

Poland, the Netherlands and the EU - Common Challenges

Leiden Europa Lecture delivered by

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*Secretary General, Your Magnificence, Ministers, Excellences,
Ladies and Gentlemen,*

I'm very pleased to be here at the oldest university in the Netherlands. As has already been said, you are celebrating the 55th anniversary of the Europa Instituut - almost a peer of the European integration project. It is an ideal opportunity to share some reflections about where Europe is today.

The European integration project has come to mean different things to different people - seen sometimes as a loaded concept. Let me try to unload it by reviving the initial connotation which integration used to have back in the '50s. In those days, as reported by a Swiss journalist of the *Neue Zürcher Zeitung* it was another way of saying European solidarity. Although the failure of the European Defence Community and the Political Community in 1954 dampened the spirits of the early European enthusiasts, the idea of European solidarity stayed alive. Just like the idea of Polish Solidarity was never extinguished by adversity, kept alive by friends in Western Europe - including some in the audience today.

It was the Dutch foreign minister Johan Willem Beyen, with his outstanding sense of pragmatism, who put European Solidarity back on track. As the result of his and Spaak's initiative, the EEC Treaty was concluded in 1957. And we still have it to this day, albeit under a different name. First of all, congratulations to Leiden and to the Europa Instituut. No doubt you do a fine job of grooming candidates for top European jobs. The first secretary of the Institute, Professor Kapteyn, became a judge in the European Court of Justice.

I am also proud that since the 16th century generations of Polish students have graduated from Leiden University. One of them was Krzysztof Arciszewski, a Polish nobleman, who studied military engineering and navigation. He then served in the Dutch military service, getting promoted to the rank of

Admiral. Upon his return to Poland, he became the General of the Horse Artillery.

Ladies and gentlemen,

About a week ago, I gave a speech to the American Jewish Committee in Washington DC. I talked about Polish-Jewish history and relations, about the intertwining of culture and about many Poles that were and are Jews.

Now I'm visiting the Netherlands. And when you look out from the balcony of the Royal Palace, what do you see gracing the Dam Square in Amsterdam? It's the Krasnapolsky Hotel standing right in front of you with its big neon sign. Adolph Krasnapolsky was a 19th century Pole of Jewish origin - like many other Amsterdam entrepreneurs. Krasnapolsky - a Polish tailor - arrived in the Netherlands in 1856. Ten years later he started a business by taking over and managing a café in an unpopular section of Amsterdam. He hit on an original idea: serving meals at reasonable prices. A large clientele followed suit and he amassed a fortune. Nothing unusual by today's standards. But it was a novelty at the time. A mark of innovation. Now Krasnapolsky makes the best advertisement of Poland in the middle of the most important square in the Dutch constitutional capital city. Come to think of it, we should consider establishing a Krasnapolsky award to enhance Dutch-Polish business cooperation and promote innovation. Given that the Netherlands is already the largest investor in Poland, I think it makes sense.

Krasnapolsky is exactly the example that Europe needs: innovation to boost our competitive edge in the world and the completion of the single market - so as to ensure the functioning of four freedoms that are the cornerstones of our project.

Krasnapolsky provides a fine example of hard-work, ingenuity, freedom of movement and of labour that brings prosperity to the modern economy.

Treading in his footsteps, almost 170,000 Polish citizens contribute nowadays to oiling the wheels of your economy. Incidentally, that number is almost identical to the number of your compatriots who settled in Poland in the 17th century.

I wonder how many of you know what we call your country in Polish? We call it *Holandia*. Much to the regret of one Dutch ambassador in Warsaw, who preferred that we call you by a somewhat archaic name of *Niderlandy*. Quite unnecessarily. For, you see, there is quite a popular saying in Polish, disseminated among the larger public by the Nobel Prize winner Henryk Sienkiewicz in his novel *The Deluge: obiecywać komuś Niderlandy*, 'to offer somebody the Netherlands'. This means to promise somebody the moon - something very attractive but beyond our reach.

