

The Annual Baltic Forum Conference  
**Global Crisis – National Responses**

*29 May 2009*

**ABSTRACTS**

**Justas Vincas PALECKIS** – Member of the European Parliament, Lithuania

Standing for European elections when only ten days are to go until the 7<sup>th</sup> of June, I should have been today in Lithuania, of course, campaigning for my social-democratic party and for myself, but, being a fan and a supporter of the Baltic Forum, I could not reject the kind invitation to come to Riga and to discuss very important problems which are especially relevant now in the time of crisis. I'm very thankful to Mr. Jonathan Powers, who described in a very impressive way the situation in Africa – and of course, we should understand the global dimension of this crisis more to act in a proper way.

After five years in the European Parliament I would say that never the atmosphere, the mood in our socialist group and in the Parliament in general never was so grim; and it is understandable. On the other hand, everybody, including even a part of Euro-sceptics would admit that without having the European Union this financial and economic crisis would have affected Latvia, Lithuania, old and new member states, much harder. As to new member states, I would say that Slovenia, Slovakia, Czech Republic, Poland are in more or less stable situations – they don't want to rely on the help of the European Union, and it is interesting that in these states the shock therapy during this transition period was at light in a milder way in comparison to the Baltic states, Hungary and some other states. Of course, Romania, Bulgaria, Hungary especially and the three Baltic states are now in a more difficult situation, and we hope for the support of other EU states. The problem, however, is that SOS signals are heard from various parts of Europe and the world. And in the case the economy of Eastern-Europe collapses, the situation in the economy market worldwide can get catastrophically bad. But much worse situation can be if by rescuing Eastern-European economies we will ruin German and French economies – the engines of the EU. Finally, who will now save Ukraine, which is on the verge of collapse as a state?

In my opinion in this situation especially important is better understanding and cooperation between the EU and Russia. Two years ago José Manuel Barroso, president of the European Commission said that "EU needs Russia; Russia needs EU". I believe that it was important two years ago, now it is much more important. So unity and solidarity should not be just words in front of the crisis within EU and regarding also the neighbours of EU states. This crisis should in my opinion serve for tighter unity among the states and for better understanding with their neighbours.

And as for EU, it is especially important now to ratify the Lisbon Treaty. If we will fail for the second time, the consequences will be unpredictable. And of course it was interesting to see in front of this building of Black-heads young Latvian citizens which are distributing these Euro-sceptic leaflets and calling for voting against the Lisbon treaty. But of course, democracy is democracy.

Socialist group in the European Parliament rejects the slogan "everybody should rescue themselves in the time of crisis" and we believe that protectionist tendencies are a disastrous and especially disastrous for smaller EU states, because bigger ones can of course benefit from their larger markets. Moreover, such tendencies as protectionism and nationalism can influence a chain of collapses; and we discussed in our group that this worst-case scenario, the collapse of eurozone, would mean a return to national currencies and it could lead to monetary war. Protectionism could lead to a trade war, whereas an introduction of duty customs could ruin the common market, and finally lead to economy war among the EU member states. From here there is only one step toward political hostility, conflicts and wars, towards the revival of old images of enemy which have been prevailing in Europe for centuries. In short, Europe can return to unstable and war-like situation as it used to be in the eve and after the 2<sup>nd</sup> world war, until Europe has been united. The latter situation would be much worse than ten crises at a time. We should avoid such a situation and I'm sure that we have enough capabilities and enough political will to do it. Thank you.