

# The Daily Telegraph

## Jacques Delors interview: Euro would still be strong if it had been built to my plan

Former president of the European Commission Jacques Delors talks to Charles Moore about the fate of the euro.



It was Jacques Delors whose report produced the plan for what we now call the euro Photo: PAUL GROVER

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To use that British understatement that Continentals enjoy, one might suggest that it has not been a good year for the euro. And now, some say, only about a week remains to put things right. So who better to question than the man who invented it? In Paris on Wednesday, I called on Jacques Delors.

Mr Delors, who was President of the European Commission from 1985 to 1995, is the only foreign bureaucrat ever to have become a household name in Britain. In 1988, he enraged Margaret Thatcher by coming to address the British TUC on the joys of the European “social dimension”. Her famous Bruges speech later that month was her attempt to stand against the tide of European integration that he represented.

It was Mr Delors whose report produced the plan for what we now call the euro. He was such a demon figure for British eurosceptics that *The Sun* produced the headline “UP YOURS, DELORS” and invited its readers to turn, face the English Channel and make a rude gesture at him in unison.

I climb several twists of typical steep Parisian stairs to a modest office. The small, bespectacled figure who greets me is old in years — he was born in July 1925, three months before Mrs Thatcher — but with undiminished physical and mental vigour. We talk for two hours, and one feels he would happily continue for another two.

Mr Delors is known for his austerity, but the man I converse with is not stiff or pompous. He remembers his old adversary with a slightly amused respect, noting her immense capacity for work and her vision in looking for change in the Soviet Union before others did.

He reflects on their difference of background and character: “I think for Mme Thatcher I was a curious personage: a Frenchman, a Catholic, an intellectual, a socialist.”

Deciding not to beat about the bush, I ask the man who prides himself on being an architect of European Union whether he got it all wrong. Unhesitatingly, he denies it. It is a fault in the execution, not of the architects, which he claimed to have pointed out in 1997 when the plans for introducing the euro finally came together. At the time, he says, the best of the eurosceptic economists, whom he refers to as “the Anglo-Saxons”, raised the simple objection that if you have an independent central bank, you must also have a state.

Mr Delors thinks “they had a point”, but the way round this problem was to insist on the economic bit of the union as much as the monetary. As well as creating a single currency, you also had to create common economic policies “founded on the co-operation of the member states”.

I get the impression from Mr Delors that he thinks Mrs Thatcher would have agreed with this view. She certainly would not have agreed, however, on the Delors version of what that co-operation should produce — the harmonisation of most taxes, plans to deal with youth and long-term unemployment, and that social dimension for which he always called because “it is not just a question of money. I said all these things, but I was not heard. I was beaten.”

There was also a problem of “surveillance”. The Council of Ministers should have made it its business to police the eurozone economies and make sure that the member states really were following the criteria of economic convergence. This did not happen.

For a long time, the euro did remarkably well, Mr Delors argues, bringing growth, reform and price stability to the weaker members as well as the stronger. But there was a reluctance to address any of the problems. “The finance ministers did not want to see anything disagreeable which they would be forced to deal with.” Then the global credit crisis struck, and all the defects were exposed.

Whom does he blame most for this? He thinks that “everyone must examine their consciences”. He identifies “a combination of the stubbornness of the Germanic idea of monetary control and the absence of a clear vision from all the other countries”.

What of his own country’s role? Mr Delors patriotically declined to be drawn on this point, though I detect some dissatisfaction. He reminds me that he is, after all, speaking to an English not a French newspaper.

By way of a friendly aside, Mr Delors adds that Britain, though not in the euro and therefore not “sharing the burden”, is “just as embarrassed” as the Europeans by the financial crisis.

"I can see Mr Cameron's worries," he goes on, "It is a big worry for the British if we can create and trade eurobonds in Paris and Frankfurt."

In general, says Mr Delors, among all the 17 member states of the eurozone, the reaction to problems from 2008 to today has been "too little, too late".

Surely, I say, that is exactly what you would expect from such a system faced with such difficulties. No, he replies sharply: look at what happened at the end of the 1980s with the fall of the Berlin Wall. Helmut Kohl, François Mitterrand, George Bush senior and Mikhail Gorbachev (Mrs Thatcher is not included in his gallery) "could all have spoken and acted too little, too late". But in fact "they reacted quickly to this revolution, thanks to the intelligence of these men. There was an aspect of sangfroid and political vision".

He clearly sees the fall of the Wall as the high-water mark of Western strength. He equally clearly sees no such political vision today.

So will the euro survive? Mr Delors does not, of course, deviate from his belief in the European single currency. He is also very conscious of the danger of someone in his position saying anything that might help to destabilise the situation. I am struck, however, by his downbeat interpretation of events.

"Jean Monnet [the founding father of the European Union] used to say that when Europe has a crisis it comes out of the crisis stronger ... but there are some, like me, who think that Monnet was being very optimistic. You must be very vigilant to make sure that you do come out of a crisis in a better state ... I am like Gramsci [the Italian Marxist philosopher]: I have pessimism of the intellect, optimism of the will."

Right now, Mr Delors judges, "even Germany" will have great difficulty in sorting out the mess. "Markets are markets. They are now bedevilled by uncertainty. If you put yourself in the position of investment funds, insurance companies and pension funds, you will understand they are looking for a clear signal."

All the heads of government need to give this signal together. Instead, there has been, at least until the end of October, "a cacophony of statements".

The euro can emerge from this crisis only if two conditions are met. "The first is that the firemen must put out the fire. The second is that there must be a new architecture. If you have one of these things without the other, the markets will be sceptical."

The choice is "either to accept a greater transfer of sovereignty or to submit to a common discipline".

But surely, I ask, as someone who has always advocated more European democracy, isn't he worried by the takeover of the technocrats? In Greece and Italy, leaders have been parachuted in without anyone asking the voters. This does not bother Mr Delors at all.

"This is not the first time in history that we have put in a non-political person to ensure the transition. The markets are reassured that there is a man in place who knows what he's doing. He can calm the many, many antagonisms."

Jacques Delors is a master of all the technicalities of the argument, and all the Byzantine structures of the institutions, and speaks confidently in their jargon, but his mind seems burdened by deeper thoughts, too. He sees the crisis of the euro as part of something deeper and wider even than the credit crunch itself. He believes that the main social and economic “players” have their doubts about European policies.

“You hear it every day. You hear it in the markets. This is reinforced by populism in certain countries. Whether we like it or not, we are part of the West, and the West could possibly lose its leadership, and it is important that we preserve the values that matter not only to Europe, but to Britain and the United States — the values that are Judeo-Christian in origin — Greek philosophy and Greek democracy and Roman law, and the Age of Enlightenment and the French Revolution.”

Yet obviously, at the same time, we cannot “tell the President of China what to do. Other peoples want to preserve their values, and we want to preserve ours. This is the great challenge.”

So the crisis of the euro is all part of a crisis of the Western way of doing things? “Oui, c’est ça.”