

Brussels Forum

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A Conversation with Herman Van Rompuy

Mr. Craig Kennedy. Constanze, thank you so much. That was a terrific session. Gentlemen, I think in the nine years that we've done sessions on NATO, this was by far the most lively and interesting we've had. A big thank you to all of you. It was terrific. Now, it's my pleasure to introduce this year's Asmus Policy Entrepreneur Fellows, Julie Egan and Erik Brattberg. Julie and Erik, could you please stand? Where are they? There we go, back here. So this is a very competitive process. We end up with literally dozens of applications. We pick two each year. Julie is an economic advisor for the United States State Department. During her fellowship, she'll explore the Maghreb and the Wider Atlantic partnership's challenges and opportunities. Erik Brattberg is a senior fellow at the Atlantic Council and a researcher for the Swedish Institute for International Affairs. His project is entitled, "A Second Transatlantic Anchor: The Strategic Implications of TTIP for Strengthening the EU-US Partnership." We are very much looking forward to their work over the coming months. Congratulations. Please join me in--thank you.

Now, we made a slight schedule change, so we're going to cut out a coffee and do two interesting

conversations to finish up this last hour. For the first, it's my distinct honor to welcome back to Brussels Forum the president of the European Council, His Excellency Mr. Herman Van Rompuy, who will be interviewed by the London Bureau Chief of *The New York Times* Mr. Steven Erlanger. Please, gentlemen.

Mr. Steven Erlanger: Well, I'm sorry we're not a coffee break, but in any case we'll do our best. Thank you, Craig. Also, Craig, let me just take two seconds to thank you for all of the work you've done for this conference and others. We've known each other for decades, and I'm very grateful. Thank you.

It's a great honor to be here and to have Herman Van Rompuy here with us. It's short, so I'll get right to it. I don't have to introduce you. There was one time when I remember talking to someone who was in a coalition with you once in Belgium named Louis Tobback, and he said that Mr. Van Rompuy is a sober personality, someone who doesn't shine. That's the major reason that he gets there, but once he gets there he starts enlarging his territory. That's what he's doing now. I wanted to start simply by asking you--you're getting toward the end. You're beginning to have those last thoughts about a very, very difficult five-year term. How have you enlarged your territory? Where did it come from? What have you built?

Pres. Herman Van Rompuy: Um-hum.

Mr. Steven Erlanger: Will it last?

Pres. Herman Van Rompuy: First, one correction: You underestimate my charisma. Yes. That's my (inaudible). Yes.

Mr. Steven Erlanger: You've just proven the point.

Pres. Herman Van Rompuy: Yes. I took this job now almost five years ago, and some are saying that the European Council became the most important institution in the European Union. There are two reasons for this. I don't know if it is true, but there are two reasons. The first reason, of course, is they had a brilliant President of the Council. That is the first--

Mr. Steven Erlanger: That's a given.

Pres. Herman Van Rompuy: Yes, that's for sure. The second is that we had a crisis, and a crisis helps a lot to put people together. We can't have a meeting with the 28 leaders and then after the meeting I had [sic] to confront the president, say we had an excellent meeting, but we just didn't agree on anything. That's impossible. We had to agree. We had to converge. We had to take [sic] decisions otherwise we were punished by the markets the day after.

Mr. Steven Erlanger: Yes.

Pres. Herman Van Rompuy: The crisis helped a lot to have that consensus. We have to take [sic] decisions unanimously, and the decisions were so important, so

much taxpayers money was involved that those decisions could only have been taken by--

Mr. Steven Erlanger: The leaders.

Pres. Herman Van Rompuy: --the leaders themselves, and it made the European Council a very important body.

Mr. Steven Erlanger: Of course, but when you're in the kitchen, you know, you're very conscious of everything that you're doing and everything that's going on. From the outside though, it looks like there are fires everywhere, and it doesn't look very organized. Do you have real regrets over the way this crisis started?

Pres. Herman Van Rompuy: It started--first of all, it started with the financial crisis.

Mr. Steven Erlanger: Sure.

