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## The Danish Prime Minister's address at the Opening Ceremony of the College of Europe, Bruges, 17 October 2012

CHECK AGAINST DELIVERY

President Méndez de Vigo, Rector Demaret, distinguished professors and teachers, dear students, ladies and gentlemen,

Let me start by saying how truly wonderful it is to be back at the College of Europe. As a former student, an 'anciens', it is fantastic to be here. It is an honour and a privilege to speak to you today.

To say that I enjoyed my time at the College of Europe would be a great understatement. To say that it was rewarding for me to study here also doesn't really capture the truly unique experience I had here in Bruges. My stay here was an eye-opener. It was a formative experience for a young woman who arrived from Denmark with a keen interest in Europe and the promise of European integration.

Today, I am delivering my lecture with a strong sense of personal history.

I made friends for life here in Bruges. And - not least - I met my future husband here – a Brit and a wonderful father of our two teenage daughters. So dear students – an academic year at Bruges can lead to all kinds of things!

I vividly remember sitting where you are sitting now, at the opening of the academic year in 1992, listening to the then Prime Minister of Luxembourg, Jacques Santer, outlining his vision of the road ahead for Europe after the Maastricht Treaty. Like today, those were critical years in our common cooperation.

My time here coincided with truly historic events in Europe, which heralded a new dawn of hope and optimism.

I was captivated politically and intellectually by the tremendous strides towards a more democratic, prosperous and integrated Europe, which European giants such as Kohl, Mitterand and Delors were pushing for.

That was twenty years and three treaties ago!

This year's promotion at the College of Europe is named after a truly great European. Václav Havel's greatness rested upon a creative, inspiring and unconventional intellect. One that dared to speak truth to power when it was dangerous. One that insisted on preserving human dignity and defending individual freedom in a system bent on undermining both. This is true greatness to me.

Today, at a time of momentous challenges in Europe, Havel has a lot to tell us. At a time when far too many Europeans are losing their jobs, closing their businesses or are unable to pay their mortgages, Havel reminds us that difficult times can hold the seed to a new beginning. He poses the question and I quote: "Isn't it the moment of most profound doubt that gives birth to new certainties? Perhaps hopelessness is the very soil that nourishes human hope; perhaps one could never find sense in life without first experiencing its absurdity."

I believe that the doubts expressed about the EU's ability to overcome the economic crisis will gradually give way to new certainties about the kind of Europe we want to see in the future. It could very well be the seed to a new beginning for Europe.

That is my message to you today.

Ladies and gentlemen,

Over the last twenty-five years, I have been following the development of the European Union closely. I started out in the Danish European Movement as a young Social Democrat determined to make the case that European integration was the right tool to create a greener and more socially conscious Europe. As a student in Bruges, I took on the theories of integration and then, as a stagiaire in the European Commission, had the chance to see them tested in practice.

Later on, I was proud to be elected as a member of the European Parliament, serving with President Méndez de Vigo. And in the first half of this year, I had the privilege to serve as President of the Council of the EU.

From these very different perspectives, I have witnessed firsthand the strengths – and sometimes the weaknesses – of the EU. The shortcomings and the virtues of our cooperation. But what has stood absolutely clear to me has been the critical role played by European integration in bringing peace and prosperity to our continent.

In my lecture today, I will focus on some of the core questions that we are all struggling with at the moment:

What are the main challenges of the European Union? What went wrong when the crisis hit us? Is our Union still in peril or will our cooperation emerge stronger from the crisis?

My answer to this is cautiously optimistic. Europe has come a long way. We have achieved more than 60 years of peace. And we have developed strong common institutions and values that bind us together. The EU has taken determined action and come up with new solutions to counter the current crisis. But continued progress requires that we learn from our mistakes and keep a sharp focus on what unites us.

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To make this case to you this afternoon, we need to begin by looking at what we have actually achieved together in the unique cooperation that is the European Union.

Let's take a look back.

The European Union is an unprecedented partnership on a continent that for centuries has been plagued by conflict and war.

European integration has been defined by moments of great upheaval: World War II, economic stagnation in the 70s, the collapse of the Soviet Union, and the fall of the Iron Curtain.

By binding countries together politically, socially and economically, war between the Member States has now become unthinkable.

We trade, travel and legislate together, never even considering that it could be any other way. Students like you cross borders to study in neighboring countries. The institution you attend is a great example – a microcosm of our open, intertwined and interdependent Union.

Rather than being a distant hope - as it was for our grandparents or even parents - security, democracy and prosperity are now reasonable expectations for every EU citizen. And for countries outside the Union, the promise of membership has been a driver of progress, reform and reconciliation. Of course, the history of European integration has not been a smooth path of continued progress and optimism. Far from it.

