



THE TRILATERAL COMMISSION  
PLENARY MEETING IN DUBLIN/IRELAND

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CONFERENCE CHAIRMAN: PETER SUTHERLAND  
HOST COUNTRY CHAIR: RICHARD CONROY

*Sunday 9<sup>th</sup> May*

*Valedictory Address by Peter Sutherland*

Ladies and gentlemen, as a final indulgence to a departing chairman, I've been permitted not to interrupt your evening, but to interrupt your dialogue and communication, and to give a final valedictory speech. This might be something that you could have done without. But, having heard from me a number of times earlier in the conference, I'm afraid you're going to have to listen to me now for a few minutes more.

There are basically three things that I want to talk about. Two are issues that are close to my heart, and the third is an institution or organisation that is close to my heart, the last of those being the Trilateral Commission. But I thought, when I was reflecting yesterday on what I might say today, that you might permit me to speak about two institutions that mean a lot to me and have meant a lot to me in my life, and which I think are relevant to the world that we've been discussing during the course of the last few days.

I was particularly incited to do so because today is the 9<sup>th</sup> of May, which is Schuman Day. For me at least, one of the great heroes of the last century was Schuman, and the Schuman Declaration of this day, 60 years ago, was one of the most defining moments in not merely the history of this continent, but I hope, world history over a period of time. It was the precursor to the European integration movement, which I believe is the most noble political movement that this old continent has ever had, and which has transformed a cockpit of conflict into a world of adjoining races, long divided by bitterness and strife, who are coming together in a way that is quite unique. I'd like to reflect on that just for a second because I think it is in peril. It is in peril, indeed, today in the discussions that are taking place and the reports that are coming from them in regard to the euro crisis.

But there's no harm in reflecting on what happened in those early days, and what motivated Robert Schuman, Monnet, De Gasperi and Adenauer, whom we commonly describe as "the founding fathers of Europe." Let's have no doubts about what motivated them. What motivated them was more than a sense of forgiveness, which some commentators have referred to as being the most important element in it. They were motivated by the belief, expressed forcibly and clearly, not least in the Schuman Declaration itself, that absolute national sovereignty was, in the terms of their Christianity, heretical because it placed the potential decision-making of politicians above moral norms.

In 1950, in a thing called the Geneva Circle, where a meeting took place between Schuman and Adenauer, they both referred to the fact that this was primarily a moral response to a global and particularly European dilemma of how people could and should live together. They believed that it could only be in the context of sharing sovereignty. So sharing sovereignty was intended to be a means of abrogating a concept of national sovereignty that was absolute.

About that time, we know that many things came from that type of thinking, thinking inspired significantly by French philosophers like Jacques Maritain and Emmanuel Mounier. They had a great deal to do not merely with European integration but also with the creation of, for example, the Universal Declaration of Human Rights, from which flowed a new concept of the rights of man -- again, based on a moral concept, which Europe played a significant role in putting together.

Those who have commented more recently on the Eleanor Roosevelt Committee, which put together the Universal Declaration of Human Rights, have said that it was based on core values, many of which were emanating from these same people who were creating this unique endeavour. It was not an economic venture, initially. Indeed, the defence community, which failed on a vote in the French Parliament in 1954, was the first step that was taken in that integration process after the Coal and Steel Community was founded. It, of course, foundered, and was followed by the Treaty of Rome.

I think it was Sir Alec Douglas-Home when he came into power -- he was asked what issues he was facing, and he said he had two problems. He said the political ones were insoluble, and the economic ones were incomprehensible. One can have some sympathy with that expression of opinion in the context of Europe today and the dilemmas facing our political leaders as they debate. We're told that there was a furious fight Friday night between Sarkozy on one side, and Trichet and Merkel on the other. We're told that the divisions are significant in regard to where we go next in the European endeavour because the euro crisis is a vitally important one.

I believe that we cannot set at nought the remarkable achievements that we have made in the economic area, but also in the political area, in the 60 years since the Schuman Declaration. But make no mistake about it, if the euro adventure were to collapse, which is not altogether beyond the bounds of possibility (although I personally believe it is deeply unlikely because the consequences are dire, if for no other reason), then we would be faced with a very different world, and a very different Europe.

During the course of the last few years, we have been paralyzed by a constitutional debate in Europe under the heading of the Lisbon Treaty. Originally, it came through a convention and led to a constitution, a constitution that failed on votes in France and in the Netherlands. I don't believe they were essentially votes about European integration. They were votes about whether you liked Mr Chirac, whether you liked immigration, whether you wanted the Turks in Europe . . . any number of different issues. Then we had the Lisbon Treaty, where we had a cataclysmic result in this country. It shocked us, and I think, small though we are, it shocked Europe because we had traditionally, in Europe barometer polls, been the country above all that admired and wanted European integration. It was an abject failure of the political class to sell the true meaning of the treaty -- its relatively minimal meaning, incidentally, because it was not a huge advance in European integration.