Pres. Herman Van Rompuy: Then afterwards we saw that a lot of structural problems in some of our member states--even more than just a couple--came to the surface, underlying problems, structural problems which were covered by, let's say, the first decade of the euro, a period with broader, high economic growth compared to today. The euro was such a success, such a stable currency that all were benefitting from low interest rates, and this gave the [sic] occasion to private investors and to public authorities to spend money at a very low cost.

Mr. Steven Erlanger: And borrow a lot of money.

Pres. Herman Van Rompuy: A very low cost.

Mr. Steven Erlanger: Right. Absolutely.

Pres. Herman Van Rompuy: You had that accumulation of private and public debt, and this came--those underlying problems came to the surface in 2009.

Mr. Steven Erlanger: Who do you blame for not identifying those problems? They were there. Obviously, the bond markets weren't paying attention. They just assumed that German interest rates would work for everybody, but wasn't part of the point of the European Union and Eurostat and the Commission to identify these problems and do something about it before they became a crisis?

Pres. Herman Van Rompuy: I'm not blaming anybody. The past is the past, but if we had had the instruments we have today this would have happened.

Mr. Steven Erlanger: Let me ask you something else. I remember the beginning of the crisis. First, everyone blamed the Americans because of Lehman Brothers, you know, and then everyone said--Trichet said oh, you know, we couldn't possibly have a default within the euro system. Then everyone said we couldn't possibly bring in the IMF because that's for poor countries. I remember sitting with Christine Lagarde, who actually now runs the IMF, when she was finance minister telling me we don't need the IMF. Perhaps we should develop our

own IMF. Was there a problem of more proper and pride in the beginning? Didn't that help create the crisis?

Pres. Herman Van Rompuy: It is a complicated process, but the IMF was mentioned as a partner already from the very beginning of the crisis. My first European Council was the 10th of February. At that moment, the IMF was already in our communiqué as some kind of advisor using its expertise, but two months later they were a full partner even with Monaid (phonetic). It was not the time of Christine Lagarde. It was the time of Dominique Strauss-Kahn at that time.

Mr. Steven Erlanger: Okay. Which was part of the reason, I think, why the French didn't want the IMF involved because Sarkozy thought he was going to run against Strauss-Kahn.

Pres. Herman Van Rompuy: At that moment, it was not the case. No. It was even before--

Mr. Steven Erlanger: You couldn't be more (inaudible).

Pres. Herman Van Rompuy: --he was even appointed by Sarkozy--

Mr. Steven Erlanger: Yes. That's right.

Pres. Herman Van Rompuy: --on the proposal of Sarkozy. It's much more complicated.

Mr. Steven Erlanger: To sort of keep him out of France.

Pres. Herman Van Rompuy: Yes, but you have not to see [sic] everywhere a conspiracy.

Mr. Steven Erlanger: Alright.

Pres. Herman Van Rompuy: Things are sometimes more simple than you think.

Mr. Steven Erlanger: Let me ask you--I mean, one of the things that you learned how to do--perhaps you learned as a Belgian Prime Minister when you kept things quiet for a while was to manage the political expectations of the other leaders. Did you find that an easy thing to do? Did it drive you crazy? What lesson would you give to your successor about how to manage these difficult people?

Pres. Herman Van Rompuy: Yes. First of all, it's not only manage [sic] political expectation, it's to get an agreement among 28 leaders. I just came off [sic] a meeting of the European Council where the-- yesterday evening and this morning on very difficult issues also for the Union: Ukraine, climate change, energy, and so on. We have to agree at the end of the meeting on every sentence, on every word with 28 countries. When I start that kind of meeting, each time it is an adventure. Will we succeed or not? Of course, we are preparing it.

Mr. Steven Erlanger: (Inaudible) goes to Brussels.

Pres. Herman Van Rompuy: Yes. My successor has had--he will have his own personality, of course, and his

own way of working, but if he has a tremendously highly developed ego he will not succeed. He will not succeed because then he has to find an agreement or to find a consensus also in order to save his face and to justify what he said in interviews and in all kind [sic] of declarations. Here you have to listen all the time to the leaders--to big countries, smaller countries--so that at the end you feel what you can achieve.