Since the Treaty of Rome in 1957, there have been ongoing doubts about the European community's capacity to handle changing circumstances and new challenges. Some thought that it would not be possible to turn the vision of a Single Market into practical reality and recover from years of 'euro sclerosis'. They were proven wrong.

Others opposed the German reunification for political and economic reasons. But the European Union helped facilitate a reunified Germany to the benefit of peace and prosperity in Europe. The opponents were again proven wrong.

Still others thought that the enlargement with the countries from the former communist bloc was an impossible ambition. Fortunately, they were also proven wrong thanks to the energy and determination of visionary political leaders in the 1990s.

In short, our perspective on the EU today must always have as its starting point the unique historical role that our Union has played.

When the Nobel Committee rightly awarded the Nobel Peace Prize to the EU, their reason was exactly the Union's contribution to the advancement of peace and reconciliation, democracy and human rights in Europe.

Looking at the tremendous results of European integration, you could say that it is surprising that the Peace Prize has not been awarded to the European Union before now!

Don't get me wrong. All these achievements can't change the fact that the situation in Europe is severe:

European growth is sluggish at best – and likely to remain so in the medium term. In a rapidly evolving global economy, several Member States are struck with declining competitiveness. Many are struggling with the vicious cocktail of high debt and high yields. Scores of European banks have become dependent on massive public guarantees. But worst of all, EU unemployment has reached more than 10 percent and an alarming 22 percent for young people under 25.

Nevertheless, our history should give us some faith that we can exit this crisis. But I also want to add three other observations that should give us hope:

One. We are capable of taking decisions. Even when things look very difficult.

Two. We are more than capable of thinking outside the box and inventing new tools.

And three. We chose solidarity when push came to shove.

Let me expand on those three observations:

The EU has shown that, even in a time of crisis, we are capable of taking decisions. We didn't catch sclerosis. We have stuck to the community method. And we have used our institutions and common rules to keep moving Europe forward.

During the Danish Presidency in the first half of this year, we showed a strong commitment to find solutions and take concrete steps. In the middle of an enormous crisis, we ploughed through and adopted a number of quite significant pieces of legislation that will form the basis for new jobs and growth in Europe.

We didn't stop. We kept moving. That is good for Europe.

Furthermore, Europe has shown the capacity to come up with new solutions. This may sound like a bold statement to some of you. But European leaders have been thinking outside the box and adapted our cooperation in ways we couldn't have imagined just a few years ago.

Skeptics may say that the EU has not done enough. I entirely disagree.

Seen from the outside, the way the EU is handling the crisis may not always look pretty. Let's be honest about that.

Doing business in the EU can be cumbersome and messy. Sometimes we take two steps forward and one step back. But in the end we always muddle through, driven by our common institutions and our shared purpose.

We have created a stronger framework for budget discipline through far-reaching reforms of the Stability and Growth Pact as well as the new Fiscal Compact. A key achievement during the Danish Presidency was the strengthening of financial regulation, making it more difficult for banks to enter into the sort of speculation that got them into trouble in the first place.

We are providing unparalleled assistance to countries in need. The European Stability Mechanism creates a permanent firewall for the eurozone with a lending capacity of 500 billion euro. This will play a key role in stabilizing economies across Europe.

The European Central Bank recently announced that it would purchase short term government bonds to bring interest rates down.

This major decision has already stabilized financial markets in general and interest rates in the countries with the highest debt.

All these steps show that we have indeed been innovative and rather efficient over this last year.

As I see it, these steps also illustrate the fundamental strength of our cooperation: solidarity. Countries in the EU have shown remarkable solidarity during this difficult time.

It is not self-evident that a mega lending-mechanism would be established or that banks would get help or that the ECB would step in and buy sovereign bonds. The other euro countries could have turned away and said no. But they didn't.

The challenges for Europe remain daunting. But we have shown that we can get through the crisis together.

To sum up my argument so far: Europe has achieved extraordinary results, both historically and in stemming today's crisis. Europe has acted and come up with new solutions. We have proven that our community is strong. We have shown solidarity. It has by no means been easy – I know that from first-hand experience – but I believe that our European institutions can continue to stand the test.

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Now, where does that take us? How do we ensure that that the EU emerges stronger from the current crisis? What are our next steps?

I believe that there are grounds for optimism. But we will not succeed without continued resolve and determination to address the economic crises, restore confidence in our economies and create growth and jobs. This remains a huge challenge.

I will argue that, for our Union to come out better and more effective on the other side, we need to do at least three things:

First of all, we need to learn from our mistakes and say it like it is. Secondly, we need to make it even clearer what it is we are fighting for in Europe.

And thirdly, we need to find the right balance and principles for flexible integration.

But let us start by learning from our mistakes. And saying it like it is.

