

THE 68th KÖNIGSWINTER CONFERENCE

The British-German Conference

12th – 14th April 2018
Keble College, Oxford

**BREXIT: LEAVING OLD CERTAINTIES –
DEFINING THE ROAD AHEAD FOR UK-GERMAN RELATIONS**



"The inspiring debates and exchange of views captured the spirit of the times. Once again it was revealed why Königswinter is the most important German-British discussion platform." Heiko Maas MdB, Federal Minister for Foreign Affairs.

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PROGRAMME

Thursday 12th April

- 15.30 Welcome from *Sir Michael Arthur* and *Hans-Henning Horstmann*
- 15.45 Opening Panel discussion moderated by *Nik Gowing*:
Sir Simon McDonald CMG, Permanent Under-Secretary, Foreign and Commonwealth Office
Heiko Maas MdB, Federal Minister for Foreign Affairs
- 17.00 Introduction to the 3 Groups by their Chairmen, moderated by *Nik Gowing*
- 18.30 Drinks in Keble College
- 19.30 Dinner in Keble College, hosted by the Foreign and Commonwealth Office

Speaker: Rt Hon Greg Clark MP, Secretary of State for Business, Energy and Industrial Strategy

Friday 13th April

- 09.00 Group Sessions in Keble College
- 12.30 Lunch in Keble College
Speaker: Dr Norbert Röttgen MdB
- 14.15 Continuation of Group Sessions
- 17.30 Final Plenary Session: Reports by Group Rapporteurs
- 18.15 Winding-up Address: *Theo Koll*
- 18.30 Drinks Reception in Keble College
- 19.30 Dinner in Keble College, hosted by the German Federal Foreign Office
Introduction by *Tania von Uslar-Gleichen, Chargé d'Affaires, German Embassy*
Speaker: Rt Hon David Lidington CBE MP, Minister for the Cabinet Office and Chancellor of the Duchy of Lancaster

Saturday 14th April

End of Conference

GROUP DISCUSSION THEMES

**BREXIT: leaving old certainties –
defining the road ahead for UK-German relations**

Group 1 The West after Brexit: Responsibilities of the UK and Germany

Where will Britain and Germany be in 5 years? What interests and values will drive our mutual relationship?
How will leadership in Europe evolve, faced with tectonic shifts in the world? Sketch the German/France/UK matrix going forward.
To what extent is the quality of the transatlantic partnership changing? Is this a values debate, or one of mutual interest?
What is the potential for the UK and Germany to act at a global level?

Chairman: **Dr Claudia Major** Rapporteur: **Daniel Franklin**

Group 2 The impact of Brexit in times of disruptive changes in the economy

Are business and government preparing adequately for the digital economy?
What is the learning experience of both countries and how can they co-operate?
Post-Brexit, will both the UK and the EU remain open, non-protectionist economies?
What is the impact of Artificial Intelligence, Robotisation, Data analytics for society and how should the policy framework adapt and respond?
What is the future of work?
Is the impact of migration net positive or net negative in the UK/Germany?

Chairman: **Andreas Krautscheid** Rapporteur: **Anne McElvoy**

Group 3 Citizens and the State – defining a new relationship

Is the compact between citizens and state broken? What delivery systems will meet the citizens' values and needs?
Is fissiparous nationalism changing the multilateral order? What new identities does the 21st Century produce? How can we safeguard the rules-based system?
How do dramatically changing societies share values?
How can we keep societal bridges open and build new ones to keep the networks and informal alliances alive after Brexit? How do we avoid misperception?

Chairman: **Dr Heather Grabbe** Rapporteur: **Anna Sauerbrey**

WELCOME

Sir Michael Arthur

Welcome to the 68th Königswinter Conference. Our venue in Oxford has a nice link to Germany in that you too have a great tradition of Backstein Gotik, even if Keble is only 19th century not 14th.

We meet at an extraordinary moment in the political world. Most relevantly, this is the final Königswinter main conference before the UK leaves the EU. And, German friends, please make no mistake: Britain *will* leave the EU next March. The issues are now: what does that leaving look like, and what follows?

Königswinter has been part of the cement of the bilateral relationship for generations. We had a role before the UK joined the EU, during that period, and we will continue afterwards. The core themes that have featured during that long period have changed dramatically. But the Königswinter family, and the frankness of our exchanges, have been a constant throughout.