The remarkable consequence of this was that, largely through non-political activity by those who were concerned external to it, there was a huge reversal. Garret FitzGerald played a significant role in bringing about a situation in which over 65 percent of the Irish people voted "yes" on the second occasion, not, as some people have suggested abroad, because they were frightened, but because, for the first time, they began to understand again what it was really about. In particular, they understood the myths that surrounded the treaty that they had initially rejected. And that act of saying "yes" was a vote for the future. It was a vote, I hope, for something more than economic advantage. It was a vote for something that Schuman himself believed -- as I said at the outset -- was a highly moral undertaking of sharing sovereignty between peoples long divided.

Finally on this subject, where does this leave us in regard to the euro debate? Those of us who advocated the adoption of the euro were told that the discipline mechanism within the euro system was inadequate. Driven perhaps by an excess of idealism and belief in Europe, we all said "yes." We hoped that the peer pressure that would be associated with trampling on the Stability and Growth Pact criteria -- the requirements in terms of maintaining discipline on your own public finances -- would be enough.

We hoped and believed that ultimately the strength of the core members of the European euro-zone would be sufficient to overcome any hiccoughs that might arise. We didn't allow for the trauma of the Lehman Brothers collapse, the financial turmoil that followed from it, and suddenly the focus of the world on the debt element of national state finances and the increasing understanding of those involved in financial engineering, those involved in particular in bonds, that the vulnerable point was in this particular area.

We now have a situation where it seems increasingly clear that there are only two ultimate conclusions to this. We can continue, of course, to follow a sort of muddled path over a period of time, which will cause peaks of issues in relation to the currencies, in particular the so-called PIGS -- Portugal, Spain, Greece particularly, and to an extent this country also, though we've taken some pre-emptory steps. We can perhaps survive with that over a period of time while we try to organise a medium- to long-term solution to this, but it's very dangerous business. The perception of market changes and the volatility of markets bring about almost daily change of a radical kind.

Germany is constrained, I think above all, by the legalities of its current condition. I think there has been a false and excessive degree of focus on the political imperative for Mrs. Merkel not to be seen to be giving away German money to profligate Greeks. I think the reality is that the fear in Germany, understandably and correctly, is related to the express constitutional requirement not to engage in bailouts of other economies. The fact that the injunction sought by the four professors has not been given as an interlocutory injunction at this stage -- and has been declined, as I understand it, by the constitutional court -- does not mean that the issue has gone away. It merely means that the issue will go to a substantive hearing. The issue arises even in regard to the first package as to whether the reduced interest rate amounts to a bailout of the Greek situation.

This is deeply dangerous. It inevitably leads to the conclusion that we need a further deepening of the euro-zone, not merely in the area of transparency, but also in the area of discipline. This inevitably leads to a discussion of fiscal powers. That particular issue would be an issue everywhere, and it certainly would be an enormous issue here. It could only be overcome in the case of Ireland, for example, by an express derogation in respect to our

corporation tax, which is at 12.5 percent. The Irish economy could not take the removal of this plank for our industrial policy at a time when we have been going through the trauma that we have been going through. But that's a tiny issue in the overall run of things. I would simply say that it will ultimately, finally, disclose the fault lines that we tried to obscure for a long time.

Schuman, on the 9th of May, was explicit on the undefined destination, if I may use that contradiction, to which he was heading. He was explicit in saying that the objective was a federal Europe. The word has become so toxic that we can't use it any more, but I think it's time that we started to admit that that's exactly where we are going, and it is a significant part of where we have come to.

Reference was made earlier at this conference to the fact that Europeans could not live with a combined or coordinated fiscal policy. Well, I'm not so sure. Under the existing treaties -- Leon Brittan, and indeed my self before him, exercised this power -- we have the power to stop state subsidies, which is the spending of money raised by the fiscal authorities and member states, being used by the governments that raised the money to support industries. To an extent it's a dictation, if you like, of industrial policy, based on competition grounds. But it is a very substantial interference with national sovereignty, telling a government that they can't spend their money on the industry that they want to spend it on. We've already taken steps toward this destination.

For many of us -- and I quite understand and appreciate that for many others this could not be the case -- a purely cooperating European entity has never been enough. It's not cooperation between independent nation states. It's the joindure of nation states in an increasingly ever-closer union, to use the words in the Treaty of Paris, between the peoples of Europe. I think inevitably, we are going to be faced with the deepening of the euro-zone, not least because any other option is not conceivable.

The second point if I may make it, moving to a different subject, is the WTO. Jean Monnet, and indeed Jacques Maritain and, more particularly, Emmanuel Mounier, who I've mentioned as the philosophical founding influences on European integration, all actually wanted world governance. The WTO and its creation was the greatest step forward in institution building since that great and inspired period of institution building in the late '40s. It created an entity that has an adjudication mechanism, which allows judgements to be reached on the conduct of nations in their trade policy. It created an organisation that has been fundamental to the integration of the global economy since the collapse of the Iron Curtain. It's an organisation which, today, is real, functioning, and, in its own way, extremely effective. There are more cases pending, for example, under the dispute settlement mechanism, than has ever been the case. In general, the judgements and rulings are followed, however reluctantly and with whatever delay.

