

Conference Report of the  
Young Königswinter Conference 2007

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## **Can we Europeans survive, succeed and shape the world?**

Fifty years ago, on 25<sup>th</sup> March 1957, the Rome Treaties were signed by six European countries. Now, in 2007, there is a „European Union“ of 27 member states. Most European citizens enjoy peaceful lives, travel freely from one member state to another and see their economies prosper. There is a single European market, a European flag and a hymn – which can be hummed without words. Now there is even an important common document, though not to be labelled a constitution, signed at this year’s European summit in Brussels.

So everything seems to be okay. However the European Union needs a valid ticket to ride into the future of a globalised world. The EU has to come to terms with challenges at home such as unemployment, with an average EU unemployment rate of 9 per cent; migration and demographic change, with economic developments such as the rise of India and China whose demands of energy resources will surely grow; and with European political ambitions in a multipolar world order such as further enlargement (Turkey, the Balkans) or the question of a common foreign and security policy. It needs to „shape itself in order to shape the world“ (State Secretary Georg Boomgarden, German Foreign Office), it should be less „risk-averse“ (Hugh Mortimer, British Embassy Berlin) and should „think big“ (Ulrike Guérot, German Marshall Fund, soon European Council of Foreign Relations).

**The 2007 Young Königswinter Conference therefore asked: Can we Europeans survive, succeed and shape the world?**

The five-day conference was opened by two keynote speakers who both gave an overview of their country's perspective on Europe. **Secretary of State Georg Boomgarden from the German Foreign Office** was convinced that Europe could manage the process of globalisation whereas **Hugh Mortimer, Deputy Head of Mission LVO from the British Embassy**, stressed his more liberal view. „Why is the EU diplomatically weak when it is objectively and economically strong?“, was his question towards Europe's future tasks. He wished for a „critical mass“ made by putting together economic weight and political importance, thus winning back public support. According to recent polls, support of the European Union is at its lowest level today. Yet there have been practical and political achievements lately, stated Mortimer: Bulgaria and Romania had become new European member states in 2007, the Reform Treaty has been signed, there had been an agreement on mission targets thus addressing the problem of climate change and terrorists were arrested across Europe. Mortimer raised the question of what are the topics that matter to the average European citizen?. He singled out unemployment as there are 92 million economically inactive people in the EU and 18 per cent of young people being without a job. So the EU should embrace globalisation and foster job creation by working towards economic stability, promoting flexible job markets and exercising only a light regime. He was arguing for an open, liberal and diverse Europe, that would embrace everyone who could adopt European values. However Mortimer warned the EU about flirting with the „glamour of foreign affairs“, instead of working together to deal with the most significant of today's challenges, i.e. climate change and energy security („two sides of the same coin“), and aid to poorer countries and global markets. He argued that the EU had made first steps concerning a post-Kyoto-agreement (running out in 2012), working towards a common motto in Bali at the end of 2007. He admitted that there was still a long way to go. The EU had to reach the USA and had to find a solution over how to deal with developing countries.

The German Foreign office, represented by State Secretary Georg Boomgarden, gave an optimistic assessment of the impact of globalisation on Europe: It affects every aspect of our lives today from the digital revolution to cheap imports from China or South America due to minimal transport costs. However, whereas the British seemed to be relaxed towards globalisation with a rather pessimistic view on the EU as a global player, the Germans would rather see global processes controlled, believing

that this could be done with the help of the European Union. Boomgarten said that this was due to differing views on society in both countries: the prevailing view in Britain being that society is developing, whereas in Germany it is rather considered that society is shaped.

In addition, Boomgarten stated that whereas the Germans would opt in when it came to the question of a common European foreign policy, the British would rather opt out. He criticised the British „cherry-picking“ out of prestige rather than practical matters, for example with reference to EU-intervention in Chad. Nevertheless, Mortimer and Boomgarten agreed that there had to be a common migration policy and energy policy reminding us of the agreements made at this year's G8-summit. They were convinced that enlargement had been a success so far.