To be honest, the EU and the Member States have made mistakes along the way.

The Economic and Monetary Union is not flawless. Neither are the Member States. The EMU adopted in the 1990s had at its core a monetary union but with an economic union that was much less developed. It was a construction without a fiscal union, without a banking union and without

shared economic governance institutions and real coordination of structural economic policies.

In the early years of the euro, the borrowing conditions and the consequences of bending the rules were simply too soft. In a time of 'boom', promises were too easy to break. When 'boom' was replaced by 'bust', this lack of policy tools severely restrained the EU's ability to act.

But it is too easy and flat out wrong to blame the EU or the introduction of the euro for the current hardship in many European countries.

No, the problem was rather that members failed to keep their own house in order. Many Member States did not make ends meet.

They did not reform and consolidate in the 'boom' years, which should have prepared them for when the cycle turned. And on top of that, Member States had longstanding structural deficiencies in labour and product markets that became a barrier to growth in an ever more competitive global economy.

Blaming the EU for this is misplaced. Each Member State must do what is necessary. Let's tell our constituents clearly what is needed and who is responsible. Europe is part of the solution, not the problem.

The second thing we need to do is this: we need to understand what we are fighting for in Europe.

What kind of societies do we want? What sets us apart? What are the values we strive to uphold? What are our core principles? To move forward effectively together, we need clear answers to these questions.

I am a great believer in the European social model and the way we have organized our societies. This is exactly what makes Europe unique. We have created European welfare states which provide social protection for all - especially for those most in need.

We have built societies based on equality where everyone has a fair chance in life regardless of social background. Societies based on a contract between generations and where every generation has taken it upon themselves to leave better opportunities for the next generation.

This is the foundation of our strong societies in Europe.

Historically, Europe has been able to simultaneously promote sustainable economic growth and social cohesion. That mixture is at the core of the European success and must continue to be our guiding purpose through and beyond the current crisis.

But to sustain our model in the long run, we need to focus our effort to create competitive societies and continued economic growth. Europe must remain a strong economic power on the global stage using all the instruments at our disposal. We have a huge single market populated by 500 million consumers with strong purchasing power. We have foresighted and innovative businesses. And we have the institutions in place to take common action.

Yes, the EU is challenged right now. But let's not forget that the GDP of the EU is still larger than both the United States and China. Europe matters - and will continue to do so if we take the right decisions.

This means creating a strong foundation for innovation and research. We have to provide our businesses with the right framework conditions to come up with the best ideas so that they can remain among the most competitive in the world. Our schools and universities must be second to none and provide you – the future of Europe – with the best education possible. Only then will Europe stay competitive.

We have defined ambitious goals on a number of these issues in our common EU-2020 strategy. It is vital that we demonstrate leadership and deliver on these goals which are key to bringing Europe forward.

Europe has to remain a frontrunner in the transition to a green economy. The world has a lot to learn from us. We should continue to be a frontrunner and prove that 'going green' can be combined with creating jobs and sustainable growth. We have an obligation to continue to push for global progress on the green transition. If we fail, the consequences for our planet will be dire and irretrievable.

The EU's must also have as part of its core mission to preserve and develop Europe's 'soft power': That is the appeal that our values and welfare model hold on people outside our Union, which is of huge importance when we want to project Europe's influence globally.

We have to continue to be strong beacon of freedom, democracy and human rights.

During the Arab spring, it was encouraging to hear young people protesting in the streets of Cairo or Tunis say that they were looking to Europe for inspiration.

But pursuing our values and interests is taking place in a global environment with competing centres of political and economic gravity. If Europe is to remain a key player, we need to speak with one voice. No single Member State has the leverage to do so alone.

These elements – preserving the European social model, creating growth and competitive economies, pursuing the green transition and projecting Europe's soft power – make up what I see as Europe's core mission. That is what we are fighting for.

The third and final thing we need to do is to come to terms with the fact that the EU is based on flexible integration. And at the same time be clear about the principles that should guide us as we move ahead with more flexible integration.

It has become very clear that our Union will never evolve along a straight line or fit a traditional model or theory of integration.

We are indeed united in diversity. But is this diversity challenging our unity? Is flexible integration undermining the EU by breaking Europe up into 'ins' and 'outs'?

I don't think so.

Indeed, flexible integration is a reality today and to some extent has been for years. Let me illustrate that with a few examples:

The idea of a borderless Europe with free movement of persons started as an agreement between 5 Member States in the 1980s. Now, the Schengen cooperation is an integral part of the treaties encompassing most Member States.

When the eurozone was launched, it counted 11 Member States. Now, the number is 17 with more on the way.

The Fiscal Compact has the members of the eurozone as its core and the non-euro countries participating with different intensity.