4 As I travel throughout Europe and beyond, I cannot help but notice the praise that Poland recently receives for its economic growth, for its political stability and for its governance. We are actually being sought out for advice about the technology of transformation from places like Central Asia, Middle East, North Africa, Burma. They want to know how you move from dictatorship to democracy, from a command economy to a free economy. There is an expectation that also in Europe Poland will be at the forefront of showing the way out of the crisis. It is, of course, flattering. It makes us proud. Yet, there are certain sceptical well-wishers who think that Poland is trying to offer the Netherlands to Europe. But we are confident about the economic indicators. Statistics are still good. Poland grew cumulatively by 20 % since 2008. The average for the EU is zero. The second country that has also grown cumulatively over the crisis is our neighbour, Slovakia. There are people who blame the crisis on enlargement and who would like to redraw the maps of Europe into a periphery and a core. Well, I say to them: how about redrawing the maps into growth Europe and the non-growth Europe? But be careful what you wish for because you might get a picture you don't expect.

The Cohesion Fund has been very important to bringing our economy back on track after half a century of an imposed kleptocracy and a system that defied the human nature. The Cohesion Fund, which helps us to level the disparities and secures prosperity is very important for the European project. But as we know there have been countries in Europe who have received similar levels of assistance but have not got comparable rates of growth. Actually, what counts is what you do with the help you receive and how you take advantage of the opportunities that present themselves.

In twenty years, we went from being completely broke in 1989 to being the only country in the European Union that recorded positive growth in the midst of the worst financial downturn. The communists handed over power not because of the goodness of their hearts but because wielding power of a country that was literally bankrupt was no fun anymore. It was pragmatic to hand over responsibilities for the mess that they had created to the democratic opposition. Only a few years ago you would routinely see an article about Poland in *The Economist* or elsewhere illustrated with the picture of a horse-drawn cart or a rather sad looking cow. That is no longer the typical picture of the Polish economy. I am also glad that there have been countries that have taken a share in our success. Holland is certainly one of them. I think people who invested in Poland have every reason to be pleased and to count the profits.

The statistics are that out of every 1€ that is invested through the Cohesion Fund in the new Member States of Visegrad Group, 83 cents return to your country thanks to the additional demand for your goods and services. And you are very good in making both of them. Poland offers a market of 38 million consumers. I know that the crisis produces some pressures to close-off to other Member States, but we think that resorting to protectionist practices would bring more harm than good.

Poland favours a merit-based approach. Performance matters. We have learnt this from the Netherlands, among others. You are not a heavyweight, at least not in size. But you have traditionally been one of the leading members of the EU and you are one of the countries that set the pace for the EU's development in a number of policy areas.

As we all know, a somewhat different rationale from protectionism guided the creation of the European Communities. It was an attempt to defy the 19th-century concert of nations paradigm. I believe that our common European project is not just a game played by those in the big league, with the supranational Commission playing the role of a counterweight.

On the contrary, the EU was founded on the spirit of solidarity. The area of peace and prosperity should be extended as far as possible and enjoyed by all people, and not just the select few. As we have been made painfully aware, in a globalized world and during the financial downturn we are all affected. The debt crisis has cut across nations, big and small.

In the end it is not the size that matters but merit. It is not a coincidence that your Minister, Mr. Dijsselbloem, assumed the chairmanship of the Eurogroup. The Netherlands' success is the result of the quality of your education, the quality of your public servants.

It was not a coincidence that on your very soil in Maastricht, more than two decades ago, the euro deal was clinched. The 1992 Treaty took us one step further in implementing the Economic and Monetary Union. The convergence criteria for adopting the single currency were spelled out. If anything went wrong, it was the fact that from the very start the rules were flouted.

Today the number one goal is to ensure that the laws we have set for ourselves are respected, thereby creating a crisis-

resistant eurozone. We should be deepening integration within the current legal regime. There is no need to multiply institutional frameworks. But it is in everyone's interest to have a sound fiscal policy.