I remember when it went to Congress going over to speak to Newt Gingrich to try to ensure that we got the Republican vote. His concern was that same concern, in a different way, of Schuman. He said to me, "I've just got two questions." One was about agriculture. But, he said, "the main question I want to ask is about national sovereignty. Is this not an attack on the sovereignty of the United States?" I said that is wasn't. In reality it was, to an extent, but I was able to draw the difference between the power of the European courts, which can be invoked by individuals against their own country, and the WTO discipline, which is purely intergovernmental, albeit one with an external jurisdiction. It came through. It came through

on the tailwind of NAFTA, which had gone through a couple of weeks previously. But it was an enormous step forward, and I just want to make two points about it before concluding on the WTO.

The first of these is that the United States takes a lot of criticism, and indeed, on past occasions, we here have been critical about the US in numerous ways. But the US in trade policy has provided, over the decades, leadership of the kind that has not been dictated entirely by self-interest. The Kennedy Round and the Dillon Round in particular were cases where the US stepped forward and took it on the nose in significant areas, including anti-dumping, in a way that was courageous and bold.

I remember when I was asked to become Director General of GATT. I said to Mickey Kantor, "This has been going on for eight years. Why would anyone take this job? You'll never agree on anything." And he said, "Look, I don't understand the first thing about this," and I said, "Nor do I." "But," he said, "I know one thing, and I know one thing that President Clinton has said to me: you don't go down in history for not making agreements. We're going to make an agreement." He looked me in the eye and said, "We're going to make an agreement."

I met Leon the following morning and told him this. I went ahead and, when it came to the crunch, Mickey Kantor faced down some interests. I know you had your differences from time to time, Leon, but you will agree that he faced down some formidable interests in the United States, as you did in the European context.

Now it's in the doldrums. The Doha Round is going nowhere. Why is it going nowhere? Partially, I think, because its ambition is too limited. If its ambition had been greater -- if it had included services in any substantial way, for example -- there would have been a countervailing positive lobby in the United States and in Europe that could have pushed it forward. Partially it's because people are suffering from fatigue. Partially it's because the economic stress has created a sense of protectionism, as it always does, and unemployment provokes it even more. All of these have been part and parcel of it. My plea is that China should step up to the plate, which it has not done since it came into the WTO, in providing a leadership role.

Just to make sure that I have nothing but enemies left in the room, I've always been disappointed by India. India maintained some of the worst forms of protectionism, to its own great disadvantage, for a very prolonged period of time. I said to Minister Nath at the last Davos bar one: "If you don't mind me saying so, I think you're responsible for the failure of the Doha Round." This was a large meeting of trade ministers. He said, "I agree." I couldn't believe it. But he said, "We have an election coming up."

Let me come to India, China and Brazil. They have a huge interest in the multilateral system. They have a huge interest in it developing, and China has not provided the leadership that one might expect from it in this regard. I really think that China has to recognise that it can no longer simply be categorised as a developing country. It is the biggest exporter in the world, merchandise exports, and it's going to get bigger. It has a huge interest in a rule-based system as a bulwark against the type of interference that otherwise would take place as a result of protectionism. I think it would be greatly respected in the world, in particular if it recognised that part of that leadership demands the sort of courage that I think we had in the Kennedy and Dillon Rounds from the United States -- namely, being prepared to take some pain in

some areas for the sake of providing an overall benefit, for China in particular, but for the world as a whole.

I think that we have a lot of things to do at the GATT, but we have to first of all find momentum. People have to start talking about it, thinking about it, and dealing with it into the future.

The final thing that I wanted to say relates to the Trilateral Commission. All my friends, all of you here, represent a form of thinking about global affairs that, to my mind, is a representation of much that I've been speaking about in the context of the Schuman Declaration. Whether you are inter-governmentalists or federalists on the European stage, we all believe in cooperation. It's a matter of degree and pace as to how we get there.

But the Trilateral Commission should play a bigger public role than it has in the past. Instead of talking to ourselves as a club, we have to find a means for sending messages, both in terms of direct communication with political power and in public fora and debate. There has been a certain reluctance about this. We are meant, according to the demonstrators outside yesterday -- I actually quite like being told that I'm really ruling the universe, however untrue it is, but the demonstrators yesterday apparently believe that we are. This is great, but let's start doing it then.

The last very final thing I want to say is that, having been allowed by you to have my own private rant about a number of subjects on which I feel deeply, I'd now like to conclude by thanking Paul Révay for the support that he has provided me over a period of years in the position which I hold on your behalf. It's his service -- and the service of people like him, Michael O'Neil and Tadashi -- who have really sustained this organisation. So thank you for your forbearance.

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