Mr. Steven Erlanger: Did you--um-hum.

Pres. Herman Van Rompuy: Today on climate change it was a very difficult exercise, but we took on board everybody. Sometimes you have to work in stages. It helps a lot, so you convince people step by step.

Mr. Steven Erlanger: Did you feel sometimes more like a maitre'd or like a psychiatrist?

Pres. Herman Van Rompuy: For a good politician--

Mr. Steven Erlanger: Or a third option--

Pres. Herman Van Rompuy: --a good politician is not a psychiatrist. At least he has some knowledge of psychology. Empathy is a gift that you need in the-- certainly in that kind of political world, but as you said, I come from the Belgian context. I shared a government with five parties, and in each party there are several wings. I am most proud of what we achieved as a compromise when we agreed on the European budget. It was a budget which was decreasing in real terms. We were with 28 countries, again. We need unanimity, and

each of the leaders represent a coalition government. When he comes home he has to defend what the budget-- and what he achieved in the budget. What's the beef for me?

Mr. Steven Erlanger: Sure. Sure.

Pres. Herman Van Rompuy: Actually, we were negotiating with 60 or 70 parties around the table, but after 36 hours we found an agreement. I'm still very proud of it.

Mr. Steven Erlanger: Right.

Pres. Herman Van Rompuy: Yes.

Mr. Steven Erlanger: Well, let me--I remember I was based in Paris, and you were racing often between Paris and Berlin trying to get Sarkozy and Merkel to agree on things, particularly during the height of the Euro crisis, and yet everyone kept talking about the Franco-German couple as being so crucial. They would do their best to predigest deals before big Council meetings. Now one has the very strong impression that couple is separated if not on the way to divorce. They're not trying to predigest anymore. Has that changed the way it works in the room? Is it better this way, or was it easier the other way?

Pres. Herman Van Rompuy: Yes. You had the very close cooperation between the German chancellor and the French president, but it was not always so smoothly as people thought it was. You are saying that I traveled

from Berlin to Paris, so the simple fact that I had to travel means that there was no agreement. Yes? It was not as they agreed and they presented their conclusion to me, and I have to sell them to the other leaders. That's much more complicated than that. I saw a change by the end of 2011 when France lost its AAA status, and then they had some kind of imbalance in their relationship. Of course, after the presidential elections he changed again. Now there is between the German chancellor and the new French president--he's not so new anymore--there is a good understanding, but you can't compare it to the, let's say, the best days of the Merkozy. Still, now we achieved--we could take decisions on the European budget, on the banking union and actually we tamed the Eurozone crisis in 2012. Then Mr. Sarkozy already left office.

Mr. Steven Erlanger: Right.

Pres. Herman Van Rompuy: It is, as always, much more complicated and much more nuanced than is written--not in your press because you know everything--

Mr. Steven Erlanger: Of course.

Pres. Herman Van Rompuy: --but in the press in general.

Mr. Steven Erlanger: Yes. I don't know. I mean, were there moments where you said to yourself I really can't take this anymore that you actually threatened to leave even tactically?

Pres. Herman Van Rompuy: No.

Mr. Steven Erlanger: Never?

Pres. Herman Van Rompuy: No.

Mr. Steven Erlanger: Did you ever want to?

Pres. Herman Van Rompuy: No, no.

Mr. Steven Erlanger: Why?

Mr. Steven Erlanger: That is a question of a psychiatrist (inaudible).

Mr. Steven Erlanger: Never?

Pres. Herman Van Rompuy: No.

Mr. Steven Erlanger: Because--

Pres. Herman Van Rompuy: I disappoint you. I know.

Mr. Steven Erlanger: No, but you remind me of something. When we had a interview a couple years ago we spoke about your life a little bit and that you lost your faith when you were a boy, and then somehow in the '20s it came back again. And you spent time in an abbey, sometimes not just drinking beer but in contemplation. And I remember writing, and I'm curious what you thought of this, I said, you know, that you were a devout Catholic who was struggling with the sin of pride.

Pres. Herman Van Rompuy: You're again a psychiatrist. Yeah, yeah.