The changes that surround us today are no less dramatic. The agenda for our conference has Brexit as a leitmotiv running through everything else, and it is relevant to each of the three working groups. But the issues on the table for discussion are far bigger and longer term. They go way beyond just Brexit.

One point about the future: we need to think during this conference about how Königswinter can best contribute to the bilateral relationship in the new era that will start next year. In my view the forum of Königswinter, that open and deep exchange of ideas and views, will be even more necessary for both countries post-Brexit than it is today. It is up to us to make it so.

Please enjoy the conference. I now hand over to Hans-Henning Horstmann.

Hans-Henning Horstmann

Hans-Henning Horstmann expressed his gratitude for the preparations, the organisation and the hospitality. He was confident – in referring to the motto of Keble College, “Plain Living and High Thinking” – that the participants would come to concrete proposals in defining the road ahead for UK-German relations. He thanked in particular Federal Minister Maas (and his parliamentary and press delegation) for opening the conference discussions.

OPENING PANEL

Heiko Maas MdB

Sir Michael Arthur, Ambassador Horstmann, honourable guests,

Thank you for the invitation. I am honoured to be invited to speak in this distinguished forum in these impressive surroundings here in Oxford – one of the world’s oldest and most respected institutions of learning. While it is young by comparison, the Königswinter Conference can draw on strong traditions. This annual conference was established in a period when the atrocities of the Second World War were still fresh in the memories of our two peoples. I can only imagine how challenging it must have been to set up this conference, at a time when so many British towns were still in ruins, scarred by German bombs. Almost 70 years have passed since then. Königswinter has become a solid cornerstone of the friendship between our two countries.

This bond is all the more precious today in times of Brexit. Clearly, we Germans would have much preferred the United Kingdom to remain a member of the European Union. However, you decided to leave. We accept that you have chosen to take a different path. But there is no denying that this decision has burdened our relationship. Having said this, I am relieved that the last EU summit has brought real progress: with the political agreement on a transition period in place, we can hopefully turn a page and start to engage more positively on the future of EU-UK relations.

Of course, there is still work to do. The most important issue is surely the question of the Irish border. I was in Ireland this morning and heard a lot about the Irish perspective on Brexit and the worries that exist there. I made it clear that Ireland will have our full support when it comes to avoiding the re-establishment of a hard border between Northern Ireland and Ireland. It was exactly twenty years and two days ago that the Good Friday agreement was signed, which brought an end to this violent and bloody conflict. We are committed to supporting all efforts to secure the achievements of the Northern Ireland Peace Process.

Brexit is a fact – and we take it as such. The United Kingdom will be a country outside the EU. This will affect our bilateral relationships fundamentally. By definition our exchanges will not be as regular, frequent and intense as they are now.

To give you a simple example: Boris and I met for the first time just a few days after I took office – on the margins of the Foreign Affairs Council in Brussels. We were able to jump right into a friendly and substantial conversation, and he invited me on the spot to come here. In future no British minister will be able to meet his German, French or Swedish counterpart as naturally, regularly and frequently as is the case today.

You will leave the EU, but you cannot escape geography and of course you will not leave Europe – you yourselves have made this point time and again. And speaking here in Oxford, it is also clear that it is not just geography that will continue to bind us together: the British contribution to what we call “the West”, not least the spirited protection of these values in times of trouble, cannot be underestimated. We Germans share these ideals: the rule of law, democracy, human rights, free speech, free trade, the market economy, social and environmental responsibility and, more generally, support for a liberal rules-based international order. Our two countries will continue to work alongside one another, promoting these common values on the global stage. This is not a simple question of choice or affinity: we need to work together as allies, because we face common challenges and have many shared interests. To name just a few:

- Both the UK and Germany want to preserve and nurture the partnership with the US that has been such a success story. We must work together to this end; in particular we need to do everything to avoid a conflict over trade.

- Similarly, both our countries want to keep the US on board when it comes to preserving the JCPOA. The nuclear deal with Iran was an important milestone in fighting nuclear proliferation. It substantially contributes to peace in a region that is deeply troubled as it is.

