



1000 Brussels, 16 January 2006
Rue de la Loi 16
Tel. +32 2 2 501 02 11

THE PRIME MINISTER

**SPEECH BY PRIME MINISTER GUY VERHOFSTADT AT THE CSIS IN
WASHINGTON**

WASHINGTON, 17 JANUARY 2006.

Mister Chairman,

Ladies and Gentlemen,

Europe's dream of conducting a unified policy has been around for quite some time. I'm not talking about the imperialistic plans for unification hatched by Charlemagne or Napoleon or any nostalgic dream of the re-establishment of the Roman Empire or a Christian Europe ruled by some emperor. On the contrary, what I mean is the democratic dream of a United States of Europe, as invoked by such great Europeans as Victor Hugo or Winston Churchill.

And yet, the very first person to have this dream was not European, but American - and no ordinary American, but George Washington himself! Over two hundred years ago in a letter to his European friend, the Marquis of Lafayette, Washington wrote, and I quote: "I am a citizen of the greatest Republic of Mankind. I see the human race united like a huge family by brotherly ties. We have made a sowing of liberty which will,

little by little, spring up across the whole world. One day, on the model of the United States of America, a United States of Europe will come into being. The United States of Europe will legislate for all its nationalities".

Two centuries later, it has become clear that this comparison between America and Europe was an inspired vision. Indeed, the similarity between the historical development of both continents is striking, and more extensive than most people might imagine. A similar debate and discussion to the one currently going on in Europe took place in North America in the late eighteenth century, when America's constituent states joined together to form a federal state, the United States, to which they ceded significant powers. What's more, federal America gradually expanded from the Atlantic to the Pacific. The parallel is striking: not only are the EU Member States assigning more and more powers to the European Union, but the Union is expanding from the Atlantic Ocean towards the Urals. And the more I read about American history, the more similarities I found.

Following the outbreak of the American Revolutionary War in 1775, the thirteen new independent states that had formerly been British colonies formalised their cooperation. Adopting the Articles of Confederation in 1781, they formally created a Union that had already been informally established during their struggle for independence. Those Articles of Confederation created the United States of America, which did not have a government, but did have a Continental Congress in which each of the 13 states had one vote. The Union was weak. The Articles of Confederation allowed states to leave the Confederation if they felt that their freedom and sovereignty were threatened. Moreover, articles could only be

amended by unanimous agreement between all the members of the Union.

During the early years of the Articles, various attempts were made to give the Union more power, since discord had arisen between the states on how to regulate and tax foreign trade. Yet all these attempts failed, due to a lack of consensus. A few important amendments were defeated following their opposition by a single state. This situation irritated the first group of Americans, led by James Madison, who subsequently became better known as the 'Federalists', and in the end, the Federalists managed to convince Congress to arrange a Convention to improve the Articles of Confederation.

At the Philadelphia Convention of 1787 the Federalists drew up a completely new Constitution under which the Union had far greater powers. One article proved particularly important in this process. In contrast to the unanimity required under the Articles of Confederation, Article VII stipulated that approval by nine of the thirteen states was sufficient to approve the Constitution and bring it into force.

All this, greatly displeased the Federalists' opponents, or the 'Anti-Federalists', who opposed the Constitution for a variety of reasons. The main ones were fear of the power wielded by a strong, central government and of course the surrendering of power by the states themselves. Given the influence wielded by the Anti-Federalists, convincing America's citizens to embrace the Constitution was no easy task. So it's hardly surprising that in a number of states the ballot was touch and go. Nevertheless, twelve of the thirteen states ratified it, and ultimately, the only state to have voted against, Rhode Island – which had

something of a reputation as a rogue state – had no choice but to organise a second vote and to join the Union in 1790.

However, for nearly a century the United States was in many respects - and despite the Constitution - governed as a confederation, in which the individual states had far greater powers than the federal government. The federal government was especially weak during that period. In fact, it had hardly any departments and the president had no staff, and the biggest federal department in the nineteenth century was... the postal service!

For federal America, the turning point was the Civil War, after which the federal government gradually developed. As individual states proved to be too small for some business initiatives, the opening up of the Far West, the development of the country's railways and the advent of heavy industry played just as critical a role in the government's development as the Constitution itself.

In the fifties, 17% of America's GDP went to the federal government. Now, this figure turns around 20%. In 1929, however, the year of the massive global economic crash, the federal government received only 1% of America's GDP.

