

**“Slovenia 2030 – European dimension of the future of Slovenia”,
Contribution of prof. Romano Prodi, former President of the European
Commission (1999-2004)**

Dear President Pahor,
Honorable Participants,
Ladies and Gentlemen,

It is my pleasure to participate to this conference on the future of Europe and the role of Slovenia.

I regret I cannot be present in person today. However, I hope my reflections will contribute to your relevant discussion.

Today, two different but related crises affect Europe.

The first is the economic crisis. While the other global economies have finally recovered, European countries are still struggling to cut their debts and introduce measures for growth.

To achieve the necessary levels of growth and recovery, there should be room for more reflation. Additionally, EuroUnionBond should be created. These bonds should be obligations to be emitted by a specific European financial fund. They should be financed through real capital, to be conferred by member states on the basis of their contributions to the European Central Bank.

Having the largest economy of Europe, and a solid and reliable one, Germany is the country which should lead the creation of a rational and correct economic policy for Europe. To this end, Germany should acknowledge that fuelling the engine of Europe’s recovery will not pose problems to its national balance, but will make it grow faster.

Indeed, this crisis is mainly a problem of economic policy. If economic measures are solely oriented to austerity the result is to depress growth and create more unemployment. Indeed, even if the debt of European countries is successfully cut, the life of European citizens will be far worse than before.

The second crisis directly derives from the first one, yet it affects us at even a deeper level. It is a crisis of legitimacy of the European project. While the European Union was busy debating how to manage worsening economic conditions, we lost sight of the true problem of Europe: the loss of mission of our common project, and of our common institutions.

The European Commission, the European Parliament and the European Council currently lack institutional clarity and momentum. European states should recognize that the only way to make Europe competitive again and enjoy the benefits of globalization is to move Europe’s existing structures towards deeper political integration.

In truth, our main source of trouble lies not in European integration, but in European disintegration. Our political –and economic– sovereignty can only be preserved if we stick together.

Since its beginning, Europe has been built on the concept of subsidiarity. When we introduced a common currency, we substantially modified the modern concept of the nation state. Now, we have to share and define the decisions that are necessary to preserve us in the process of globalization.

This passage would entail great commitment from all European member states, and Slovenia would make no exception. Slovenia could also contribute to preserve adequate attention toward the Western Balkans, thus preserving the credibility of the overall enlargement process.

Due to its historical heritage and geographical position, Slovenia is particularly fit to support the need for common economic stability mechanisms that take into account both the size and structure of an individual economy and the connections it has with neighboring countries.

We also have to recognize that 28 states cannot take unanimous decisions anymore. We cannot divide ourselves on all issues, and often in spite of small differences to be solved. To enhance citizens' trust, we have to demonstrate that we can decide and move forward. This is particularly important for those European countries that belong to the Eurozone.

In order to solve the current economic crisis and, most importantly, the crisis of legitimacy of European institutions, we have to establish a renewed European social contract, based on inclusion and capable of providing perspective.

Let me add that we have a successful example before us. In 1789, Alexander Hamilton, then the United States Secretary of the Treasury, proposed a strong federal system of government that would assume the states' debts from the American Revolution.

That system was conceived to preserve stable revenue and integrate fiscal policy, though guaranteeing local sovereignty on non-federal matters. This was the first concrete step to give power to the United States as a federal union. In Europe, as well, we should consider the resolution of the debt as a midwife for a real political union.

The solution from this double crisis and the future of Europe cannot be based on fear and reluctance. It should spring from solidarity and concrete decisions. Each of us should take on concrete commitments to pursue this goal and choose transformation over hesitancy.

To conclude, I want to thank you again for your invitation and I wish you a productive conference.

Prof. Romano Prodi