The main topics of the first study group „**Survive**“ were demography, migration /integration, security policy and ‚Europeanness‘. Boomgarten's official stance on the state of affairs was that Schengen was a good thing and successful in controlling illegal immigration, however a more intense inner-European dialogue about arriving migrants and a common policy to attract only certain migrants is needed. Mortimer agreed with a managed migration policy, but found it „great that people want to work in Europe“, as diversity was changing societies for the better and made them fit for globalisation. **Eckart von Klaeden, Foreign policy spokesman for the CDU/CSU parliamentary group**, also linked the survival of the EU to its ability and will to accept, adapt and shape the process of globalisation. The term should be demystified, he argued, because globalisation was useful and helpful. Furthermore, it was not reversible. Challenges included the ever-existing separation of markets, the integration of international financial markets (hedge fund legislation, regulating Sovereign Wealth Funds) and the governance-deficiencies in many developing countries. He said the overall aim was to survive as free market economies and free democratic states. But how could this be achieved?

Europe is the primary destination for migrants throughout Europe, receiving one million migrants a year and 299,000 asylum applications in 2006 alone, stated **Naureen Khan from the Commission for Racial Equality in London** in her introductory talk to the first study group „Survive“. Consequences of migration were more diverse societies as well as discrimination of minority groups, especially with

reference to basic human rights such as the rights for education, health and participation. As the European Union faces demographic change, with an average birthrate of 1.5 resulting in a declining and ageing population with a lack of labour shortage, calls are made for a wise European migration policy to tackle this issue. Khan named measures that could be taken on the European level such as trying to attract high-skilled migrants by a „blue card“(?) in order to be able to compete with the US for skilled workers: Owners of such a card could work in one European country for two years, then move and work freely in all member states and would then retain the right to return to the EU at any time once they had gone back to their original countries. To control illegal migration the study group could not agree on „reception centres“ in North Africa, but was slightly more positive towards the idea of „European centres“ that could inform (via radio, school material) about the real life conditions of illegal immigrants in Europe and about legal possibilities to enter the continent. Other possible solutions were a closer cooperation with Third Countries (development aid, education, technical assistance) in order to prevent the need for emigration, amnesties once or every twenty years to integrate illegal migrants and a better burden-sharing and solidarity between member states. It was clear to participants that Malta, for example, should not be left alone with its immigrants. Also, Asylum-seekers should face the same standards in all member states as well as rely on a common list of „safe countries“ valid everywhere in the European Union.

As soon as the migrants have arrived: how should they be integrated? The study group agreed on the need for language classes for migrants and on an „ethnic monitoring approach“ based on the UK policy. Although Georg Boomgarden from the Federal German Office was convinced that Germany had been „quite successful“ in integrating migrants and pointed to the new German „Migration Act“, the group agreed that many measures had to be taken – rejecting the idea of „citizen tests“. The group was certain that identity was something invisible, difficult to establish. In order to work towards a European identity, cultural identity should be separated from identification with political institutions. Europe could work on cultural initiatives („European cinema“, fashion shows, big events such as Eurovision or Champions League), on history education, exchange programmes and tell a European story - a narrative that also includes the history of, for example, Muslims in Europe. The notion of „Euro-Islam“ which was introduced by Khan was not taken any further at

the conference. As the European Union is very attractive from the outside (having been a model for ASEAN, MERCOSUR, African Union), we should stop talking about the lack of European identity. If politics mattered to the people, they will vote.

What is more problematic, the group agreed, is the predominant „culture of fear“, generated in European countries today and which is not based on facts but on designing „Islam“ or „Arabs“ as the Other. There should be a more rational approach and a more sensible media discussion. As security threats such as terrorism and organised crime do not respect borders, the EU should trust in each others legal systems („European arrest warrant“, exchange of data based on the „Prüm Treaty“) and welcome the exchange of information. Meanwhile it should create better data protection rules (via parliamentary oversight or an independent ombudsman), develop better intelligence and care for a rational attitude of law enforcement authorities towards suspects. Civil liberties should not be decreased by disproportionate surveillance measures (for example, massive use of CCTV in the UK).

