Center for American Progress

The Future of Europe and the Trans-Atlantic Partnership in the 21st Century

Introduction/Moderator:
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Location: Center for American Progress, Washington, D.C.
Time: 10:00 a.m. EST
Date: February 24, 2012
NEERA TANDE: Good morning and welcome to the Center for American Progress. I’m Neera Tanden, president here at the center, and we welcome you to this morning’s discussion about the future of the relationship between the United States and Europe.

That partnership is one of the oldest and most consequential in the world. But in the wake of the global financial crisis, that partnership also faces some fundamental questions and challenges: protecting the stability of Europe, spurring growth and investments, and advancing global security. How we choose to address these challenges in this moment of time will determine how our relationship grows and further develops over the next several generations.

At this critical time in our relationship, it is indeed a great privilege for me to welcome the prime minister of Denmark, the leader of the Danish Social Democrats and the current president of the European Council, Prime Minister Helle Thorning-Schmidt.

This is not the first time that CAP has had this honor of hosting the prime – the prime minister. Just over a year ago, she participated in the Global Progress Conference in New York and helped lead that conference with former President Clinton as well as former Prime Minister Tony Blair. It was clear then that she would play a serious role in the renewal of progressive values because she is a serious progressive thinker and a real leader on a number of issues. And we congratulate her on her election as prime minister last September.

Since that meeting, however, the challenges facing Europe and the United States have only grown. As Europe struggles to reassure its allies about the fate of its currency, there is real fear that the eurozone crisis will reverse the fragile global recovery that the world has seen over the last two years. With the future of the European project at risk, there are concerns that the continent’s influence will diminish on the global stage.

Meanwhile, in the United States, we face our own challenges. We do seem to have a recovery, but it’s a recovery that is only dawning. And we face our own challenges with governance and whether – you know, people in America question every day whether we could have – whether our institutions are up to the challenges our economy is offering.

While these challenges have tested the trans-Atlantic partnership, the relationship between the United States and Europe remains strong. Denmark is particularly important to the United States and has been a tremendous ally over the years. I think we all recognize that, as we say in the United States, Denmark regularly punches above its weight on international issues. We cannot forget the role of the Danish people and the role they have played in the conflict in Afghanistan and continue to play with (780 ?) troops – 750 troops in Helmand province today. And Denmark’s support for the mission in Libya was fundamental. Danes – we should remember that Danish planes flew – flew roughly 10 percent of the strike sorties during the Libya crisis.

Under the prime minister’s leadership, the U.S. and Denmark also share similar domestic agendas. Since her election, the prime minister has pursued a progressive agenda focused on growth and jobs, a cleaner economy, fiscal discipline and advancing Europe’s – Europeans’ – Europe’s leadership in the world. She has also pursued strong reforms of government programs.
And I think it’s important for us to recognize that for those of us who believe in an important role for government, we also have to recognize that it’s important to ensure that government is more effective and efficient, so it’s there for our future – for our people to rely on now but also for future generations.

These goals are all shared by the U.S. government today, so we look forward to hearing the prime minister’s views on the way that a stronger Europe can help the United States, and the United States can help a stronger Europe.

Prime Minister Thorning-Schmidt is a leader of progressive thought in Europe and around the world. So we are thrilled to have her here today and at the center. One way that I think is particularly exciting for me, as the new president of CAP, is to have a new woman leader as the prime minister of Denmark. And here at CAP, we are starting a new series of women leaders who will speak on a range of issues. And we are excited and really thrilled to have the prime minister as our maiden speaker for that series. So please join me in welcoming Prime Minister – the prime minister of Denmark to the Center for American Progress. (Applause.)

PRIME MINISTER HELLE THORNING-SCHMIDT: Thank you very much, Neera. You couldn’t have made me feel more welcome here. It feels a little bit like coming home. I’m very, very honored to speak to you today.

I’m, of course, here as the prime minister of Denmark, but I – I’m also here as a good friend of the Center for American Progress. Your institution has been a great inspiration for the political thinking on both sides of the Atlantic, and I thank you very much for your hard work in doing that. I think it is very, very important, the work you do.

And also, I’m very, very happy that John, who had to leave – I managed to see him. (Chuckles.) He’s – he should be very proud of what he has achieved with the Center of (sic) American Progress.