No regulations or constraints will work if confidence is missing. At the beginning of the integration process, a gentlemen's agreement was something that bound the Founding Fathers of the European Community together. In Poland we think that it's very Dutch - AFSPRAAK IS AFSPRAAK. A deal is a deal. We must respect the deals that we make and we must observe the rules we create. Otherwise, it would be utterly futile to devise yet another mechanism, procedure or regulation.

Mind you, absorbed in the logic of an ever closer Union and in further integration of the eurozone we must not let the whole EU project unravel. There is just too much at stake.

We hear the rhetoric, the objections that there is no European politics because there is no European *demos*. That our particular nationalities override the sense of belonging to a larger community, maybe even prevent the possibility of creating a larger community. That citizens feel Dutch, German, Polish, not European. You know all the arguments. Nobody will die for Europe, but they will die for their motherland. I beg to differ.

Identity has become a layered construct. In Europe, we all know about layers of identities. We feel loyalty to a neighbourhood, to a town, to a region, to a nation-state. Why not to Europe at the same time? Personally, I feel both a Pole and a European. Young Europeans surely take for granted all the possibilities that the single market and the EU have to offer. Can you imagine that our young people would rather go back to queuing to cross the border, acquiesce to filing tons of paperwork to obtain a work permit to get a summer job or a study visa? Would he or she be willing to relinquish

the convenience of paying for goods and services in euros wherever they go in Europe instead of changing currencies all the time, wasting time and money? I don't think so, even if some politicians are calling for leaving the eurozone. The trouble is that the gains of European integration - like the ability to travel, or the convenience of money, or the fact that roaming charges have just been lowered for using telephones all over Europe, or the fact that there is an open sky so that the airlines have to compete - are private gains and do not necessarily strengthen loyalty to the European project.

Federal-type measures do have their opponents. They will be quick to remind us of the setback that the European Union suffered in 2005 - when both France and the Netherlands rejected the Constitutional Treaty. It did send the Union reeling back for some time. But let's remember that there were a number of reasons for the 'no' vote. I believe that it was not an outright rejection of deeper integration. There were local reasons for doing so. The Constitution was, in my view, at the same time a very ambitious project and it was too convoluted. It was, as I recall, eleven times longer than the Constitution of the United States. I'm not sure if it was eleven times better. I imagine it would have been much easier to sell to the citizens the kind of text of the Constitution that they can learn by heart, with the simplicity of the US text and the beauty of it, too. Our constitution was not like that. What we certainly cannot afford is another such fiasco.

What we do need is an honest and open debate. But not a legalistic one. I think that in Europe we are far too often speaking that Brussels jargon that even those using it can barely understand. What we need is a political debate. It is also a commitment to a strengthened Union with a viable economic and monetary policy. A Union engaged with its neighbourhood and open.

Your Prime Minister, Mark Rutte, has said recently that it was his job to sell Europe to the Dutch people.

I couldn't agree with him more. I feel that the times at which politicians could go to Brussels and make a deal in the spirit of solidarity and compromise, a deal for the good of Europe, and then return home and tell the story of how they fought like lions for the national interest alone - these days are long gone. We have exhausted this logic. If we, politicians don't start doing what your Prime Minister says we should be doing - selling Europe to our citizens again - we really are in danger of making the project illegitimate to our populations.

Europe has so many perks that there should be no need to sell it to the people. Europe should be able to sell itself. But the governments have played the Brussels card, pandering to the public to get re-elected back home. When a decision is difficult it's very convenient to pander to the public by blaming whatever downside there is on the EU and Brussels. This is - unfortunately - the usual practice in Europe.

But there has been enough European mud-slinging. We need to remember that Brussels can only do what we, the Member States, will allow it to do. In other words Brussels is us. The Member States getting together and deciding together. Therefore, it is our responsibility to refrain from bashing the EU in the domestic political discourse on every single occasion and to put an end to scapegoating Brussels for every unpopular measure we must take. We - national politicians - have to begin owning up to what we - in Brussels - need to do.