The issue of demographic change could also be approached from within the EU. Population growth should be encouraged by family and gender politics, for example, by setting a common EU standard for maternity and fraternity leave as well as making childcare available for all children from age one to five or six. This could be done on the national level in cooperation with employers, civil society and governments. Women would then be able to return to their jobs more easily and play an important role in increasing the European work force. The inactivity rate of women is currently still high at 37 per cent compared to the rate for men which stands at 22 per cent. An increase could have a positive affect on the pension systems, which – as with any social issue – should be dealt with at national level. Study group „Succeed“ supported this approach. The EU should only set standards, e.g. extended working time and raised retirement age, basic state pension and an additional contribution (mandatory, but depending on income)

**Swantje Möller, a PhD candidate from the University of Cologne**, urged the EU in her introductory speech to accept that internal problems are linked to global changes. Similarly to Hugh Mortimer who called for a „rebranding“ of Europe she called for a redefined position, based on shared values and goals. To better communicate the European message during the German presidency abroad and at

home, the German Federal Foreign Office had just created the post of a **Commissioner of the Media**, held by **Anna Prinz**. She said that Germany had been quite successful in changing its „post-war image“, especially by the 2006 World Cup. As for the image of Europe, the German presidency had developed „50 arguments for Europe“, she said, as Europe needed a common consensus to avert the danger of fragmentation. Also, it should enhance the dialogue with the Islamic world and engage in public diplomacy with neighbouring countries. Möller in this context reminded the 45 participants of the motto of the European Union „In varietate concordia“ (united in diversity).

But what are mottos without success? **Lena Schaffer, a PhD candidate from the ETH in Zürich**, gave the introductory speech to study group „**Succeed**“. What is success, she asked, and how do we measure it? Also, what is desirable on the one hand and what is possible on the other? She identified the common trade policy of the EU as one example of success: common external tariffs have been introduced and Europe speaks with one voice in international trade rounds. Related to this issue, she asked how the common agricultural policy could be reformed, now being a protectionist policy hindering market access of the poorest nations.

Despite a majority of economists sitting in this study group, it developed a quite uneconomic „happiness“ factor in its discussions, something that cannot be measured, but should not be forgotten. They also found a definition for success: „improve the living standards and well-being of current and future generations in a sustainable and stable manner with the goal: to create full employment under fair conditions“. This definition had already been part of **Mario Pisani's** introductory note, an **Economist from HM Treasury in London**. He said that spirits were very high in Europe since world growth in 2006 was not driven by Asia and the US, but the Euro area had picked up strongly. However the recovery was in his opinion only a cyclical one, not due to structural improvement. He said that while in New York he could get a taxi in rush hour within 30 seconds, it took him 30 minutes in Paris or that he could buy a coffee in New York swiping a card while he had to count coins in Paris. He was convinced that productivity could be increased on the European service sector market. On the whole, he called for overall economic reform to create an open, flexible, competitive and highly productive economy.

The steps to be taken to achieve this goal were discussed by the study group in four areas: education, social system, internal markets and energy/environment. Human capital had to be fostered as it was the most important capital of economy. The group recommended seven measures: strengthening top class education while guaranteeing the quality of broad education; improving European vocational training which at the moment was lagging behind the US; focussing on the outcomes of education; improving comparability of education and training; increasing the number of scholarships; encouraging highly qualified immigration. The social system should be regulated on the national level. Major issues should be the improvement of the social market-based model and the management of labour market rigidities, and also the tackling of unemployment. The German model of ALGII (unemployment benefit) was not approved of by most of the British participants of the group, it being far too expensive and not giving enough incentives. Also, the mobility of labour should be enhanced and the amount of part-time work increased. The concept of a „minimum wage“ (Mindestlohn) for all was heavily debated, as well as the question of how business risk relates to job security. Boomgarden believed the „social model“ to be a characteristic of Europe and defined it as „maintaining the right balance between the social and the economic“. As the degree of entrepreneurship was regarded an important driver of economic growth of internal markets, the group proposed measures such as the improvement of micro-credit schemes and the overhaul of bankruptcy legislation. Whereas bankruptcy was seen as a personal failure in Europe, it was seen as something normal in the US: There you have to fail twice until you are 30 to become a successful entrepreneur. The group spoke out for privatisation while security, quality and efficiency should be guaranteed (privatisation of British rail versus privatisation of Deutsche Bahn). Innovation, research and development should be improved to remain competitive.