What I want to talk – to share my thoughts about today is how Europe and the United States should address the challenges of the 21st century. That’s quite of a big mouthful, but I think we need to talk about it, because there are challenges, indeed. Denmark holds the EU presidency right now. It will continue for the next month. And we hold the presidency at a time when the European Union struggles with lack of trust in our financial system, and some might say lack of trust in the political leaders. And questions, of course, are raised in Europe about the European project itself.

And while we are – while we are taking different routes out of this crisis, both the United States and Europe are faced with slow growth and unemployment; and meanwhile, new economies are booming. We are, on both side of the Atlantic, reducing our defense spending, as part of our fiscal consolidation. And of course, this, as well, raises hard, hard questions about burden sharing and our capacity to confront future security challenges. And as all this happens, as the dynamics on global politics are shifting, Europe and the United States must pursue their interests and values in a more complex and a more unpredictable international environment.
In this context, it is not surprising that we all ask: Is more cooperation between Europe and the United States the solution to any of our problems? Does the trans-Atlantic partnership really matter anymore? Let me make it very clear to you, my answer is: Yes. I belong to a European generation that was young in the ’80s, and the most defining moment of the – of our time was the fall of the Berlin Wall. The people of Europe wanted peace, opportunity, freedom and prosperity. And what we felt and what we saw at that time: that once was – that once again, the United States would stand by us, and for half a century the United States has helped Europe become whole and free. And we will always be grateful for the role that the United States has played in this endeavor; and when I – when I say that, it is to show that it is in our DNA to want that close cooperation.

I’m also a strong believer of the European project. As I said to the European Parliament not long ago, I’m a European at heart. And for a small country like my own, Denmark, it is very clear that our future is completely linked to the European Union.

Do these two things exclude each other? No, not at all. It is with the same strength that I believe in Europe, it is the strength – with the same strength of conviction that I believe in our future alliance with the United States. So you can be a European, but you can also be a trans-Atlanticist. And Denmark will always be one of – among the closest allies of the United States. I believe that Europe and the U.S. will always be stronger when we act together.

Nevertheless, it is clear that the landscape around us are (sic) changing, as our nations are confronted with limited resources and tough policy choices following the worst economic crisis in generations, and it is not surprising that some raise questions about our cooperation. I know that in the United States, there is a certain skepticism about Europe. I welcome, as you will, hopefully, see later, a frank and open (debate ?) about these issues; also, when it comes to the question about what the – well, what do the Europeans bring to the table, and how can we make our alliance even more effective in addressing the new challenges ahead of us.

And there is no doubt that Europe needs to do our part. But it is also very clear to me that we need the right starting point for this debate, and that is that the trans-Atlantic partnership is unique. Both Europe and the United States enjoy close cooperation with other regions in the world, and that is how it should be. But no partnership is as broad and as deep as the trans-Atlantic partnership. It is – it is greater than the sum of its parts. Why? Because it covers all areas.

And let me just highlight a few. We have close political and economic cooperation; we exchange tourists, students, ideas and culture; we share a common history; and perhaps most importantly, we share values. This truly except – exceptional bond between our peoples, the broad alignment of interests and the deep-felt shared perspectives on what is right and what is wrong, has been the fabric of our relations – our relation for centuries. But I also feel that the strength of our cooperation has not only been our – has also been our ability to adapt to new circumstances and tackle new challenges together.
And right now, we are at such a point in history, where we have new challenges that we need to tackle together. And that means that we are — we need to define a new vision for our trans-Atlantic agenda. And we have a lot of work to do. I’d like to call on political leaders on both side of the Atlantic to be part of that process and to join forces, because trans-Atlantic cooperation is crucial to both Europe and the United States to strengthen our economies and create sustainable growth and jobs, to protect our societies and address global security challenges, and also to promote democracy and human rights and create an effective multilateral system.

That is the trans-Atlantic agenda of today, and I would like to lay out my perspective on this renewed agenda. First, the defining issue of our time: the economy. The trans-Atlantic area represents the most integrated economic relationship in the world. Around half of the world’s GDP and one-third of total world trade is created in this relation. That means that our economies are extremely interdependent. Both have been hit — been hit very hard by the economic crisis, and the only way to get through this crisis is, of course, through more, not less cooperation and trade.

Leaders on both side of the Atlantic share — both share this fundamental challenge of getting our societies back on a stable path of growth and job creation, and making our economies competitive again. That means that we both need to take tough decisions and undertake fundamental reforms.

