

Former Swedish premier: EMU 'decisive step' towards new Europe

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Former Swedish prime minister and UN Special Envoy to the Balkans Carl Bildt has joined the 'yes' campaign ahead of the Swedish referendum on 14 September on adopting the euro. The following is the text of a guest commentary by Bildt published in the Internet edition of Swedish newspaper Dagens Nyheter on 19 August:

Only through a federation can we ensure peace and liberty, writes Carl Bildt.

I see no other historic possibility of ensuring peace and freedom other than gradually building a federation of nation-states that extends from Russia to the Atlantic, from the Arctic Ocean to the Mediterranean. The common currency is obviously neither the last nor the most decisive step in this great effort, but it should be the next obvious and non-dramatic step for Sweden. We should participate fully in building a new Europe - without footnotes, opt-outs and non-participation. This is the opinion of former Moderate Unity Party leader Carl Bildt, who is publishing his new book today: "Mission Europe".

Remarkably enough, Sweden seems to have difficulty keeping up with developments in Europe in general. The fact that we, in this year of grace 2003, are holding a referendum on something that a large majority of free European countries have actually already joined or have decided in favour of joining, shows how we are trailing behind the rest.

The step from an old national currency to a new European currency should be more natural and less dramatic for Sweden than for many other European countries.

We are a society that has, to a greater extent than most others, built its prosperity on success in the world markets, and one that talks more about cooperation and accepting international responsibility than most. If politics were a logical process, we would have been among the first to join the common currency.

It might be possible to rationally explain why Sweden remained outside expanding Western European cooperation during the dark decades of the cold war. But dragging our feet for so long after the Berlin Wall came down in 1989, after freedom had spread, confronting us with new challenges, can hardly be explained by anything other than the paralysing power of obsolete prejudice.

On Corfu on Midsummer Eve 1994, I signed the treaty for Swedish membership of the European Union, and in November of the same year, we gave our common consent in a referendum. Ever since late summer 1986, when I, as the new Moderate leader, tried to give European issues a central position in Swedish politics, my efforts have been directed at making Sweden part of the nucleus of new and expanding European cooperation.

This has always been primarily a question of economics. Starting with the abolition of old trade barriers in the 1950s, the customs union of the 1960s and the gradual establishment of the common market towards the end of the 1980s, Western Europe's road to new prosperity in the postwar years has involved successively creating better conditions for trade.

The basic intention behind this was, of course, to prevent the return of the scourge of war that had devastated and destroyed large parts of Europe for the two previous generations. Nevertheless, the peace that prevailed during these decades was ensured more by military deterrence than economic integration.

After the fall of the Berlin Wall, followed by the collapse of the entire evil empire that the Soviet Union represented, we suddenly found ourselves in a fundamentally new historic situation. For previously neutral countries like Finland, Austria, and Sweden it was natural to apply for full membership of the European Union. And for this organization as a whole it was important to build up an entirely new order in an attempt to assure both peace and freedom for as large an area of Europe as possible.

This is the historic mission that we find ourselves in the midst of today. For about 70 million Europeans, this change of system - from decaying socialism to stable democracy, accompanied by strengthening of the rule of law and the development of a free economy - would never have occurred so quickly and culminated in membership of the EU if it had not been for the model that the EU provided and the magnetic pull that our cooperation has exercised. Seen from an historical perspective, there are grounds to speak of a miracle in our own time.

The step from a common market to a common currency was and is a natural and logical move for the well-integrated economies that most European countries today are. Just as the abolition of municipal tolls liberated national economies and the abolition of national customs duties was seen as a natural development for those who were convinced that expanding trade would lead to greater prosperity, the step from a common market to a common currency is an obvious and logical continuation of the process that has already given us so much.

The economic argument for the common currency now seems to be accepted by most people. Common sense tells you that it is easier to do business if everyone uses the same money. But concrete experience and scientific studies have now shown that the common currency has an even greater influence on facilitating trade than most people expected. Even an anti-EMU militant like Per Gahrton has now admitted this in his book.

And we should not forget that previous "golden ages" of development in Sweden - the decades before 1914 and the years immediately following World War II - were decades with either a common currency or very significant currency stability. Sweden's economic difficulties have started when currency

stability has slipped, when currencies have fluctuated and devaluations have been employed.

When I, as prime minister, had ultimate responsibility for negotiations for our membership of the EU, we - in consultation with the government and the opposition - made it absolutely clear that we shared the ambition to move forward to economic and monetary union. However, we reserved the right to our own stance within the framework that our membership of this cooperation allowed. We did not intend to be an opt-out, footnote, or non-participating country.

