French Proposals for the Future of Europe

“The worst of the crisis is now behind us,” Laurent Fabius, French Minister of Foreign Affairs assured the audience at a Columbia University lecture, organized by the Center on Global Economic Governance and the Alliance Program. The Minister advocated a reorientation of Europe’s policies toward growth and innovation, underlining the Compact for Growth and Jobs announced by the European Union (EU) in 2012, and re-stated the commitment of France within the EU to finding the means to adapt and to emerge from the crisis stronger and more integrated.

Many have doubted the EU’s ability to respond to and overcome the challenges that emerged in the wake of the financial crisis. In response to this concern, Laurent Fabius stated: “The doubts which arose during the years 2011 and 2012 on the future of Greece have disappeared and the first signs of a return to growth emerged during spring of this year. After six consecutive quarters of recession, the Eurozone reported positive growth in the last quarter.”

Minister Fabius highlighted the destabilizing effect of the financial crisis on Europe, as it spread to the real economy and led to difficulties for a number of countries. He pointed to pre-existing problems – the heterogenous financial, economic, fiscal, tax, and social systems of the Member States, and the macroeconomic imbalances that existed in certain countries. He underlined the lack of EU and eurozone instruments and structures in place to respond to such a shock.
Minister Fabius discussed also the established mechanisms to assist crisis-struck Member States, such as the creation of the provisional European Financial Stability Facility; the deepening of fiscal and financial regulation in the eurozone; and reinforced bank supervision at the EU level, in order to prevent institutions from taking excessive risks. “Those first decisions allowed the European Central Bank (ECB) to establish the Outright Monetary Transactions (OMT) program, which had a decisive effect in slackening interest rates,” he said.

Minister Fabius underlined also the Compact for Growth and Jobs, launched by the EU in June 2012. This focuses on re-orienting European public spending toward innovation and research; organizing projects such as high-speed Internet, renewable energy, and transportation at the EU level; and developing innovative financing mechanisms to compensate for the scarcity of credit without resort to public funding. “It is predicted that if the use of high-speed Internet progressed by only 10 percent in the EU, it would gain 1 percentage point of growth. Similarly, if online shopping grew to 15 percent of total transactions as opposed to 5 percent today, the EU would gain 1.7 percent growth per year.”

According to Minister Fabius, alongside the need for financial stabilization, Europeans must act to speed up economic recovery. And to conclude, the Minister quoted the former French President François Mitterrand: “France is our fatherland, Europe is our future.”

- Dariela Sosa, CGEG Research Assistant

Download Minister Fabius’ speech here

Watch the discussion here

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