The ramification of its severe debt crisis have been very bad for Europe, and this has become the overriding challenge for the European economies during this spring, and also during the Danish presidency. And many are asking — including in the States, many are asking: Could this have been prevented? Could we have prevented the situation that we see in Europe today? And is Europe doing enough at this stage to stem the crisis and restore growth?

These are, of course, fair questions. And there is no doubt that inherent weaknesses in European economies were exacerbated by the financial crisis. The debt burden escalated as countries have neglected consultation for too long and reforms to address macroeconomic imbalances and future democratic changes were not taken at the right time.

Growth prospects on — have now dimmed — have now dimmed. We just had the latest figures, and growth prospects have now dimmed, and we also see that unemployment has risen in Europe. We have now a situation in Europe where we have 23 million people without a job — 23 million people. That is a staggering figure. And youth unemployment is particularly high.

There is no doubt — and I think that goes for all of us — that we owe it to our youth to give them access to the same education, to the same job opportunities that previous generations have had. Today several governments in Europe are struggling to meet that promise, are struggling to meet that expectation.

And in short, what has happened in Europe is that the debt crisis has turned into a crisis of confidence. Many doubt whether countries have the political will to consolidate and implement crucial reforms and whether the euro group will stay intact. These doubts linger
among European – people of Europe and of course among our international friends, also here in the States.

I truly agree that Europe is confronting, is faced with a formidable challenge. But I will say very clearly that I reject the notion that Europe is not doing anything about it. On the contrary, over the past months, we are taking a number of steps which will fundamentally redefine the economic governance systems of the European Union.

There’s certain tendency to belittle these steps, but let me assure you that they are indeed very decisive. It is a huge undertaking in a union that consists of 27 sovereign nations, each with national constituents, each with national parliaments, each with national constituencies, to pulling – and pulling governments in different directions, to take these kind of decisions.

And I want to say very clearly that the European Union should not be compared to a nation-state. It is not a nation-state, and it will never become one.

And looking at the European actions in this perspective, I think, actually puts – makes it very clear that Europe has acted. Does that mean that we’re out of the woods? Not quite. We are not out of the woods yet. But I want to stress that over the last past months, European leaders have shown the will – their will to confront the challenges in front of us, move – Europe is moving forward. Tough decisions have been taken, and more will follow.

And the Danish presidency will work very, very hard to ensure that the EU comes up even stronger out of the crisis. This is something that we have done before, in the past. Perhaps this is something we can do again.

Our strategy is guided by a two-legged approach – two-legged. One leg is the fiscal consolidation that a lot of countries need and at the same time boosting growth and job creation. The EU is to grow – that goes without saying – grow rather than shrink out of the crisis. We need to consolidate our public finances. It is crucial to stabilize our economy at – economies, and it is crucial not to pass on debt to future generations. It is also crucial in order to restore confidence and to reduce financing cost – costs for individual countries. And we are determined to in the next – in the coming months to demonstrate the strongest possible commitment to fiscal responsibility.

The positive effects of this consolidation are lasting. What will they be? They will be lower interest rates, higher business and consumer confidence, higher private investment and more jobs. And as I said before, we do not want to pass the bill on to future generations.

An important first step in doing all this was the fiscal compact that we adopted in January. The fiscal compact is – imposes what we have called a golden rule of balanced budgets as (part ?) of our core national legislation. And that – what it does is that it rules out systemically financing our welfare system by debt. And although Denmark is not part of the euro, we think it is such a good system that we have decided to join this fiscal compact, because we think that kind of discipline is good for our economy.
At the same time, where we have this golden rule system, we have also established a European stability mechanism, which is basically a liquidity facility for countries under economic pressure. And the aim is of course to avoid that a liquidity problem in one country has a spillover to other countries.

The EU is working constantly to ensure that the firewall, which is what we’re calling it – that the firewall we’re putting in place is as effective as possible. And many, many EU countries, especially the biggest country in Europe, Germany, have contributed – have contributed large, large sums to help other EU country out of their debt crisis. And if that is not a strong sign of Europe working, a strong sign of solidarity, I don’t know what it is.

But let me be absolutely clear. Austerity and consolidation cannot stand alone, and the other leg in our strategy is a determined effort to promote growth and jobs. And that is the key of the Danish presidency. It is actually what I always say: The Danish president is first and last about creating jobs.