And since the Lisbon Treaty entered into force, we are now making use of treaty provisions on enhanced cooperation in everything from divorce law to unitary patent protection.

In other words, flexibility has allowed the EU to move on when necessary – often to the benefit of all 27 Member States and our common institutions.

That leads me to perhaps my most important message to you today: We should accept that Europe is in fact a multi-speed Europe.

And as I see it, the fundamental notion of solidarity, which lies at the heart of our Union, has not been compromised in this process.

Indeed, the economic crisis has demonstrated a need for flexible integration. This was evident when we adopted the Fiscal Compact in March. And I suspect that it will become evident again when we discuss how to strengthen the Economic and Monetary Union.

One of the big lessons from the current crisis is the need for speed. Markets move incredibly quickly. The EU has to streamline and accelerate our sometimes slow and unwieldy decision-making processes. In some cases, that will inevitably mean moving forward in a flexible way.

I am not making the case that flexible integration is the preferred option every time Member States are at odds with each other in the Council. We will always be stronger when all Member States stand together.

But I do believe that we need to be honest about it and break the taboos. If flexibility is what is needed for the Union to move on instead of breaking up, then that is a price worth paying.

So far, the use of flexible integration has not undermined the foundation of European integration. I strongly believe that this will continue to be the case. However, flexible integration must be guided by some fundamental principles. I see three such principles:

Firstly, flexible integration should be based on achieving a firm purpose. What do I mean by that? Flexibility should be a means to an end – never the opposite. This is certainly the case when the countries in the eurozone take steps to integrate further to restore fiscal discipline and credibility.

And it is also the case when a group of Member States are allowed to move forward in enhanced cooperation on areas covered by the treaties when all attempts to reach an agreement in the Council have been exhausted.

The second guiding principle should be integrity. Flexible integration should not put at risk the common values and institutions that all 27 Member States share.

The crown jewel of our Union is our Single Market consisting of common rules decided by common institutions with democratically elected representatives in both the Council and the European Parliament and supervised by a European court.

This should never be compromised. We need to preserve a strong Single Market for all Member States, strong common institutions that safeguard the interests of the entire Union and a strong European voice on the world stage.

The third principle is that flexible integration must be based on openness. The process leading to flexible integration has to be transparent for all Member States and based on clear choices. And once some Member States have moved forward, others should be allowed to join at a later stage if they wish to do so.

The basis should always be that we are a union of 27 Member States and that any step should be open for all.

In short, I do not fear flexibility. Because what unites us is stronger than what divides us. Throughout our history, the European Community has provided us with examples of divisions bridged, regions brought together and challenges met with practical solutions.

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Ladies and gentlemen,

Before I conclude, let me summarize my basic arguments today:

I firmly believe that the EU is a robust and unique community that has stood the test of time and I am optimistic about our ability to get through the current crisis. Our work is not done yet but the EU has taken responsibility to move Europe forward during this difficult time.

As we look ahead, for our Union to emerge stronger, we need to have an honest discussion about past mistakes and where we want to go.

We need to move beyond the crisis with our values intact, focusing on our core mission. Our institutions, our solidarity and our unique model cannot be taken for granted but have to be safeguarded consciously in each step that we take together.

The EU will always be stronger when we act together. But flexible integration is a reality that we should not fear – as long as it is based on

fundamental principles of purpose, integrity and openness. European integration depends on a strong common foundation that unites us – but it must allow for flexibility to embrace our diversity.

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Dear students,

In my closing remarks, I would like to turn directly to you.

First and foremost, I urge you to thoroughly enjoy your studies here at Bruges. I had the time of my life here. Expanding your intellectual horizon and being exposed to a rich diversity of people and ideas is simply fantastic.

But please bear in mind that with this great privilege also comes responsibility. It is not unlikely that someday you might be among those who will take or implement key decisions about Europe's future.

Your outlook, your values and your determination will help shape political decisions that can affect the lives of millions of Europeans. Decisions that can have a bearing on whether they can find a job, expand their business, pay their mortgage or provide good schooling for their kids.

Dear students, don't forget to serve.

You must do your part to forge the EU of tomorrow. We must never take peace or continued progress and prosperity for granted.

Let me stress this as strongly as I can. Peace and solidarity in Europe is not a law of nature like gravity, which exists whether we care or not. It requires caring. It requires effort. And it requires perseverance.

The common values that we have spent the last 60 years establishing, and the strong institutions that we have built around them, will be the foundation that will take us beyond the current crisis. Building on the words of Havel, we will turn hopelessness into hope, create a new beginning, and move Europe forward – even when times are tough.

Dear students, soon it will be up to you - the youth of Europe - to ensure that our common values will endure. I wish you good luck in that unique endeavor. We are counting on you!

Thank you.