Mr. Steven Erlanger: But do you see that in yourself? I mean, you're not a humble person.

Pres. Herman Van Rompuy: We doubt--no, I would put it in this way, if you are in politics, of course, you have to have some kind of ego. But my (inaudible) is a very particular one. In this stage of my--at this stage of my career when I became president of the European Council, I achieved all what I could achieve. So I could devote myself to the common cause. It had--I didn't need it anymore for my own glory. And I felt it in that way. And so I considered this and that is not some kind of false modesty or something else. Eh, but I felt it as a duty, as a responsibility, as an honor but not more than that.

Mr. Steven Erlanger: One of the things that we wanted to try to do--I only had one question for you and for the audience for your little devices. It was the simple question of whether you all think the Euro crisis is over or not, just that? And if you could, I guess, it takes 15 or, um, 15 or 20 seconds to respond, we'd be curious. And then I want to get your sense. I know you think the existential crisis is over but--so we are going to count this up and see what the audience thinks, if all of this works. So please vote. He's got seven more seconds. Well, you can see the results, right? Seventy-two percent think there's more to come. Do you think they're right? Do you think the crisis is over or simply having a rest?

Pres. Herman Van Rompuy: Um-hum, it's often an optimist is an ill-informed pessimist, huh. You can also turn it around.

Mr. Steven Erlanger: Of course.

Pres. Herman Van Rompuy: Uh, if you put the question, is the euro crisis over? Now, the economic aspect of the euro crisis is not over, we are still struggling. We have a (inaudible) modest gross. We are around one percent, that's all. If the existential checks on the euro, that's over. That's over. Now, you see, you have a lot of indicators for all this. Somewhat disappointed that the crisis is over. But we saw it--we saw it--or see it in--on the financial markets, there's much more convergence also in the (inaudible). We see it also in the exchange rate, the Euro is even...

Mr. Steven Erlanger: Stronger.

Pres. Herman Van Rompuy: ...it's too strong for--for our exporters. The euro became even with the crisis in the emerging countries, some kind of safe haven, eh. So I say often, the existential threat is behind us. But the problems are not (inaudible).

Mr. Steven Erlanger: Do--But Greece is going to need another bail out, right? It's going to need more money, everybody thinks so.

Pres. Herman Van Rompuy: Yeah, but the Greece received loans.

Mr. Steven Erlanger: Right.

Pres. Herman Van Rompuy: (inaudible) gifts for 245 billion for what we are now speaking about is the possibility of 10 million, of 10 billion or 50 billion. That is a huge difference with the past. They agreed now with the IMF, they have a primary surplus, they have modest economic growth, some can even--banks can't even go to the market again. The situation changed dramatically compared to one year or two years ago.

Mr. Steven Erlanger: How would you say (inaudible) understanding of the euro and German responsibility has changed? I mean she has moved. I mean, like a scientist, she has looked at what's worked and not worked. But no one would ever accuse her of moving quickly.

Pres. Herman Van Rompuy: You speak on Germany?

Mr. Steven Erlanger: Yeah.

Pres. Herman Van Rompuy: Yeah. Uh, first of all, we took all of the decisions with 28 or with 18, the members of the euro and there was not only Germany, not at all. Uh, second point is that, of course, we took very important decisions in uncharted waters. For us it was new managing a monetary union with 17, with 18. So it took some time. In the union, it was a step by step approach getting everybody on board, convincing them that, uh, measures were taken seriously. In some of the countries, convincing the own public opinion that have

to show solidarity because also it was in their own interest.

Mr. Steven Erlanger: Sure.

Pres. Herman Van Rompuy: So it--in a democracy, we're not living in dictatorships and we are living in a 17, 18, 28 (inaudible) democracies. So it took some time and it could be that some decisions were taken a little bit too little--qualified too little and too late. But at the end, we delivered (inaudible).

Mr. Steven Erlanger: (inaudible) step by step is really expensive. I mean, it's cost taxpayers a lot (inaudible)...

Pres. Herman Van Rompuy: Yeah, but there are other countries in the world who have one president and one, uh, parliament and it is difficult to make a budget. So, we are not the only ones.