First and foremost, we will boost the European single market. The European single market is something that we don’t talk so much about anymore. It was created 20 years ago. But there is no doubt that a European single market has been our biggest success in achieving prosperity in Europe and also have been the basis for the European social model. It has brought substantial growth. And one thing – and our vision is that once again the single market of 500 million citizens and consumers should be a key driver for growth and jobs in Europe.

And Europe need to create new jobs. As I was saying before, we have let the youth down. And all EU countries must take a hard look on the structural reforms of the structures they have that perhaps keep young people out of the labor market, the structural reforms that – where we have – when we talk about labor market reforms, and basically reforms that need – that get the economies going.

The fundamental goal of everything we’re doing, the fundamental goal is to ensure that the social market economies of Europe can be sustained. I believe that the European social model is – based on core values such as solidarity, safety net and equal opportunities, is worth fighting for. And basically, these kind of values, the social model, is what’s set Europe apart. And in order to fight for that, in order to achieve that in the future, we need to – we need a parallel process of consolidation and restoring growth.

Right now, of course, everyone is talking about consolidation, and that is right that it is so. And I’m certain that a lot of people understand this is what we need to be doing. You talk to a lot of people, and everyone knows we have a crisis, but what comes back again and again is that people are prepared to make sacrifices, but they will not be sacrificed. And what I mean by that is that it must be possible to have fair austerity. It must be possible – and I think it will be generally accepted if austerity is fairly applied. People will accept austerity with justice.

The European Union will step up to the plate. Europe will work her way out of the crisis. During the last 60 days, the most radical reforms has been – decisions have been taken, perhaps the most radical in 60 years, and we have showed that we are capable of taking decisions.
I’m not standing here to say – today declaring that Europe is back, but I firmly believe that Europe will get there.

Economic trade – cooperation and trade between Europe and the United States has to be at the core of our efforts to put the crisis behind us. And regardless of the fact that the United States and Europe are increasingly turning to Asia, which is a good thing, the interdependencies of our economies and our societies call for closer cooperation across the Atlantic. And we must do even more right now to realize the untapped potential of our trans-Atlantic cooperation. And I’m convinced that if we do that, we can use each other to create growth and jobs. We believe in free trade, and I think we could give – go even further in that direction. I believe that the timing is right for a free trade agreement in – between the EU and the U.S. There’s work being done in that direction now. This is work that is absolutely crucial.

I’m also convinced that green technology has to be a key part of our economic cooperation. On both sides of the Atlantic, governments and the private sector are engaging in developing tomorrow’s solutions that will ensure clean energy and green growth. Ambitious common targets have already been set for electric cars. Green growth is a part of the way out of the crisis, and Denmark is a strong partner for the United States in the transition to a green economy.

My own government, which has only been in place for five months, has put in – have put forward a very ambitious proposal for a complete green transition of our economy. By 2050 – and it’s not that far from now – we will aim to be fully independent of fossil fuels. By 2020 greenhouse gas emissions should be reduced by 40 percent compared to 1990 level. And just to put this in perspective, we don’t rely on nuclear energy; we don’t have access to hydropower. And I think that shows exactly how ambitious we are. Luckily, Denmark is a very windy country, and the aim is that more than 50 percent of our electricity should come from wind turbines.

We are convinced that a green transition and competitiveness must go hand in hand, first of all by creating new jobs. Listen to this: 10 percent of Danish exports already come from the field of green technologies – solutions. And of course we look at the U.S., and we see great potential in the U.S. market.

Am I arguing now that it is easy? No, not at all. It is not easy, and the transition to independence from fossil fuels is not easy, neither in Europe nor in the U.S. But it is, I’m convinced, a path that we must venture down. And there is no doubt that the price tag for doing so will only get higher or bigger the longer we wait. Through close cooperation in the development of smart, market-based green solutions, we do not have to choose between our environment and our economy. They can both be part of developing and creating new jobs.

Let me now turn to the unique security community that exists between Europe and the U.S. There’s no doubt that NATO has ensured our citizens – the security of our citizens for over 60 years. We have expanded the alliance to include Central and Eastern Europe. We have
reached out to Russia and the former states of the Soviet Union. And in less than three months President Obama will host the NATO summit in Chicago.