- The terrible chemical attack on the people of Douma by the Syrian government over the weekend emphasises once again the need for the UK and Germany to work together towards solving the wars on Europe’s borders. We are committed to bringing about an end to the fighting and horrible suffering of civilians, including many children.

- Russia’s aggressive actions pose a threat to security in Europe. We reacted strongly and jointly to the attempted murders in Salisbury. We are alarmed by the use of chemical weapons, cyber attacks on our institutions and the ongoing violence in Ukraine. This is unacceptable and we want to find common and effective responses. At the same time, it is in both our interests to keep channels of communication open.

- Our countries are deeply committed to fighting climate change and protecting the environment.

- We co-operate closely in the framework of NATO and the G7 and other international formats. And we hope that Germany will join the United Nations Security Council for 2019 and 2020. This will give us another opportunity to jointly tackle challenges to global peace and security.

By the way, G7 and NATO also give me opportunities to meet with my British counterpart. But our relations go further. Boris and I agreed today to establish bilateral links for the

post-Brexit era. It is time to define the road ahead for our relationship. To this end, we want to launch a Strategic Dialogue on Foreign and Security Policy and to work towards a Joint Compact on Global Responsibility.

Government-to-government relations can only ever be one element, of course. We must capitalise on the existing strong people-to-people links and foster youth exchanges, academic co-operation, town twinning, and cultural projects. We can build on the good work already done in this respect. The royal visit to Germany last year, for example, was a great success and highlighted the strong bonds between our societies.

With the UK outside the EU, our interactions will be less natural and less frequent. More of an effort will be required. That is a fact. Still, I am certain that the German-UK relationship will remain close and strong on the basis of our shared values, our interconnected economies, and our interlinked societies and cultures. Thank you.



Heiko Maas and Sir Simon McDonald

INTRODUCTION TO GROUP 1

The West after Brexit: Responsibilities of the UK and Germany

Dr Claudia Major

The overall conference topic is to define the road ahead for German-British relations, now that the parameters have changed quite considerably. That is not only Brexit; there are many things that have changed around us in Europe, be it Russia, China, the US, the Middle East - so the changed environment is far beyond Brexit.

In Working Group 1, what we want to do is look at the future of the bilateral relationship in the West, as it says in the programme – or in a modified West, I would say. “The West” is quite an elegant concept, but it is actually rather irritating, and not really helpful. To make it simpler, what the group is about is Germany and the UK in the regional and global order, it is about security and defence policy, it is about foreign policy, and about our way of doing things in Western Europe. So we’re going to discuss foreign security and defence issues, and the role Britain and Germany can play here together – or not together.

Just now, listening to the Foreign Minister, expectations are high. We have just heard of a new initiative on Strategic Dialogue, which is going to be launched; we have a Compact on Global Responsibility. So I think this group could also start thinking about potential contents, and the ways of carrying out that strategic dialogue, which is very fresh.

What are the key topics on the international level on which we want to engage in strategic dialogue between Berlin and London? In what areas can they make a difference? Are there areas where they can make a difference together? How can we make a strategic dialogue a success? How can we understand each other better on foreign policy issues? And maybe there are some topics we had better avoid in that dialogue. So what are the issues and responsibilities the UK and Germany should accept, or with the available resources what can we realistically take up in the post-Brexit order?

One of the guiding questions will be, where will the UK and Germany be five years from now – where do we expect them to be, and where do we want them to be? How do we actually bridge that gap between the two? We will look at the bilateral level, at the European level, at the transatlantic dimension and global ambitions. We have just heard there is a Compact on Global Responsibility. That is pretty ambitious, I tend to think. Clearly, as I initially said, we cannot concentrate only on Britain and Germany; there are so many intervening variables or factors which affect us, in the context in which Germany and Britain act or interact, be it China, Trump, international development, things like Syria and Russia. We often talk about the

Franco-German couple in Europe being one of the driving forces. A fundamental question is, where is the area where Germany and the UK can really make a difference, make things smooth?

So, tomorrow afternoon I hope that our group will find answers, or at least start to find answers, to three sets of questions. The first concerns vision. Where do our visions converge, between Germany and the UK? And where is the absence of convergence a problem? Second, areas and topics. Where do we want to go? Where can we really do something together? Where are the areas of co-operation? And last, what are the formats in which to co-operate? Where will we actually co-operate, and with what rhythm and what dynamic?