Thus, the group agreed with **Fabian Wehnert from the BDI** (Federation of German Industries) that the single European market had been a „success story“, although there were still barriers that were hindering economic development. Wehnert reminded the audience of the importance of a functioning European internal market: more than 20 per cent of German jobs rely on trade within EU. From the outside, the EU market with the free movement of goods and people (Schengen) was attractive because it was diverse - it contains 500 million consumers in 27 countries

and could provide stable interest and exchange rates due to the monetary union (60 per cent of exports were already invoiced in Euro). It was so attractive that other countries such as Turkey would like to join the single market. Wehnert was neutral about when and how. What should be done to keep Europe competitive on a global scale, he asked, with pressures such as cheap imports from low-cost countries? He proposed bench-marking between the member states in order to reform the product and labour market. He said the BDI believed in a market-led process of change and that German industries were „fond of further liberalisation“ (post, energy sector, railways). He also urged the trade unions to be less defensive and adapt to a changing world. But there had to be a better regulation at European level and an improved implementation of European law – the new chemical guidelines being quite costly for industries, the directive on services from 2006 going in the right direction but lagging behind the original idea. EU finances had to be reshaped in favour of innovative competitiveness not of agriculture. Foreign economic policy should not be based on bilateral agreements: The EU should develop a valid, hopefully low-tariff, agreement at the WTO, open markets between US and the EU further as well as dealing with Asian economies („*the growth area*“) about the protection of property rights. Finally, he articulated the need for institutional reform with intergovernmental conferences, clearer allocations of competences, a more effective institutional set-up with less Commissioners and a clearer concept how the European Parliament and Council would work together on economic matters. The overall picture, Wehnert said, was a „positive situation, but no time to relax“. European economy should use the strength of not only having European value-adding-chains, but global ones.

One of the hottest debates at the moment strongly linked to global concerns (climate change, oil peak, building of pipelines) is the European energy market. The study group voted for a diversified energy market in the European Union in order to secure energy supplies, but did not agree on the use of nuclear energy. There should be a linkage of network systems on the European level. Sustainability could be achieved by continuously focussing on renewables, by increasing energy efficiency as well as by improving the emission trading system. In order to enhance competition, supply and network could be separated.

A more down to earth approach from a major oil company was given by **Enno Harks, political advisor of BP Germany**. Europe – the world’s number one gas

import market and having 70 per cent of global gas reserves in reach of pipelines – was in his view a „gas superpower“. While the oil market was made by the US, the gas market was made in Europe. Thus Europe should provide a fungible market infrastructure with interconnected pipelines financed by the public sector. Thus, he was opting for a common internal energy market in Europe, but doubting the feasibility of a common European foreign policy in energy issues. He would rather dump the „Energy Charter Treaty“– not yet ratified (only signed) by Norway and Russia – and engage in solving the problems of investment arbitration. He was citing a „memorandum of understanding“ between BP and Russia going in this direction – similar documents had been agreed upon by Shell and Total. Norway was, in his eyes, a best practice example regarding the question of cooperation between a state and the oil majors. The second biggest gas producer had a 100 per cent ownership over his resources and would take a 80 per cent tax of the producing industries.

Of course, there was the question of how BP situated itself towards green issues such as renewables and biofuel as well as towards emission trading. Harks added that, besides the subsidised market in Europe, there was still no worldwide market for alternative energies. However BP was engaging in the development of biofuels – all this could be read on the company’s website. He predicted the rise of energy costs in the future. We were at a „turning point“ at the moment where energy cooperation structures were changing. The „free rider“-problem had to be addressed: Climate is a public good but everybody has to pay for it.