When the Prime Minister Rutte says his job is to sell Europe to the Dutch people I give a resounding 'yes' to his statement. But I also say: let's just all stop blaming Europe for every mishap. Europe can do a pretty good job in selling itself and should be given the resources to do so. We should focus on making the benefits of Europe more conspicuous.

The talk of federalization of Europe can sometimes be misunderstood and can sometimes be used to scare people. I personally don't regard myself as an unreserved euro-federalist.

I have made this clear on numerous occasions. I believe, for example, that certain prerogatives should forever remain in the province of the Member States. In our national debate we can justify delegating some powers to Brussels. Areas where economy of scale makes sense. Areas where we all jointly benefit. Those could be delegated, provided our people are reassured that issues that have to do with religion, national identity, some aspects of taxation, public morals - that those issues will remain in the purview of the Member States forever.

Poland is not afraid of further reforming the EU. The EU is a constantly changing and depends on the momentum, on the will of Member States to push forward. I see no reason for keeping the EU's institutional architecture as complicated as it is today. I see the need to press the European Parliament to become more representative and less self-absorbed. Moving them to one location would be a good start, too.

I think the financial crisis has many aspects. One of the aspects is of course debt, another is lack of confidence. But insofar as rules of the Growth and Stability Pact were broken, it has also been a crisis of the governability of the EU. In that sense we have a problem about how EU's institutions relate to one another. We need to give them more authority and make them more democratic. We can only give them more authority to act on behalf of all of us, if we make them more democratic. Poland's policy is to press for the European list to the European Parliament, to have elections to the EP on a single date all over Europe, and for the President of the Council and the President of the Commission to be not only approved of, but perhaps elected by the European Parliament, or even more broadly - by the European people.

The EU for us means pragmatic politics. That's why Polish citizens supported our accession in our referendum almost 10 years ago. Ideals of a united Europe have played a role, but for many of my compatriots who went to the polls, it was also about tangible results. Polish people craved freedom and

independence that were quelled for years when Poland found itself on the wrong side of the Iron Curtain. On May 1st 2004 for us, in a sense, history finished. We got to where we wanted to be. We finally re-joined the Community towards which we felt we have belonged all along. We re-joined it not just spiritually, but also practically and institutionally. We regained access to a vast space of Europe and beyond. We were able to travel, to learn, and to make business.

We believe that the European Union needs to return to its pragmatic self, to regain its Dutch soul, to give the Europeans more space and freedom to develop, to grow, to capitalize on its differences. It is about the principles underpinning the EU: subsidiarity, solidarity, cohesion, the rule of law. These were based on pragmatic assumptions. The cloud of economic crisis has a silver lining - it compels us to return to the very basis of the European integration. We need a simpler and clearer EU.

This brings me back to Mr. Krasnapolsky. He would have been astounded to find out that in present-day Europe regulations sometimes override common sense. If the food he wanted to serve at his café had to conform to strict European regulations that specify the size and the shape of potatoes and bananas, Krasnapolsky might not have been able to set up his business. Given the hassle, I can well imagine him deciding against introducing any novelty to running cafés in the 19th century.

This is where we have a problem.

The example of Krasnapolsky may seem outdated, but let's bring the issue close to home. In the digital era, it is inconceivable that EU cross-border online shopping is still not in full swing. We experience it all the time. I'm sure the majority of us here have tried to buy something in an online shop, in another Member State, and for one reason or another the transaction did not come through. We could painlessly and without any costs add a few notches to the European GDP by simply completing the Single Market in an obvious

transnational area, such as e-commerce. It is just amazing that we still haven't achieved that.

What I seek from the Dutch-Polish relations is that we set up at least one coalition within the EU. A firm advocacy coalition of two countries to champion a clear-cut Union. A Union that fully applies the subsidiarity principle and safeguards freedom and well-being of all Europeans. Both Poland and the Netherlands opt for sound EU finances and for the importance of investing in the future. What we should strive for is an open Europe that fosters strong ties with other strategic players in the world. Europe that acts as source of inspiration and a centre of gravity for its neighbours.

That is the Europe I see for the 21st century. A Europe wherein we all thrive: competitive, innovative, and open.