

Günter Verheugen on Europe's Economic and Ecological Challenges

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On Friday 4 May, an international group of Alumni of the Allianz Summer Academies 2004, 2005 and 2006 visited the European Commission. They had a discussion with Günter Verheugen, who at present is vice-president of the European Commission and in charge of Enterprise and Industry. Verheugen spoke on the topic *Europe's Economic and Ecological Challenges*. His first statement immediately set the debate, as he opened the meeting by declaring the European Union (EU) is in crisis no longer.

According to Verheugen, the political crisis in the EU is over, as the German Chancellor Angela Merkel has filled the leadership-gap. She proved to be a competent leader during her presidency of the EU and worked successfully on the problem of the strengths and weaknesses of economy and politics within the EU. In addition, at the meeting of the EU-Council in June, she will probably solve the difficult and complex question on the future of the EU-Constitution. Verheugen further observed that almost certainly the Constitution will not be called a Constitution with a capital C anymore, instead it will carry the name of a founding Treaty of [to be named in future] comparable to the German Grundgesetz. Its structure will correspond to existing EU treaties, which are open for change every three to four years and therefore more flexible. At the EU-Council meeting in June a roadmap will be presented that all member states will follow and sign. Surprisingly, Verheugen told the students of the Allianz Alumni Academy 2007 that this Treaty was not to be approved in a referendum by the citizens. He held no illusions about a referendum and did not consider it a necessary, rather a problematic step in adopting the Treaty.

Furthermore, Verheugen talked about institutional packages, notably on economic strategies and energy policies. The goal of becoming the most competitive economy by 2010 he criticised to be sheer nonsense: "The question for European economy is not to be better than the rest, but good enough to survive in a globalised world." With reference to the latter there are good things to be observed, said Verheugen. The European economy grows and the Euro is very strong. If Europe wants to stay a real player in the global economy, however, it has to concentrate on and improve Research, Technology and Development, Training, Innovation and Education. With Merkel in charge, the EU is moving in the right direction. Moreover, on a macro-economic level the EU is doing very well.

Yet, the EU should put more effort in employment and job strategies. The EU will need to participate more strongly in national policy-making on these issues, as there is a shortages mismatch and a wrong allocation of resources. In addition, the labour market will change as women and migrants etc. are entering and will enter the labour market in the near future. The EU should focus and work on these problems. Consequently, Verheugen mentioned the need for a binding common economic policy.

In the process of reviewing the strategy of the EU on energy policies, additionally, there are two important issues to focus on. First, climate change, competitiveness, environment and energy policies have to become central issues in policy- and decision-making of the EU. Climate questions are *the* challenge of the century. And actually, Verheugen claimed, we are shamefully late, since we got to know about the problem about 30 years ago already. Now we have to work extra hard and put a lot of money in there. Also, the EU has to cooperate with the United States. Transatlantic relations are particularly important in this. US-investments in the EU are constantly growing and satisfying. US and EU form 60% of the world economy, of international trade and the investments in the EU are tremendous. In comparison, China is a poor country, it's economy is booming, but the per capita output is very low and it simply will not overrule the EU-economy. Hence, the obsession with China is exaggerated, Verheugen argued. The EU can and needs to act as a frontrunner, although one should be aware of the paradox related to this role, since a political union can risk loosing its economy if it passes too restrictive laws.

The second issue and also the last subject Verheugen pointed out, is what he called the Greening of European Industries. According to Verheugen, green industries have to be made sustainable and sufficient. Europe always has been strong in innovation, change and technology and it needs to use these strengths. It is only a matter of time other industries in the world will follow, as environmental problems will dominate the future economy. Europe has to do what it is good in: it has to dedicate itself to innovative projects and it has to work on social problems. In Verheugen's words: "We will need technology and our innovative products, it secures the future of Europe."