However, developments moved in a different direction. We joined the EU, together with Finland and Austria, in 1995, but when these countries declared in 1997 that they wanted to join the common currency as of 1999, Sweden did not follow suit. Our own national bank had officially declared, in both 1994 and 1997, that it would be best for the country to join the common currency right from the start. But the necessary political leadership was lacking.

Since then, Sweden has stood on the sidelines, watching and pondering. And we now see that the common currency works. We have witnessed none of the financial tumult in Europe that we so painfully experienced in 1992. Trade has developed faster than anyone expected and there is every indication that the new openness is pushing prices down and benefiting consumers. There have, of course, been some difficulties during the initial phases, but not as many as expected.

There is a definite disadvantage in remaining outside this cooperation. If we say 'yes' to EMU on 14 September we will not be able to join the common currency until 2006 at the earliest. Seven years after the start in 1999 is a long time. And if we say 'no', we will be an outsider country for a very long time to come. As Norway has now discovered, there is no revolving door to cooperation of this kind.

In the event of a 'no' we will have to live with outsider status until 2015 at the earliest. We will certainly regret this many times before then - but it will be impossible to do anything about it. Future investment in Sweden will be less than it would have been otherwise.

For me, the economic argument that a common market functions better with a common currency is just as strong as the claim that abolishing customs duties leads to more favourable conditions for free trade.

In addition, I am convinced that the common currency is the necessary basis for the greater economic reforms that must come in Europe as a whole. On one hand, this is a matter of closing the gap in living standards between old and new members over the coming decades, but this goes hand in hand with the necessity of reforming our economies in order to prevent our lagging increasingly behind the dynamic US economy. Developments in Germany are just one unusually obvious example of the need for reform. The common currency is the basis for, rather than a brake on these opportunities for reform.

But there are also political arguments for full and complete Swedish participation. For me, this is a matter of a moral obligation to take part and try to ensure peace, freedom and decent economic development in as much of Europe as possible.

Although it used to be mainly military deterrence that kept war at bay in Europe, we have now entered an historic period in which peaceful integration has assumed this role instead. We may still need military instruments - at the moment, EU forces are serving in both Macedonia and the Congo - but to an increasing degree, integration will be the impetus for peace in our time.

The anti-EMU side is attempting to block all of this in a way that is difficult for me to understand in moral terms. Old communists may have undermined freedom in half of Europe for one generation, but it is incomprehensible and indefensible when people now try to obstruct opportunities to build up the cooperation that these countries see as guarantees of their peace and freedom.

I see no historical possibility of ensuring peace and liberty other than the successive build-up of a federation of nation-states from Russia to the Atlantic, from the Arctic Sea to the Mediterranean. And I can see no political issue that is more important for our generation. The value of peace and freedom can only be fully understood by someone who has experienced oppression and war.

This is a task without a model and without an end. It is a matter of creating successively more secure and better conditions for people in increasingly large parts of Europe through common rules for economic cooperation, safeguarding the principles of the rule of law and building democratic institutions.

For this, we must also ensure democracy for all. I cannot understand those who think that firewalls for democracy should run along borders laid down in places where armies halted their advances in the wars fought in previous centuries. Step by step, we must build democratic decision-making processes that apply to all of the issues covered by our cooperation.

There is no model for this, as none of this has ever been done before. And of course, not everything that has been done so far is perfect. Rome was not built in a day and those who want to remain outside all of these important processes simply because this or that is not to his taste at the moment has not understood the agenda of history.

Just as we might have different ideas about political priorities when it comes to Sweden, there will certainly be differences with regard to Europe. Goeran Persson, for example, wants European objectives for day-care expansion. But for me, a common European peace policy is just as important and it would be just as dangerous if we tried to create a common European family policy.

Above all, my vision for Europe concerns peace and freedom - and it certainly does not involve duplicating services that are much better provided at national or local level or by independent individuals, families or companies. But it also involves going further down the road that has paved the way for prosperity by tearing down local tolls, national customs duties and other obstacles to trade - and that means a common currency.

The common currency is a very self-evident, non-dramatic and natural step for a country like Sweden. It is part of the political task of taking part in and building a new Europe after 1989 - a task that we, at best, have participated in only halfway - and it is a major and difficult task. And the common currency is neither the last nor the only decisive step in this huge effort.

But I want Sweden to take part in it - fully and completely - without footnotes, opt-outs and non-participation. I do not want to give my children a Sweden that remains outside and a less secure Europe.

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