

Europe in Upheaval

*Speech from Dr. Edmund Stoiber at the Berlin Economic Forum on 10.03.2017
to the topic of 'Europe in Upheaval/'*

Europe was always a **continent loaded with conflicts**. The relationship between Germany and France was the embodiment of this enmity. Conflicts were often carried out on the battlefield instead of the negotiating table. Moreover, the 'Iron Curtain' has split Europe until our most recent past.

From this Europe of wars became – beginning with the European Coal and Steel Community in 1951 and through the European Economic Community and the European Community up until the point of the European Union – a **success story of peace and freedom**. Enemies became friends or at least partners. Clear-sighted statesmen such as Konrad Adenauer, Robert Schuman, Paul-Henri Spaak and Alcide De Gasperi advanced the project of the European Unification. The rule of right triumphed over the rule of weapons.

Today, over 70 years after the end of Second World War and 60 years after the foundation of the European Economic Community, Europe is standing before the biggest challenge for its cohesion in its history. The European Idea has suffered from setbacks. The European Union is struggling for its future. Europe must change **from the project of the elites to the project of the citizens!**

There were primarily **three things that seeded discord** in Europe:

First, the economic and financial crisis from 2008 that led to setbacks in growth and to a sovereign debt crisis. This debt crisis led to **massive conflicts between northern and southern Europe** in the EU. Here they face each other – cum grano salis – two fundamentally oppositional views: While the **South** views the EU as an instrument of financial compensation at the expense of the stronger North and wants to finance economic growth primarily through debts, the **North**, especially Germany, holds up the **“no-bail-out”- principle**, which is anchored in the European treaties and claims the strengthening of the competitiveness through consequent structural reforms.

The argument number two results from the **refugee crisis**. Germany, with their decision to open their frontiers for refugees and keep them open in autumn 2015, which was a decision that was not coordinated with European partners except from Austria, **blindsided the other European confederates**. It was a particular irritation that Germany, when the influx of refugees grew into a regular avalanche, had prompted other countries to follow the humanitarian imperative, show solidarity and receive refugees too. This was especially rejected by the Visegrád states - not least for historical and cultural reasons - but also by countries like Denmark and Great Britain. How did Hungary's governor Viktor Orbán say so that most of the other countries were nodding? **“The refugee crisis is a German problem!”** After initially refugee-friendly countries like Denmark and Sweden also shut down its borders, Germany stood there isolated. It is only recently that there are approaches for a common European action, such as the protection of the EU's external borders.

The third controversial topic, about which I am able to sing a song from my own Brussels experience as the chairman of a High Level Group for the reduction of bureaucracy, is the feeling of many people that the **EU is interfering too much in their daily lives**. The German director Wim Wenders once put it in a nutshell: "Out of the idea Europe became the administration - and now the people hold the administration for the idea." The Brussels bureaucracy is perceived as detached from the citizens. It is perceived as a Moloch that indeed defines in detail the range that a pizza Napolitana

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must have to be officially recognized as such, but that is incapable of presenting constructive proposals for solutions to the truly important questions such as a European defence policy."

I do not like to have negative attitudes, but I would like to point out, that in addition to the immigration issues, the Brexit supporters used the overregulation imposed by Brussel as the second main argument for the withdrawal of Britain from the EU.

These three factors were mainly responsible for the **loss of confidence** in the European Union. They have the feeling that Europe is designed as a political project of the elites. This political background led **the nationally oriented, Eurosceptic forces to gain much approval in many European countries.**

In the **UK**, this has already led to an "end with horror" with the Brexit.

With the motto "take back control" the Brexit supporters have successfully protested against the citizen of Brussels.

According to surveys, it seems that in **France**, Marine le Pen, from the anti-European Front National will lose against Emmanuel Macron at the second round of the French presidential elections. Nevertheless, after Brexit and the election of Donald Trump, my trust in surveys has fallen sharply. We never know what could happen.

In **the Netherlands**, Geert Wilders' xenophobic freedom party is just behind the Rutte's party.

In **Italy**, the five-star movement of the Eurosceptic comedian Beppe Grillo is 30 per cent in surveys.

Germany is also not spared by anti-Europe parties such as the AfD, even if the current trend for this party is going down. So far, our history protected us from nationalist tones. This protection begins to crumble.

What to do? On March 25, the signing of the 60 years old Treaty of Rome was celebrated. EU Commission President Jean-Claude **Juncker presented a White Book** for the further development of the EU on March 1. It outlined five possible scenarios, from a reduction of the EU to an economic community, continuing as before to give more money and more skills to Brussels. The White Paper is intended to launch a broad discussion process. In December 2017, a summit of the European Council is expected to draw initial conclusions.

I would like to **focus on two scenarios** here, because they are particularly politically discussed in Germany. **The extreme scenarios** – i.e. the EU as a pure internal market or the development of a federal state through the general transfer of more competences and resources from the national to the European level - are **unrealistic**. And because Europe is obviously in need of reform, in my view, it can't go on like this.

The first scenario describes a **core Europe** around which concentric circles of countries work together according to the issues, that means **a Europe of different speeds**. Who wants to do more, will do more; this is how the Commission calls this scenario. This has been positively commented by both Chancellor Merkel, France's President Hollande and Commission President Juncker. Even today, we have in some areas a Europe of different speeds: the Euro and the Schengen spheres.