Mr. Steven Erlanger: Fair enough. Um, what were, I mean, some people suggest, partly because of the crisis that you, in the end, became the eurozone president rather than the whole council president. Are you worried Europe really running at different speeds? And you can talk about Britain a bit too.

Pres. Herman Van Rompuy: Yeah, but the strange thing is that I--I have no complaints with every person. They've cooperated very constructively during the eurozone crisis. For instance, for the banking union, we had again to agree with 28, the single

surveillance mechanism, the (inaudible), I guess, was agreed by almost all the members including the U.K. The interest of the U.K. is a stable eurozone and a prosperous eurozone.

Mr. Steven Erlanger: This I accept, but what worries a lot of people in Britain, is that Cameron's gotten himself stuck into a referendum he really doesn't want, um, in return for a negotiation he can't possibly succeed in getting enough to make his euro skeptics happy. That's what I meant when I asked you, whether you worried about strains in the Union.

Pres. Herman Van Rompuy: Well, that's for later on. I speak now on today and what we live through the last two years. The rest, we'll see. He--Mr. Cameron has spoken as the leader of the conservative party. There is one condition, of course, he has to win the elections. And then after the election, he has to negotiate with the other members and then after the negotiation, he will put the result of the negotiation to our referendum, eh, to the British people. So there are if, if, if, and we'll see.

Mr. Steven Erlanger: (inaudible)...

Pres. Herman Van Rompuy: I have an answer on hypothetical questions.

Mr. Steven Erlanger: Well, one of the things I asked you is because you won't be there then, it won't be your problem.

Pres. Herman Van Rompuy: No, no. No. But that is not the reason why I am saying this.

Mr. Steven Erlanger: Right.

Pres. Herman Van Rompuy: Uh, I was watching TV and have my own opinion, yeah.

Mr. Steven Erlanger: Now, you have said differently in the past, and we're about to have European elections, that no one, I must say, feels very optimistic about. The rise of however we characterize them, far-right or populists, the words don't work very well because the countries are different. But there's a big Euro-skeptical party in almost every country except perhaps Germany. Um, how do you interpret this? Now, it's too easy to say, oh, there was always this kind of party in the past because it's not true. I mean, across Europe, they have a higher percentage across the board than they have had for many, many years. What's the cause, do you think?

Pres. Herman Van Rompuy: Well, first of all, um, according to the opinion polls, there will be an overwhelming pro-European majority still in the European parliament. Of course, you have always to listen to people and if they have no majority at all, but that would be overwhelming majority of pro-European parties. So the institutions can function as before. That's my first, my second is that, you have euro-negative parties from the left, from the right, uh,

from all kinds of, uh, of political spectrums. So it is not a homogenous body. So that met euro-skeptics covers a lot of nuances and--and a lot of differences among...

Mr. Steven Erlanger: Sure.

Pres. Herman Van Rompuy: ...(inaudible) inside this group. But I mean (inaudible) element is that long before the financial crisis, you had very strong populous parties. Father Le Pen was second in the presidential race in 2002.

Mr. Steven Erlanger: Jacques Chirac was very lucky.

Pres. Herman Van Rompuy: That's true. He won afterwards with 82 percent. Uh, but the Father Le Pen had 18 percent. So the daughter will do better but 18 percent is already a lot. In my own country, long before the financial crisis, there was an extremist, a racist party, gathering 24 percent. In Austria you had (inaudible).

Mr. Steven Erlanger: Sure.

Pres. Herman Van Rompuy: Twenty-six percent, nothing to do with Europe.

Mr. Steven Erlanger: No, I mean...

Pres. Herman Van Rompuy: Nothing to do with the financial crisis.

Mr. Steven Erlanger: This is true.

Pres. Herman Van Rompuy: So it is a (inaudible) of civilization.

Mr. Steven Erlanger: But it's--it's now spread four other countries.

Pres. Herman Van Rompuy: Yeah, the start of a political crisis.

Mr. Steven Erlanger: Right, which has to do with...

Pres. Herman Van Rompuy: And you will note...

Mr. Steven Erlanger: ...the administrator of Europe.