Well, the financial resources of the European Union today are exactly the same: one percent of our GDP. There are also clear similarities between the American and European discussion on the Constitution. Some European countries have the same fear of abolishing the principle of unanimity and ceding power and autonomy to a more centralised government. Another point in common, unfortunately, was that it took a

war to prompt unification and an economic crisis to prompt the realisation that joining forces was the only way out of the situation.

Although I believe we shouldn't try to extend the similarities too far, I am also convinced that history teaches us that the further unification of Europe is the right road to take, even if sometimes it proves to be a difficult path, as it is the case today. Indeed, the difficulties we face sometimes make people forget that, so far, Europe's unification has been a very successful undertaking.

For generations, the unification of Europe has been held up as a major ideal, marking an end to constant wars on the Old Continent, clashes that we could now call European civil wars. Moreover, on the ruins left by two world wars, Europe built durable democracy, prosperity and a decent level of social protection.

When France, Germany, Italy, The Netherlands, Belgium and Luxembourg signed the Treaty of Rome in 1957, they had a specific objective in mind: to develop a close-knit community and form a Union capable of guaranteeing peace and prosperity.

Right from the outset, the project of European unification proved highly attractive. Peoples from all over Europe wanted to be part of a united continent, especially those enduring military dictatorships, like the Greeks, Spanish and Portuguese. In fact, it was partly thanks to the ideal of a united Europe that they found the strength to embark on the road to democracy and cast off dictatorship, once and for all. Consequently, I think it's fair to say that the European Union has been a factor in turning poor dictatorships into prosperous democracies.

After the fall of the Berlin Wall and the collapse of the Soviet Union, the dream of a united Europe genuinely lay within reach. Back in 1989, nobody doubted the need for the lost sons and daughters in Eastern Europe to rejoin the European family as soon as possible. And that's just what happened fifteen years later, on 1 May 2004, when eight former Eastern Bloc countries plus Cyprus and Malta joined the European Union. So membership remains an attractive proposition, and even now a number of countries are knocking on the door of the European Union.

One year later, in spring 2005, the Constitutional Treaty designed to lay fresh foundations for the enlarged Europe was due to be ratified by the Member States. That Constitution would constitute an important step for Europe towards the establishment of a federation with its own president, own foreign policy, own single army and so on.

But as you know, in spring 2005 the Treaty was rejected in referendums held in both France and the Netherlands, two of the founding fathers. The one million dollar question currently being asked throughout Europe is: where do we go from here?

I believe there are several options. The first option is the “status quo option”. This would entail that we would simply continue without the Constitution. This is easy to do. We would then work solely on the basis of previously concluded agreements. But in that option we continue with a system in which each Member State has a right of veto in the key questions. It makes decision-making difficult for a Union comprising twelve countries, even more difficult for a Union of fifteen Member

States, and as good as unworkable for a Union with twenty-five members. This once again became clear in the negotiations on the European budget.

A second alternative would be the 'pick-and-choose' option. The Constitution would be scrapped, but we would salvage a few elements. The problem here is that everyone would like to salvage something different. So giving everyone what they want would be tantamount to adopting the - recently rejected - Constitution in its entirety.

The third option is the “wait and see option”. This would involve simply going ahead with the Constitution's ratification and seeing where this takes us. This happens to be the Union's current approach. It is an honourable option because it will entail every country being given a chance to say its piece. At the same time, however, we must bear in mind that a number of countries have already abandoned their referendum, so all we can do is wait and see what happens.

The fourth option is the “roll-back approach”. In other words to conclude from the no votes in the referendums that people want less Europe and that the Union should therefore be scaled back to become a mere free trade area.

My personal view is that none of these options are the right way to go. Instead, I'm advocating a fifth avenue. I'm convinced that Europe can learn a great deal from the United States and from your country's response to key economic developments. The United States saw that closer cooperation was the only viable option, to face huge economic challenges as the stock market crash of 1929. That is why I too am

convinced that the challenges of today, at this pivotal moment, leave Europe with just one real option: the option of a United States of Europe.

In our globalising economy, new rivals are emerging in the East, where major centres of development like China and India are undergoing unprecedented transformation. Indeed, within just a few years, Asia has shifted the focus of the world economy. This development looks certain to gain further impetus in the future. After all, in some parts of Southeast Asia, the economy is growing ten times as fast as it is in Europe. Many people feel concerned that these new economic heavyweights are more and more influencing our economy, the price of our fuel, for instance.