I think we have plenty of things to discuss and, with this new strategic dialogue, we will have a very lively debate. My biggest worry is to keep it all together and to have answers in the afternoon.



Group Chairmen Claudia Major, Andreas Krautscheid and Heather Grabbe

REPORT ON GROUP 1

Daniel Franklin

Our group owes a special debt of gratitude to our Chair, Claudia Major, for two reasons. The first is that she introduced a Königswinter innovation, of splitting us up into two (we were a very large group) and playing roles, whereby the Brits pretended they were Germans and the Germans pretended they were Brits. It has to be said that the Germans were speaking German as they were pretending to be Brits, but never mind! It seemed to go extraordinarily well, and certainly in my group (I was an honorary German pretending to be a Brit!). By the end we had progressed from saying "they" to saying "we".

The interesting thing was that, when we reconvened as a single group, the Brits who listened to the presentation of the Germans pretending to be Brits thought they had done a pretty good job of understanding what Brits were like. In particular they thought that the Germans-as-Brits really got the idea that the transatlantic relationship had become more complicated. As someone said, there are three European powers in the transatlantic bed now – that's a very big shift; also that Brits were thinking about a Baltic policy. There was an uncanny sense that the Germans got us – and also vice versa. The Germans thought that the Brits had understood them, in particular on Russia; that German policy was shifting on Russia ("Putin lost Germany", as someone put it). Also on Syria, that Syria was becoming to some extent domestic policy in Germany.

There was an intriguing perception that the German position, as perceived by Brits, was far more fixed in how it deals with challenges, whereas the Brits were rather more obsessed with working out how they operate, how to have influence in the world.

The conclusion of this exercise was that, as a basis for understanding, there was an encouraging empathy. In the words of one Brit, "Perhaps we're more European than we think".

The second reason to be grateful to Claudia is that, in her outline yesterday, she gave us a very clear structure for what to look at in our topic: first consider the vision of where we might be over the next five years; then explore areas or topics of co-operation; and lastly think about the formats for co-operation. Our task, or really our mission, was to fill in the blanks there; what could we provide in terms of substance in those three areas?

Vision first. Where do visions converge, and where do they diverge? What does all this mean for where Britain and Germany will be in five years' time in our bilateral relations? Obviously there are huge uncertainties over the next five years. We talked particularly about Trump's America; we could have a Corbyn government in Britain in five years'

time; and we could have post-grand-coalition Germany. But beyond all that there was a fundamental dividing line that we were going to be dealing with, between the defenders of the liberal world order and populists or nationalists. We may find that there are odd alliances in that fundamental order, that we British might find ourselves more aligned with Germany on some questions than with our traditional allies in America; that the Germans may find themselves closer to us, even though we're outside the EU, than with some EU members such as the Hungarians and the Poles.

In terms of vision, one strand was distinctly gloomy: the sense that we had to be very realistic about the geopolitical challenges ahead, the troubles ahead, and whether we were really going to be able to cope with them. There was a view that Europe hadn't had a good crisis, hadn't put its house in order, hadn't used it to get further political integration. We're now seeing Asia's dynamism while looking at how our own half-way house of European integration is falling apart (it was a German who said that, not a Brit). We're losing the East Europeans and the Southern Europeans. This is all very serious, this line of reasoning went, and we have to rethink Europe totally. So in five years' time, according to the gloomy view, the Germans might be totally preoccupied with keeping Europe together, and the Brits might be totally preoccupied with keeping the UK together, which wouldn't leave much energy for co-operating.

There was also a much less gloomy view: the EU won't fall apart, it is doing the right thing in many areas including migration; there are huge problems but that's not the whole story, and in five years' time the "poison" of Brexit should be over, and greater stability in relations should allow us to do all sorts of things jointly (and that was a British view, not a German one).

So what are those things that we might do together? That brings us to the second topic, the areas for co-operation. Overall we're two medium-sized countries with a strong interest in international rules-based order, so we should work together strongly, within the various international organisations and forums that already exist. However, we should also strive to strengthen bilateral relationships in areas where we have similar interests and can see similar challenges to deal with. We had a long laundry list of areas where co-operation could be useful:

Industrial strategy

The challenge of making globalisation work for everybody

A lot on the regulation front and trade

Crisis prevention, particularly dealing with migration and its root causes in North Africa

Counter-terrorism; all sorts of other defence-related areas, procurement, intelligence

Education and scientific exchange (something that doesn't have to depend on Brexit)
Transatlantic relations, a big theme
China
The Balkans and Eastern Europe.