What was most important, he said, was a global energy forum, where the governance of the world oil market and price stability would be talked about. At the moment, there was the IEFS in Riad – „maybe the only international meeting“ - where producers and consumers talked with Middle-East countries about sensitive topics in an informal discussion. The International Energy Agency, which was founded in 1973/4 as a counterweight to OPEC after the first oil shock, should now think about giving voting shares to China and India. In his opinion, Kyoto was not the solution, but rather a global energy forum, for example the US bringing the 15 main emission states to one table, thinking also about a common way of paying into technology development.

The study group came up with four „out-of-the-box“ ideas to stimulate thought and „happiness“: creating a pan-European evaluation and comparison system for all

educational institutions and staff to improve the Bologna process; opening up of countries for unlimited migration which would regulate itself; introducing a common administrative European language to promote mobility (if the French would agree for it to be English though this was left open); issuing a carbon-credit-card for every citizen based on a true-polluter pay principle.

Visionary introductory talks were given to study group „**Shape**“: **Benedikt Franke**, a **PhD candidate from Cambridge University**, and **Leo Tomlin**, a **diplomat from the UK Foreign and Commonwealth Office**, imagined the 75<sup>th</sup> birthday of the European Union: Would there be less people, would it be less celebratory and would there be less presence than at its 50<sup>th</sup> birthday? They wanted to discuss in their study group, where Europe would be in 25 years from now as well as Europe's potential capacity to shape the world. Would integration deepen or widen? Would the EU ever be as optimistic as the African Union „with the ultimate objective of creating the „United States of Africa“ as Franke cited a recent statement of its 53 member states. Or would the negative scenario painted by Tomlin be more realistic? Some excerpts: In 2009, Ireland votes against a new mini constitution while the UK in a double referendum votes against the constitution and the Euro, and French president Sarkozy tries to veto Turkey's accession into the EU. Economic mismanagement forces Italy out of the Euro in 2010; in the Mediterranean, Cyprus and Turkey – the EU and NATO – almost come to war. In 2018, the fear of Islamic terrorism still causes long queues in security check-ins, although terrorism is by now past its apex. Another CIA prison pops up in Luxemburg. Sarkozy still tries to veto Turkey's accession, so that Turkey, frustrated, withdraws its application. The Barcelona process as well as the Edinburgh process (Scotland having seceded in 2017) fails in 2025. The US stops trying to understand why the EU mattered in 2031. Finally, in 2032, it is the EU's 75<sup>th</sup> birthday. A „melancholic wake for a still-living patient“: „Europe is firmly in her retirement home“.

If we cannot subscribe to this gloomy picture: What would be our „European dream“ (Wim Wenders)? The study group concluded that the EU did not have the choice but should try to shape and influence the world in all policy areas: environment, trade, enlargement, development, governance, crisis management, energy security, power politics, nuclear proliferation. As this might sound far too general, some examples of

how the EU could act include the following. It could set global standards in environmental politics in 25 years by speaking with one voice, using market-power regulation and an „environmental Marshall plan“. As for trade, it should be less protectionist in non-strategic industries. The group was certain that in 25 years the Balkans and Turkey would be member states but also posed the question if enlargement and impact on the world were linked at all. In 25 years, the EU should have the ability to say „no“ when necessary.