Economic growth in China, India and Japan, in total two-and-a-half billion people, will change the world as we know it. This is the natural run of things. Various European countries - including Belgium - have already understood this and are busily implementing appropriate reforms. Only a few months ago we decided to embark on a fundamental reform of our labour market. By adopting a whole package of measures we intend to get more people to work and also allow them to work longer. To this end, we have once again lowered the tax paid on labour. At the same time we are also investing more in R&D. We've slashed red tape and lowered corporate tax. This is why I'm here in the USA: to promote the new incentives we have adopted in a bid to make investing in Belgium highly attractive.

With similar reforms European countries are pumping new life into their economies. But these efforts alone won't be sufficient, because what Europe really needs is a genuine European economic strategy. We must establish common socio-economic policies. We must work towards the

convergence of rules governing fiscal and social security matters. And we must develop a common research and development strategy to make Europe far more competitive. However this new phase of European integration cannot merely include a common socio-economic strategy. We need also a single European area of justice and security and we must also be capable of tackling crime, terrorism and illegal immigration. The new Europe should also have a real common foreign policy to prevent the Union from being divided, as it was over going to war in Iraq and prevent the kind of indecision that existed when there was a civil war in the former Yugoslavia, a war fought on our own continent. We are still grateful for the help provided by the USA, but as a Union we should have been ashamed. That is why in future we must have a European army, not just on paper, but one that can actually operate in the field, including beyond our borders.

The philosophy behind all these proposals is the same. I'm convinced that citizens' doubts and uncertainty, as reflected in the referendums on the European Constitution are actually a plea for *more* Europe, for a stronger Europe. The French and Dutch didn't vote against the European Constitution because they are opposed to Europe or want less Europe. They voted no because today's Europe doesn't provide the right answers to their concerns.

Consequently, I'm advocating a stronger Europe, a more closely integrated Europe. I'm advocating a powerful Europe that pursues a common economic strategy, a Europe that takes a joint stance against crime, drugs and terrorism, a Europe that speaks abroad with one voice - in short I'm advocating a United States of Europe.

I hope that all the Union's Member States should take part. But if this proves impossible, all the countries at least belonging to the euro zone should be mobilised. In such a scenario, Europe would comprise two concentric circles: a political core, or 'United States of Europe', based on the euro zone, and surrounding it a confederation of countries, or 'Organisation of European States'.

Naturally, the political core must never oppose any form of broader cooperation. All countries that wish to join this core, whether old or new Member States, should be able to do so. The sole precondition should be their willingness to work on pressing ahead with the overall political project.

The questions I often hear from Americans, are: “Should we fear this European evolution?” Is Europe planning to weaken the Atlantic alliance? Does Europe want to become an independent superpower? On the contrary. Only a unified Europe can be a long-term and reliable ally of the United States. It is a choice between the disjointed efforts of twenty-five small states or a single solid partner on which to build. As we did with the European arrest warrant after 9/11, making our fight against terror more efficient. The same applies in other areas, including military cooperation. A common European defence policy makes the Atlantic alliance stronger and more efficient. In this globalized world only the United States and a unified Europe together will have the authority to defend their values.

Our transatlantic alliance however is not only about cooperating with each other, it is also about understanding each other. On this point there is still lots of work. Exactly one year ago I proposed to organise a

Transatlantic Gymnich which is, like the European Gymnich, an informal meeting of the ministers of foreign affairs. President Bush liked the idea, which is why now, one year later, already two Transatlantic Gymnicks have successfully been organised. Now we should go, one step further and make the field of transatlantic contacts broader. The German Marshall Fund is organising the Brussels Forum, an informal, but high level weekend meeting between Americans and Europeans. As Belgian government we fully do support this new and promising transatlantic initiative.

Ladies and Gentlemen,

George Washington predicted that one day the quarrelsome European nations would form a United States of Europe. At the time, no doubt, nobody believed him. But the founder of the European Union believed him. Jean Monnet visited the United States before launching his European project.

In challenging times the United States of America has opted in favour of closer cooperation. Having done so, not only did it survive, but it flourished as never before. In today's global world, all Europe has to do is follow the same path and strive to establish a 'United States of Europe'. As Bernard Shaw once said: "We learn from history that we learn nothing from history". This time I feel sure this won't be the case.

Thank you.