There's a danger that the list is too long to be useful. There is also a view that what we do together in practice will be heavily influenced by the EU-UK treaty that's being negotiated.

This leads to the third area of our discussion, the formats for such collaboration. Which new or existing formats might provide the means and the mechanisms? The EU itself will clearly remain an important forum for Germany and the UK to work through. It was pointed out that Britain's own presence in Brussels is not going to shrink; if anything it is going to grow. These people are going to have to work even harder, because things have got harder in Brussels – as it was said, "Foreign just got bigger".

But we also need to replace the habits of EU close co-operation: it was a strong theme that just being together in all sorts of forums through the EU is something that will no longer exist, and we have to do something to substitute for it. There is a huge problem with that, in that the UK is just too big to plug into existing EU forums easily – it's not a small country where no one would much care. It also raises suspicions that if we do something outside the EU forums we are somehow competing with the EU. To that extent, "the British question" may have succeeded "the German question".

Into all this now comes the new "strategic dialogue" which was announced here yesterday, a "compact on global responsibility". It's a lofty idea. Importantly, it shows political will. But it's clearly embryonic. The text will be fleshed out within the next couple of months, and it will be pointless unless there is both substance and commitment to implement whatever it means. Other forums were also talked about as potentially important: parliamentary dialogue, perhaps government-to-government contacts, such as Germany has intensely with France, and I believe Poland. There was also the idea of having an ambitious friendship treaty, a sort of Elysée treaty for Britain and Germany, to foster contacts at all levels; obviously this should be called the "Königswinter Treaty".

Besides this, some thought, there would also be a need for things between bilaterals and the UK-EU level, to discuss for example sanctions, to discuss all sort of big themes which might not be dealt with effectively either through the cumbersome EU mechanisms or through the limited UK/Germany channel. There we reached back into the history books, and talked again of a sort of Fouchet model, that might involve Britain, France and Germany. But of course the same sorts of worries about the original Fouchet would doubtless surface again, as to whether this was compatible with EU co-operation.

So we filled a lot into Claudia's three vessels. But more important than the individual details was the mood in which this conversation took place, which was notable for its calmness, for its sense of getting on with things, despite – or beyond – Brexit. Much could still happen on that front, but for the moment anyway, and I think in contrast with other recent discussions on Brexit, it would be encouraging if we can keep up that calm mood.

The Economist has on its current cover an *Ampelmännchen* symbol for "Cool Germany". Our group made a first attempt at defining "cool co-operation" between Germany and Britain. In part it involves, like the *Ampelmännchen*, taking things that have been around for a very long time and giving them fresh significance. In other words, "Cool Königswinter".

INTRODUCTION TO GROUP 2

The Impact of Brexit in times of disruptive changes in the economy

Andreas Krautscheid

First of all, Group 2 realises that there are strong links to Group 3. When you discuss the impact of Brexit in times of disruptive change, you cannot discuss this in relation to the economy without looking at all the aspects, which are linked to society. Moreover, there is another link, because we have been given another aspect to discuss, namely immigration.

Our task in Group 2 is to consider: If there is life after Brexit, what will it look like? What is the scenario we are preparing for, what is the idea, the vision? We are discussing this in an environment of high uncertainty; even though the economy is running well, politics is back in the economy. If you remember ten years ago, it was the financial markets crisis that chased politicians. Now it is the other way round. It is not only Brexit times, it is Trump times, when stock exchange prices are defined in the morning by Tweets from the bedroom. We have Trump times, we have Kim Jong-un times, and we have Macron times. There is a strong influence of politics on economic developments, and all economic institutions observe the uncertainty related to Brexit – although it has calmed down a bit with the March decisions.

We consult the members of our associations to be prepared for a hard Brexit. But, what does it mean? Every member institute has to check what will happen to his supply chain. The main question is whether the way we work together with British companies will be the same if we have a Third Country regime, if we have to work under WTO rules, if we get a hard Brexit with all the cliff-edge risks that we have already described. If it does not happen in March 2019, perhaps it will happen in January 2021. There is still a possibility of that, but it causes also a lot of uncertainty about the consequences of Brexit.