**Ulrike Guérot** from the **German Marshall Fund** (soon to work for the new **European Council of Foreign Relations**) also did some time travelling. She started her talk with recent European issues, devaluating the new Reform Treaty as a „step back“. The document should have brought identity, something that was missing. People were believing that Europe was mismanaged, that the budget was not fairly distributed: But Guérot was sure that Europe cannot be made without people. Achievements such as the single market, the single currency and enlargement would often not be seen as achievements. She urged Europe to look outside and to confront itself with questions which will arise in the future: She said „We need a new mental state connecting domestic and foreign issues“ and provided the following examples. When and how will the Balkans – a black hole on the European map – secede the EU? If we do not integrate 20 million people we might face another civil war. With six more little states, it also becomes clear that the institutional set-up of the EU needs reforming - the current one stressing national segregation (each country sending a commissioner) and outbalancing large regions in big countries (Northern Italy, Scotland, Bavaria). What is needed is a discussion about „leadership“: Weimar triangle (Poland, France, Germany), the Big Three or...? A further example is Turkey. The EU should end its dysfunctional debate over Turkey's accession: on the one hand having a public debate on Kurdistan and the genocide of the Armenians, on the other hand ignoring the fact that Turkey fulfils many *acquis*. There is a legal agreement for negotiation that has to be kept, she reminded us, and there should be a timeline of at least 10 years. Turkey's membership was probably the most important question to shape the world and to prove Huntington wrong. Furthermore we should stop thinking in the wrong dichotomies (West versus Islam), but opposing the concepts of „liberal, tolerant and modern“ to „backward-looking, intolerant and fundamental“. In a tour d'horizon she mentioned the need for a

European army (in opposition to the study group) if Europe wanted to have a common foreign policy. Old institutions such as NATO, UN, WTO, IMF were not valid anymore after 9/11 and there was the need for new ones. At the moment Europe could work on its influence in these institutions, for example moving the seat of the IMF to Europe. The now 80 per cent US-trained economist working on Mexican and Indonesian issues could then be replaced by 80 per cent EU-trained economist working on Georgian issues. As for the EU-US-dialogue, Guérot was missing a new forum. Why not give an observer seat to the US in the European Council?

The EU should have a stronger bond to the USA, Boomgarden also stressed, not just regarding security policy, but also in its cultural, political and economic relations – the German presidency had tried to strengthen these issues. He used the image of a transatlantic bridge that needs to pillars on each side, not one strong pillar and 27 little ones. Summarizing the role of the European Union in international conflicts and on the international state Boomgarden praised it as important and successful. Examples being the 3-plus-3 talks (Germany, France, Great Britain plus China, Russia and the USA) with Iran as well as interventions in Congo in 2003 and 2006, where the EU knew how to get in and how to get out with leaving the prestige of the troops intact.

Looking into the future,, Guérot advised the UK to change its agenda and join Schengen and Eurozone. By opting out , the UK would only negotiate its difference and thus always stand apart. Finally, Guérot called for more „limbo-dancing“, i.e. more humbleness and „going down“ of the European Union who by 2050 will only amount to 4,5 per cent of the world’s population. The EU should take its position as of today and work towards having a place when it is not in a strong position anymore.

In the end, it came down to a simple answer to the conference question: Yes, given that the EU speaks with one voice, sets standards for home affairs, economic development and political cooperation. Would this mean the end of bilateral talks and discussions like a German-British conference? Would the Germans become as pragmatic in their approach and as liberal in their economic perspective as the British and will the British be as ready as the Germans to let go of the idea of a nation state? (All these being some of the major difference between the participants in the study group discussions.) We will see. For now, we have seen Gerhard Schröder’s

favourite hiding place in the Würth Villa in Schwanenwerder, Hugh Mortimer's Fifties-style Residence in Grunewald, a floating terrace on the river Spree as well as historic sites like the Holocaust Memorial by Peter Eisenman and the Haus der Wannsee Conference, chatting and debating with two charming chairs Sir Nigel Broomfield, Former Ambassador to the Federal Republic of Germany and the German Democratic Republic, and Gebhardt von Moltke, Chairman of the Deutsch-Britische Gesellschaft. We will surely see some of the participants engage further in European politics or in the Young Königswinter Alumni Network, be it in Brussels, Berlin, Frankfurt, London, Addis Abeba or Geneva. And all the time, we will further network in coffee breaks around Europe while looking – and act! – as „casual and smart“ as we possibly can.

*Written by Nikola Richter*