

World Knowledge Forum 2012

Listening to European Leaders: How to Overcome the Eurozone Crisis Thursday, October 11, 2012

On the final day of the 13th World Knowledge Forum in Seoul, a highly distinguished panel of former heads of state met to discuss the current Eurozone crisis and how it might be resolved. The panelists highlighted the immense difficulty of the challenges facing the European Union as it seeks to find its way out of the current economic morass. In spite of the challenges, they agreed that the only way forward was to find an inclusive solution for both the more advanced northern states as well as their neighbors to the south, such as Greece and Spain, who are facing far greater challenges. As Esko Aho, former Prime Minister of Finland, put it, "Europe is like a second marriage – the dream of hope over experience."

In addition to Mr. Aho, the distinguished panel featured John Bruton, former Prime Minister of Ireland; Christian Wulff, former Federal President of Germany; Jose Maria Aznar, former President of Spain; and Willem Kok, former Prime Minister of the Netherlands.

Mr. Kok's perspective on the crisis garnered mixed reviews from the other panelists. He said he "expects that the process of muddling through – although we don't like it – will continue for a while," but he also "hopes and expects that in the end common sense will prevail because people will realize that the price to pay for the European breakdown will be too high."

In order for the crisis to be resolved, Mr. Wulff emphasized the need for solidarity between European countries. "It should not be one sided; it has to be both ways between those who provide assistance and those who receive, and this relationship has to be based on confidence and trust." If this can be achieved, he believes that "the Eurozone will become healthy in all aspects."

Mr. Aznar respectfully disagreed with Mr. Wulff, saying that he believes that "it is not a question of solidarity; it's a question of political decisions." In his view, the Eurozone crisis is "not just an economic and social crisis, but a serious political crisis," adding that as such, the solution will be to complete the Eurozone. He stressed that "if we continue living in an unfinished project such as the Eurozone, whether we like it or not the survival of the Euro will be impossible."

Mr. Bruton agreed strongly with Mr. Aznar's assessment, particularly on the importance of the Euro to the future of the Eurozone. "If the Euro collapses, then so also will the European Union," said Mr. Bruton. In his opinion, "what is missing in Europe at the present time is a political leadership that can explain this reality adequately to the people. The Euro crisis is being presented as a financial leash created to torture the people, when in fact that is not what it is."

In addition, Mr. Bruton feels that in some sense part of the current crisis is an inevitable consequence of the nature of the welfare state. "This austerity was going to happen regardless of the economic crisis because the welfare state was something that could not survive at the current level," said Mr. Bruton. Going forward, he said, it will be necessary to enact changes in order to preserve the minimum welfare state.

Mr. Aho also emphasized the need for reforms and a more pragmatic consideration of the issues, adding that the reason that "Europe has not been a success story is too much hope and too little realistic expectation."

In order to come out of the crisis, Mr. Aho said that Europe "cannot succeed without a clearly stated growth policy, and the most important thing is to create a growth strategy." In his judgment, the crisis may serve as a chance to enact much-needed changes. Later, in a more forceful tone, he suggested that "this crisis is too good of an opportunity to be wasted."

Mr. Kok took the discussion of reform even further, attributing some of the problems to the fact that "more attention has been paid to the rules than to the strict application of these rules. Some countries ignored the rules without penalty and undermined stability."

The panelists generally agreed that the solution to the crisis will require more drastic measures. "Strong political and fiscal integration is an absolute necessity now in order to repair the current situation, which is unacceptable. We must transfer powers from national member-states to Brussels, to the European level," said Mr. Kok.