So "Be prepared" is the command for industry. In addition, even if you reach a Free Trade Agreement – industries on both sides hope for it very much – which covers many industries, things will become more complicated, things will become more expensive, and things will become more fragmented. Moreover, to stress a point made by our Minister, if you have a fragmentation in financial markets and capital markets, and you start to spread the cash pools from London all over Europe, it will not only cost more for the City of London, but it will be also paid by German banks and their customers in German industry. So let us be clear on this point: this is something we have to be prepared for.

Sometimes when I listen to some Members of the British Parliament talking about Brexit,

it sounds to my ears like "*Blühende Landschaften*"¹ ("Blossoming Landscapes") with all the positive and negative connotations. There was a time in Germany before reunification when we thought we had a plan, we thought we had ideas, but it turned out very differently. Is it the same now with Brexit? This is of great interest to our British members here, but it is coming up now in the debate in Germany, and we are starting to realise the tremendous challenge that Brexit means for British society and the economy, too. But perhaps we also realise that it is a big chance to boost innovation; perhaps it will lead to a positive pressure, and to a faster development in the British economy than for Germany and the other 27 countries, which are still debating and debating.

This brings us to a point of disruption, and that is digitisation. If you look at the British economy, what are the pillars of growth? What are the fields where the British economy can benefit from Brexit? It's all about data, and if you look at the intelligence services, at things like data analytics, at defence matters: these are all things where Britain is far ahead of Germany. So, there seems to be a big divide between Britain and Germany, and I think the German economy is far ahead of what the German government is actually preparing. Their current main innovation is only to implement a register for areas without access to the internet. As you can see, there is obviously a lot of work to do, and it will be very interesting to see the differences. The last major big German company with a worldwide impact and in a very attractive position was SAP – 25 years ago. So where are the new SAPs? Why aren't there any similar companies starting in Germany? It is perhaps not the best example, but Cambridge Analytica, a very successful company, is based in Britain – with all the pros and cons – but it is a good reason to think about why this is the case.

So what we have to talk about (and this is related to Group 3) is how to deal with these things. What about regulation? How much intervention by the state is necessary, either to boost or to control all these developments? The regulation of technology is very difficult, as we have seen with large technology regulations like PSD2, the Payment Services Directive: If you change only one sentence in a 2000- page legislative document, either you destroy business models or you open new markets. Very interesting, and a great responsibility for politicians – and very difficult to overview the consequences of our activities in regulation.

There is another aspect that is close to Group 3: I am talking about the latest things that happened around Facebook and other companies, leading to calls for control, for sovereignty, for transparency. Members of the German government even say democracy is in danger. The German government sets the highest security levels and has been hacked twice in the last three months. Are we ready to defend ourselves in all these things? Some nerds from St Petersburg are trying to influence our election – are we ready? What is the reaction of our community? Is it something restricted to politicians,

¹ Chancellor Helmut Kohl's television address to the people of GDR on the occasion of the first stage of European Economic and Monetary Union (EMU) July 1, 1990

or is it something our people should be involved in? Private households: look at all the developments – fantastic new services through digitisation. But it is still interesting to keep in mind where your new robotic Hoover is sending the data about your living room. Nobody knows. Just to give you an example, I was in a new restaurant in Berlin last week. When I left, the chef asked me to vote on the environment and the food. Five days later, I got a message from Google saying, “In the last six weeks you have seen five other restaurants in Berlin. Wouldn’t you like to give your judgement on their food too?” The next step is that they know what I eat, because they can check my bill.

So, interesting questions, not only for industry but also for politicians, and I think we have to cover some of them tomorrow in the group. There is an interesting contradictory behaviour in Germany. I don’t know if it’s the same in Britain, but in Germany if you ask people on the street they want the best and the highest level of data protection possible. Next day, if you look at the behaviour of people in social media, they are a permanent source of wonderful new, exploitable data. So what is the message? If there is a call for regulation, does the state know better than the people do? What does it mean if they say, “We don’t care”? In a liberal society, is everyone responsible for himself, or is it the role of the state? Preparing for this new phase - what does it mean for education, for equipping schools, for teachers? My impression is that, compared with the curricula in Britain, we in Germany are far behind. Maybe I am wrong, but a question for tomorrow concerns how far it is realistic to get back control in these things. Is sovereignty possible? Therefore, there are central concerns for industry for tomorrow, but also social ones. Have we lost this race already? Here the question arises: what can the government do to encourage this innovation phase? My impression is that in Germany government and politics are behind industry. By contrast, industry is far ahead and driven by those issues that are necessary, but not what accords to the upcoming plans of the government.

