the battle. There will be no winners or losers; we will all be losers, across Europe. I have no doubt about that.

This risk of backtracking is apparent in financial systems and translates into, for example, the risk of renationalisation of some financial regulators in certain member states of the eurozone. It also translates into the risk of renationalisation of financial investments that we are seeing in eurozone countries, with, specifically, spreads which are too high and do not represent the real risks of each of the countries. Before the crisis, these spreads were too low, they ignored the risks; now they are too high and detached from reality.

These tensions on the financial markets show that market participants still think there is a risk of the eurozone breaking up. This risk of a break-up could, in turn, trigger backtracking in the operation of markets and financial flows within the internal market. And backtracking of this kind would be disastrous for us.

I also sense some backtracking in the energy sector, where, on the contrary, we should all encourage increased integration. For example, there have been attempts to renationalise energy strategies or state aid to support certain energies or sectors.

I also see these risks of renationalisation in the telecommunications sector. As competition commissioner, I must take the overall market into account when authorising certain merger operations. But at the same time the reality is that the major operators continue to be very proud of supporting national regulators which create national rules and prevent the elimination of obstacles in the internal market. That prevents the use at European level of a telecommunications market big enough to have powerful operators with a real vision of the future.

And yet these sectors are of primordial importance for Europe because they are among the fastest-growing sectors. That is why we need to get rid of the obstacles which exist and finalise the internal market in these areas. There is no place for the backtracking I have just mentioned.

So now we urgently need clarification. We cannot wait for the next European elections. We cannot even wait for the next German elections. Now is the time to try to clear up some concerns which will prevent a more rapid exit from the crisis. There are risks in the countries on the periphery of the eurozone due to the adjustments currently taking place, which are necessary but not giving the expected results. There are tensions, not only relating to the economy and unemployment, but also social tensions and political risks.

We need to put forward a joint vision of how to share out the stresses of adjustment and reforms inside the eurozone. The current situation, which began with the public debt crisis in early 2010, cannot carry on until 2015 or 2016.

We need to use the European electoral campaign of 2014 to organise a democratic debate and get European citizens involved as effectively as possible in this debate. We cannot accept that one of the negative consequences of the crisis is a loss of support for the idea of European integration as an opportunity for progress, for strengthening our freedoms and for consolidating democracy in Europe. We must not allow the crisis to have these kinds of consequences.



On the contrary, we need to complete economic and monetary union, strengthen the internal market and strengthen the European voice so that it has an influence on globalisation. We cannot complain about globalisation while at the same time trying to increasingly split up the response of European countries to our interlocutors in the large emerging countries or other large industrialised countries. Just as Sylvie Goulard did at today's lunchtime debate, we need to think about how to really improve the quality of European democracy.

There is no democratic deficit where there is a Parliament directly elected by Europe's citizens, and where each week a Commission answers to this Parliament which is the democratic representative of all Europeans, aside from the representatives of each of the national citizens in the governments of the Member States. But we need to recognise that the current system does not work perfectly. There are lots of things we need to improve before we can say to our citizens that decisions, even difficult decisions which must be adopted at the European level, are of the same democratic quality as the decisions adopted by their national parliament. We cannot give national parliaments responsibilities that they cannot translate into effective responses. We must therefore give the European institutions the same level of democratic quality that we have always given to our national institutions.

Thank you.