When we talk about the trans-Atlantic relation, we need to – we need to review what – how is our alliance doing; what is the state of our alliance. My view is the state of our alliance is strong. It is obvious that we are pressed a little bit in terms of our defense budgets. They are under pressure in all our countries. But rather than seeing this as a source of division and a fruitless debate about who should do more, we should use that as an opportunity to rethink our defense cooperation. Leaner militaries will be a fact of life for all of us. But let’s make it a common trans-Atlantic goal to ensure that this does not have a negative effect on our society. In fact, perhaps it could even be a strength and strengthen our cooperation with the alliance, especially among the European allies.

The Libya crisis that we just had is a very good example of the European reliance on the United States for modern and costly capabilities. And Europe needs now to take a hard look on how we make best use on our resources. This calls for pooling and sharing our capabilities among the Europeans. This calls for a far more smart defense. Because of costs, Europe must remain a reliable partner.

Do we then share the same perception of risk to our common security? I strongly believe that we do. In Afghanistan, 40,000 Europeans are serving alongside U.S. troops. Together with the Afghan government, we have agreed on a plan for transition where Afghans – forces should have – assume full control of their country by 2014. But NATO and the European Union will of course stay engaged in Afghanistan after ’14. We must ensure that Afghanistan will never again be a safe haven for terror.

A key element in that is that we build up the capacity of the Afghan security forces, which will be one of the discussions on our summit in Chicago. That is so important that Denmark has taken initiative to ensure international funding for the Afghan security forces after 2014 by created (sic) what we call a coalition of committed contributors, this so-called “three C” initiative. We hope that we will have a lot of contributors to this scheme because it is important; it is necessary.

Afghanistan and Libya are examples of how Europe has adapted from Cold War confrontation in Europe to new types of conflict outside Europe: countering terrorism in Afghanistan; protecting the civilian population in Libya. And we also have a completely common approach to fighting piracy and cyberattacks. And next month United States and European leaders, including myself, will meet – will meet with other leaders of the world in Korea to discuss another issue of common interest: countering nuclear terrorism.

What does all this show us? It show us that Europe and the United States have the capability and the will to preserve our unique security community. As we face the security challenges of today and tomorrow, we are each other’s closest allies, bound together by history and shared perception of the threats to our societies. When swift and determined international action is needed, as we saw in – for example, in Libya, Denmark and other trans-Atlantic allies
will always be the first partners to the United States to act. This shows again that we share the same interest.

But it’s not only about interest. We also – as I started out saying, we also share values. Together we must continue our strong voice for openness, democracy and human rights. Our freedom and prosperity appeal strongly to the citizens around the globe. Men and women in North Africa and in the Middle East and the rest of the world strive for change. And the transitions we’re now seeing may be chaotic, and they may be unstable, but this should never prevent us from supporting positive aspirations for democracies and the right to decide on one’s own future, nor should we ever waver in our pressure on leaders who ignore the legitimate demands of their people to choose – to choose how they want to live and to – and when they – those leaders the path of repression and violence, we must – we must take a stand. Syria is a horrendous example of that.

In the new world order, the values that we consider to be universal will be challenged all the time. And I’m confident that Europe and the United States will always stay – be on the right side of history in our support for liberty, democracy and human rights. We are also natural allies on the ongoing efforts to create an effective multilateral system to counter other global challenges. After the – World War II the United States and Europe were instruments in building a strong and legitimate international system. Today a lot of people are questioning these institutions. They are challenges by the shift – global changes and the shift – changes in global power. And we have seen a dramatic change for the creation of the G-20 and the development of ad hoc decision-making process on critical international – in critical international areas.

We welcome these efforts. But it is also important to state that both the United States and Europe have a clear interest in preserving but also reforming international institutions like the U.N. Together we can be the driving force in shaping tomorrow’s global system that brings on board powers such as China and India as responsible stakeholders in the new world order.

But just as important, we need to ensure that the legitimacy and global support for the – that there is legitimacy and global support for the decisions that are taken. This requires a system of transparency, universality, fairness and the rule of law.

Europe has itself worked very, very hard, as I was saying, to become a global – a more potent global player. But there has always – as long as I can remember, there has been a demand that Europe is speaking with one voice. And I need to tell you this will not happen overnight. We have to be realistic in this regard. But we are taking enormous steps to get – by establishing a foreign – European foreign service under the leadership of Catherine Ashton, and we are also in this area moving in the right direction.