I think nothing of this model because something like this can perhaps work in a few selected sectors and but not nationwide. The problem is not to be found in the practical feasibility of the plan but in the

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psychology, in the national state of mind. None of the countries in the EU will accept to play permanently second fiddle in many sectors. It contradicts the basic idea of the EU, if some financially powerful countries take control of a lot while the smaller and poorer countries can only achieve a few steps of reinforcement and consequently **feel dependent** on the EU. It's not a surprise that the heads of the government of the Visegrád Group like Hungary, Poland, the Czech Republic, and Slovakia have expressed thoughts about a Europe of different speeds. The Bulgarian president Gerdshikow has also already expressed opposition to this model, he would not like to be in Europe's backyard.

It was the **grand delusion of German politics** in the 90s, especially of Helmut Kohl that depression and expansion are two sides of the same coin that they walk together hand in hand. The expansion of the EU to the east in 2004, in particular, has already shown that the opposite is true. The widening of the prosperity in the EU has now become so great that enlargement to the east has become so great that a further deepening of the community hardly seems possible.

I see the danger of a two-class Europe, especially in the tax and social sectors. Not many countries are strong enough to introduce common relatively high social standards. Ask Bulgaria or Romania, Greece or Portugal whether they are financially capable of introducing high social and working standards! Who else, besides Germany, would be able to plan 20 billion euros a year - in four years more than 80 billion euros - to deal with the refugee influx? Such a two-class Europe would sooner or later lead to the **collapse of the EU**.

I am convinced by a different scenario, which is more realistic and at the same time safeguards the functioning of the European Union. The Commission calls this scenario '**less, but more efficient**'. Europe must be great in the great things and small in the small. It is important that **no one is left behind** in this model: all 27 member states will be needed!

The **focus of close European cooperation** should be focused on a **few policy areas** where the EU's power is needed in order to solve the European challenges the best way possible. Where national powers are better, competencies should be returned to the national or regional level. This applies, e.g. the right to aid, but also to consumer and environmental protection.

Europe has a **real added value** in the areas where Member States alone are not as strong as in the whole European Union. This includes **immigration policy**, **trade policy**, **security policy** and **defence policy**.

It is obvious that no European country alone can cope with the huge **influx of immigrants**. It is not just about asylum seekers: the migratory movements from African countries have a much greater dimension, where many young people leave their country for economic reasons and seek a better life in Europe.

It would be a great step forward if EU states agreed on a **common European asylum system**, in which all asylum applications would be dealt with by a common European asylum system. This also means that there must be uniform standards. It is therefore completely **impossible** that the **high German asylum standards are made the standard of the common rules**. This would undermine acceptance in the other countries. The renowned historian Heinrich August Winkler is right when he says that we will not get a German Europe, also not in the area of asylum law.

Further EU activities would be the **monitoring of the EU's external borders** through the establishment of a European border and coast guard, **negotiations with African countries** on the withdrawal of their citizens, as well as the **support for the African economy**.

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The **EU is the world's leading trading power**, with the largest single market on the planet. The EU must play out this role, especially in relation to the USA. Donald Trump has criticized Germany for its high export surplus and has announced the introduction of penalties and other trade barriers. This **new protectionism in the USA** would now hit the export-oriented German economy. We live on free trade! Every fourth German workplace depends on export.

Germany alone would not be able to **threaten the USA with counter-measures**. The EU, however, can. In engaging in a **trade war** with the EU, the Americans also have a lot to lose. It is therefore no wonder that the USA is currently trying to negotiate bilaterally with some European countries through trade agreements and not with the EU. But we must definitely not allow that!

Criminal and terrorist groups do not stop right in front of the borders. They operate globally and Europe-wide. That is why Europe must play an important role in **security policy**. The cooperation, particularly the exchange of data between European police and judicial authorities, must be systematically improved. The case of the student murdered by an Afghan refugee in **Freiburg** has shown that there is still much to be done. The murderer had already been condemned in Greece for another act of violence. This was not communicated to the German authorities, so that the refugee could enter Germany undetected. A **European agency for combating terrorism** can also help facilitate the coordination of security authorities in the exchange of data.

Last but not least, there is an urgent need to enlarge and optimize European capacities in **defence policy**. So far, we have learned to solve conflicts within the EU. What about the challenges from outside? We must increase defence expenditure. It is understandable that US President Trump calls for more financial efforts from NATO allies. The United States is responsible for 70 per cent of the defence expenditure of all NATO countries, the other 27 states with the same gross domestic product as the US. And this happens even though the NATO countries supposedly have committed themselves to allocating **2 per cent of the gross domestic product for defence** in 2014. However, Germany accounts for just 1.2 per cent of GDP. In order to reach the 2 per cent target, Germany would have to provide 60 billion euros instead of 34 billion euros!

This will be a huge challenge, not just financially, but also politically. Because of their history, the Germans are a pacifist nation, with a majority of them rejecting higher defence expenditures. And the other European members will not be overly enthusiastic about Germany, already an economically powerful country, being at the forefront of military policy. The shadows of the past are still present! For this reason, **Germany** must also be **closely involved and invested in a European defence framework** for its own interests.

It is important that in the process of further discussions, **not only the opinions of 'professional Europeans'** - e.g. EU parliamentarians or Europe lobbyists should be considered, **but also the ordinary citizen**, the 'man on the street'. I am sure that the model I have suggested, in which the EU's concentration should be on the essentials would be most likely to be accepted by a broad majority in Europe. According to the current Eurobarometer, a clear majority of 85 per cent of Germans and 75 per cent of EU citizens support a common security and defence policy.

I am looking forward to the discussions that follow!