Pres. Herman Van Rompuy: No. In a lot of countries, in a lot of countries, people lost confidence even more in their own institutions than in the European institutions, a lot of them. So it is a much more complicated development than most people think, of course. There is a part of, let's say, disappointment on European policies and sometimes on the European (inaudible). I will not deny this but you have to see the broader picture. We can only convince those people by our words, of course, by our language, speaking more positive on the European institution, not blaming the European institution for something that you have to do yourself, your own duty. But we will ultimately convince them by our results in terms of living standards and in terms of employment.

Mr. Steven Erlanger: One thing, you know, you've just spent some time on Ukraine and I don't want to spend much time because so much of the conference has been about Ukraine. But--and, of course, you're not in charge of the commission.

Pres. Herman Van Rompuy: No.

Mr. Steven Erlanger: Right. But do you feel a little bit that the Europeans and the Americans too were playing Sorcerers Apprentice a little bit in Kiev, not thinking hard enough or strategically enough about the impact of the association agreement or even the flight of Yanukovych?

Pres. Herman Van Rompuy: I think there are other people responsible for the mess in which we are here. But asking your, your questions, we responded to a demand coming from the Ukrainian government, not even this one. It was the governor of Yanukovych and even before him. And we negotiated with them. They had to meet benchmarks, conditions. We initialed this in the beginning of 2012 and then--then we said, no. Before signing, we ask you to deliver our new benchmarks. And they had to work again. So it is not for free. It is not that we say, now we have to keep--to keep--to bring Ukraine on our side and then for geopolitical reasons or whatsoever. If this was the case, we gave them just 15 billion for free and said no--no conditions are needed, no. We put strict conditions before we signed. We were ready to sign, the association agreement. It went wrong when some of the neighbors put pressure on Ukraine, trade restrictions that brought them in financial problems and so on, and so on. And then it all started. But if there is a miscalculation from--not

only from our side but also from the Russian side, and even from the Ukrainian government is that nobody could foresee that the people of Ukraine, and that's called now (inaudible), would be so determined, uh, during months and months they were there, even freezing to show (inaudible), not to the EU institutions.

Mr. Steven Erlanger: Right.

Pres. Herman Van Rompuy: But to European value. And they were fed up--

Mr. Steven Erlanger: (Inaudible) some kind of Soviet mentality.

Mr. Herman Van Rompuy: They were fed up with this mentality of corruption, lies, manipulation. And they made another choice. They made another choice for democracy, the rule of law, human rights. And I know that there are always in that kind of revolution (inaudible) for people who take--are taking--trying to take benefits from this movement. But a vast majority of the people made the choice of values. And that's something that a lot of people inside and outside Ukraine underestimated.

Mr. Steven Erlanger: Do you think we should stop calling Russia our strategic partner?

Mr. Herman Van Rompuy: I hope that we can overcome this crisis, but I fear that the world, also in our relationship, will never be as before. Never be as before.

Mr. Steven Erlanger: Which is sad. Are you sad about it? Or do you think we've simply misinterpreted what we hoped the Russians would be, or would want?

Mr. Herman Van Rompuy: No, that would be a too-kind interpretation of the factors. Only a misunderstanding. That would be very Christian, but not responding with reality.

Mr. Steven Erlanger: Yes, that's right. Well, we've actually run out of time. But I want to ask you one last thing. You gave a speech recently where you have a contemplative side and I just want to read you a couple of sentences. And then ask you about it. You said, "dealing with the world of men increases ones longing for paradise. For the absence of conflict, jealousy, and vanity. A longing for peace and reconciliation, and for unity. This does not bespeak weariness, but a desire for simplicity." Now, do you think after dealing with 28 countries, why would you want a desire for simplicity?

Mr. Herman Van Rompuy: I will find this world of harmony after having left office the 30th of November of this year. Yeah.

Mr. Steven Erlanger: All right. Well, I wish you luck, and thank you, sir, very much.

Mr. Herman Van Rompuy: Thank you.

Mr. Craig Kennedy: Thank you, guys. We really appreciate it. President Van Rompuy, thank you so much. Steve, as always, it was really terrific.