I will try to come to my conclusion, and I look forward to our debate. My message today has been that the trans-Atlantic partnership is unique. We have an important common agenda, which in my view must focus on more economic cooperation, green growth, creating security and promoting our values and building strong institutions in a new global landscape to meet tomorrow’s challenges. This is our mission, and I’m confident that it will be a success.
Europe and the United States are not just partners because we have to or because our history tells us that we should, or because we have mutual interests. We are partners because we choose to, because we want to, because we are friends. And I think that makes a difference. We are not only partners of necessity, but partners by choice.

Thank you very much. (Applause.)

MS. TANDEN: Thank you so much. I’m going to just ask a question or two and then we’ll go to the audience.

You have a unique vantage point, as the president of the European Council and as the prime minister of Denmark, to address issues of sovereignty. What do you say to those critics, some who are inside the political systems of countries and some who are outside, who say that the requirements of the European Union will come at the expense of sovereignty – the requirements around budgets and fiscal discipline – and that the European Union ultimately, for its survival, has to come at the expense of sovereignty of individual countries?

PRIME MIN. THORNING-SCHMIDT: Well, if you allow me to turn the question a little bit around, I think what we have seen in this crisis is that if one country is not complying with the rules, and if they’re creating debt, it will have an effect – in the end, it will have an effect on all of us. And in that way – that’s the way I see it. If one country is not complying by the rules, they are stealing my sovereignty.

And that is why I feel that it is much better for all of us to create common rules and make sure that those rules are followed quite strictly. That’s one of the reasons why the fiscal compact is important, because it will mean that we all have to apply the rules because we have to adopt it in our national legislation. And in that way, I can be responsible for my countries, other European leaders can be responsible for their countries, and no one is stealing other countries’ sovereignties.

MS. TANDEN: And you also made the point about austerity fairly applied, and I just – the expression of people being interested in – or willing to sacrifice, but not to be sacrificed.

PRIME MIN. THORNING-SCHMIDT: Yes.

MS. TANDEN: And obviously, that’s the debate that many countries are wrangling with, even our own. When you say austerity fairly applied, what do you mean?

PRIME MIN. THORNING-SCHMIDT: Well, I think, to give an example of what we have been trying to do in our own budget that we just adopted would maybe clarify. We have done – are trying to do three things. We have raised taxes. We have made certain cuts in the public sector. We are going to reform, in quite a big way, benefit systems. And at the same time, we have been able to afford a kick start of the economy. And I think those four components, hopefully it will be seen as a fair deal.
I am very interested in balancing our budget, because I say – and I think we need to say it again and again – if we don’t balance our budget, we’ll give the bill to the next generation, and we haven’t exactly done so much for them as it is right now. So we need to balance our budget, but we need to do it in a fair way, where everyone contributes to that. And this is what we want to try to do. We will do big reforms of our economy in the coming year, and it is my hope that we can do that in a fair way so everyone feels that they are contributing.

MS. TANDEN: And when you say kick start, what are the steps you’re taking to help kick start?

PRIME MIN. THORNING-SCHMIDT: Well, this is public investment programs, this is roads, energy investment, bridges, all these things, normal public investment. A very classic kick start.

MS. TANDEN: Excellent.

All right, so I think we have time for a few questions. And please identify yourselves. And I think we’re going to try for some press questions first. Over – the third person in line, third audience person, right there. Yeah, right there. Third row, I mean, not third audience. Sorry. (Laughs.)

Q: Jacob Kirkegaard from the Peterson Institute here in Washington. Well, thank you very much, Ms. Prime Minister, for these very interesting and far-reaching remarks. My question goes to this issue that -- you highlighted, I think correctly, that Europe’s real question or challenge is really the structural reform question. And I think you also highlighted the sort of travesty of current youth unemployment rate. But I think the reality is that these youth unemployment rates in Europe have been unacceptably high for decades. I mean, it’s not – you know, 30, 40 percent youth unemployment rates were not unheard of before this crisis.

So my question to you is, shouldn’t we actually view this crisis as a great gift for Europe, that we finally have the political willingness to actually do something about these things? And then following up on that, when we now then see people marching in the streets of Spain and Italy and elsewhere, fighting hard to actually opposing labor-market reforms, aren’t these people wrong, or should they just go home?

PRIME MIN. THORNING-SCHMIDT: Every kind of reform that we have to do now will be difficult. I mean, let me be very, very clear about that. It is not easy what we need to do now. That is why I keep talking about the changes we are going to do in terms of – for example, the labor market reforms, we need to apply them in a fair way, because I’m convinced that all Europeans – I can mostly, perhaps, speak for my own country. All Danes, they understand there is a crisis, and I’m convinced that the Europeans and the Danes are resilient, hard-working people, and if they can see there is a light at the end of the tunnel, they will be capable of taking these kinds of decisions.

They will be tough. We are going into tripartite negotiations very soon in my own country, and basically we will be asking people to work longer hours. One way or the other, we
will be asking people to work longer hours, because that’s the kind of labor market reform that we will need in my country.

And this is hard, of course. This is tough. But it is something that I think will be understood if everyone participates in the recovery. Is the youth unemployment unacceptably high? Yes, it is. It cannot do. But I’m also convinced that each individual member state in the European Union will need to do – make some reforms that allows access for young people to the labor market, because there’s no doubt that when you have such high youth unemployment rates as we see now, there’s a structural fault in the labor market that needs to be addressed.

MS. TANDEN: Right here.

Q: Thank you. My name’s Matthew Yglesias with Slate magazine here. You spoke earlier, saying that the goal of everything your government is trying to do is to preserve the European social model. I saw in the Wall Street Journal this morning the head of the European Central bank is calling that social model obsolete. And so I wonder – I mean, do you think there’s a need for a stronger social democratic voice, you know, throughout the continent to play a role in shaping this? Because, you know, outside of Denmark, social democratic parties seem very weak at the moment.

PRIME MIN. THORNING-SCHMIDT: Well, first of all, pressed very hard, I would have to say that the European social model is not a social democratic model. It is more than that. And we need to be very clear on that. If you talk to the conservative party – the Christian conservative party in Europe is a very strong factor in European decision-making, and I think a lot of the leaders there, also prime minister at this time, they would back the European social model. I have said this many times, when we had our meetings, I said this in the European Parliament, and I haven’t met big demonstrators from the heads of states and government saying they don’t’ want the European social model. So I think there is a commitment to the European social model.

What does that mean? That means that we still accept that we should have a safety net, we still accept solidarity, we still accept some form of redistribution, and we accept that we have to create equal opportunities. This is part of the European social model.

It is absolutely true – I don’t know what – if this is what Draghi has been saying – it is absolutely true that you can never again return to a model where you spent money on welfare that you don’t make, that you don’t have. You can never do that again, because we are just – we’re not solving a problem; we are creating a problem for the next generation.

But does that mean we can have a European social model with the values that I’m talking about here? I’m convinced we can, and basically I think what we are doing right now, with the austerity message, with our consolidation and our focus on growth, which we’re trying to have, is trying to – is – the aim is trying to preserve the uniqueness of Europe, our social model.

MS. TANDEN: Thank you.
Over there.

That – well, I was going to –

Q: Hi. My name is Michelle Fuchs with Executive Intelligence Review. I have a question for you on the economic-financial collapse.

With the trillions of dollars of financial debt throughout the trans-Atlantic region and the accompanying social instability, I really don’t think that the trans-Atlantic region will survive without a Glass-Steagall, without a separation of commercial from speculative banking, where we can say that the fair austerity will go to the bankers. So – and recently a(n) initiative for a reimplementation of the Glass-Steagall was introduced by a Senator Peterlini in Italy. So I’m wondering, what are your thoughts on implementation of a global Glass-Steagall? Thank you.

PRIME MIN. THORNING-SCHMIDT: I think it’s a very complex question, but I also – I also feel that the steps they’ve been taking in this country and what I know more of, in the European Union, right now, where we are trying to regulate the financial sector more rigorously than we have done for many, many years, is a step in the right direction.

We’re discussing all kinds of things, and just last week we took a new decision on regulating the financial market. Of course you have to find a balance because you want the financial markets to work, you want them to start lending, particularly to small- and medium-sized enterprises, and you want them to work. But I think what we’re doing on both sides of the Atlantic actually now is that we’re just – we’re trying to learn a lesson and put new legislation in place.

MS. TANDEN: Great. Over here, in the back, on the aisle.

Q: Good morning, Hans Binnendijk from the National Defense University. You mentioned the Arab Spring, and I think, much like the fall of the Berlin Wall, Arab Spring is having a profound effect on the international system. And so far, I think the trans-Atlantic partnership has handled it reasonably well along the lines of some of the principles that you laid out. My concern is about the future here, because this is going to get worse before it gets better. That’s true, I think, in North Africa. It’s true in Syria. It’s true in Iran and beyond.

And so my question is, how do we continue to cooperate and coordinate policies where some dramatic action may be needed in some of these cases? I see nothing developing, for example, in the NATO summit with regard to Arab Spring. We have real potential problems ahead for Iran and Syria. So how do we maintain this degree of cohesion that we’ve had so far?

PRIME MIN. THORNING-SCHMIDT: Yeah. First of all, I think it is important not to belittle what we have done so far. We have put in sanctions in terms of Iran. Some are suggesting that those sanctions are actually working right now.

We have had a very, I think, a strong voice in terms of Syria. We have all regretted very much that China and Russia didn’t want to join in to that – in that strong voice. We have had a
very close cooperation with the Arab League that just a few days ago created the Friends of Syria.

So you’re (absolutely right?). These are very complex problems. There are no easy solution(s) to them. But, again, I think that we have shown that we have completely—a complete set of values that we apply, and they are very parallel in the U.S. and Europe. That must be a good thing.

It’s a very complex problem, as you’re saying there. You perhaps—you might be right that it will be worse before it gets better. But I think in terms of this discussion, the trans-Atlantic relationship—it has again shown that we fall on the right side when we have to make tough choices, and if we stand together, we are so much stronger than if we don’t.

So you can always do more, but in this very complex situation, I think we should not belittle what we actually have done.

MS. TANDEN: Great. And we have time for two more questions.

The woman right there—right there. (Chuckles.)

Q: Thank you. Fran Burwell from the Atlantic Council. You highlighted Denmark’s commitment to reducing carbon emissions, and Denmark has been a leader in Europe in attempting to lead internationally in that campaign.

You’re obviously listening to the debate over here, both the Republican—but I have to say even the Obama administration has not taken a leading role in—incredibly active role on this, in part because of political factors here in the United States. What options, what prospects do you see for building a U.S.-Europe partnership in combating carbon emissions internationally?

PRIME MIN. THORNING-SCHMIDT: There’s a different debate in all countries. My point was only to demonstrate that we see investment in green technology as good business. We think it is—is something—there will be a demand for this. We think that there will be a market—perhaps here as well; there already is—we think there’ll be a market, and we think it’ll create growth and jobs. And I say to my European colleagues at home, why, when we have created to be leading—we created a situation where we are leading in this field, would we give this up if we actually think this is—this is part of the next growth—I wouldn’t call it a venture—for the next growth in Europe? This is how we see it.

We think it’ll be good business. And I follow the American debate very closely, and there are—as I hear it, there are strong voices in this country also saying that green technology could be good business for this country.

MS. TANDEN: OK. Right here in the aisle and then—sorry—(inaudible)—unfortunately.
Q: Thank you. My name is Mike Haltzel. I’m with the Center for Transatlantic Relations at Johns Hopkins University’s SAIS.

Madam Prime Minister, you alluded in your talk to the fact that Denmark chose not to join the eurozone, and in the ’90s Denmark also got an opt-out of some of the social measures, the social charter of the EU. My question is, if the European Union is successful in solving, shall we say, the eurozone crisis now in some manner – I won’t get into the details – wouldn’t it be a tremendous boost for the European Union if Denmark, one of the world’s most successful countries, would join the eurozone and sign on to all the social aspects of the European Union?

MS. TANDEN: Might be a tough sell this days, but – (laughs) –

PRIME MIN. THORNING-SCHMIDT: Yeah, I think it would be a tough – a tough sell these days. But don’t forget that Denmark is very close to the eurozone. We have our krone pegged to the euro. We are choosing to join the fiscal compact because we think it is not only good for Europe but also good for our own country. We are – we are very, very close to the euro. We have many years ago chosen not to be a part of the currency, and I think it will stay that way for a number of years. But I – what I think we’re showing is that actually we are capable of building a bridge between the countries that are in the eurozone and the countries that are not. Denmark is that bridge because we are – we are so close to the – to the euro.

That is perhaps good for Europe, and that is all very good, but what concerns me most is that it’s good for Denmark. It’s good for Danish economy to have that close connection with the euro, and that’s why we will continue to do so.

MS. TANDEN: And with that, I want to thank our amazing guest, the prime minister of Denmark, and thank you all for coming.

PRIME MIN. THORNING-SCHMIDT: Thank you. Thank you very much, Neera. (Applause.) That was a real pleasure. Thank you.

MS. TANDEN: Thank you! That was great. No, no, thank you.

(END)