The last point is very close to Group 3: What does digitisation mean for the labour market? Buzzword: job losses through digitisation. A German Research Institute published a new study last week² with interesting results: If you digitise every company at its best for the next twenty years there could be losses of 1.5 million jobs in Germany. On the other hand, the same study says there could be more than 1.3 million new jobs; but they are very different jobs. Do we have the right skills for these new and different jobs? Do we do our utmost to bring people into these new jobs, and what does it mean? People actually have strong feelings in Germany, thinking they will be the losers through digitisation. What if you have a larger amount of people who say that politicians don’t care? They don’t believe in the social market economy any more, because it does not seem to them that this economy is able to protect them. The question is how far our market economy is able not only to create jobs and to bring as many people as possible into jobs, but also how to convince them that it is a necessary and unavoidable development.

² Institut für Arbeitsmarkt und Berufsforschung (IAB), Nürnberg: „IAB Kurzbericht 9/2018“ <http://doku.iab.de/kurzber/2018/kb0918.pdf>

REPORT ON GROUP 2

Anne McElvoy

Our group set out with the modest task of disentangling the impact of Brexit from the winds of technological change, which I am sure you will agree can be sorted within the next couple of hours, no problem at all! One of the things that we wanted to look at was the passing of another year since Brexit, and fundamental views not having switched that much; but perhaps there was just a bit more of a sense in the group than in other gatherings that we’ve been to in the past year, that Brexit coexists with a lot of other shocks and adventures that are either existing or emerging. So the question, might technological revolution dwarf Brexit, was in our minds, and we spent some time this morning teasing that out.

Another group member at the conference has described Britain leaving the EU as an “administrative detour”, and the question we wanted to take away from that was what would this detour be like? Was it relatively a walk in the park, or was it a sort of hellish nightmare ride through the rapids? One view that was put at the table on the optimistic side for post-Brexit Britain was that the resulting weaker pound would outweigh the burden of other administrative costs. So the detour might, like all the best holiday fantasies, pay for itself. The other view, however, was that administrative burdens were continuing, were hard to predict and were likely to do ongoing damage to economic outcomes.

But lurking beneath that was a broader question, namely what kind of trading power does the UK want to be after Brexit is concluded? I think most of us were going along the lines that at this point there was not an obvious way back, and how would Europe and indeed Germany, after a spasm of irritation at Brexit and the slog of denegotiation, react to that new kind of trading power?

So a number of thoughts were floated. One, I suppose, was the ultimate free trade: if you like to mix your metaphors, picking both roses and cherries; if you wanted this you would like the suggestion of one member that Britain could be a kind of larger Mexico (“larger” in GDP), floating on free trade agreements, not locked in but able to float where it wanted in the world and do its deals. But there was a corrective to that, that that kind of Britain, and what it would require both in terms of both the political discourse, and what people would be happy to accept as a trade-off at home of their own skills, their own wage levels and other factors, might be more scary than those who tended to embrace this sort of floating free trade model had yet acknowledged. Would we be able, for instance, to trade away our habits of living within a regulated market, and being seen as a relatively free market, if we really came up against the realities of the broader world?

A sort of avatar for this argument was chlorinated chicken (which I hope we’re not having

for dinner, because we did spend a long time talking about it!). Would you just solve an issue like that which gets in the way of a possible trade deal, by saying we would label things differently and get on with it, or is it something that shows there is a misunderstanding about what the UK is in for if that is the route it chooses to take. Trade, it was suggested, would be a battlefield with the rest of Europe, particularly for deals with China and India. Someone suggested that Britain leaving the EU would expose the EU to its more protectionist instincts. But the counter to that was that the fight for the best deal might actually end that old tug of war in which the UK thought it was pretty special because it could claim to be one of the less protectionist countries in the EU, but in fact the whole ball game was going to change, and that would no longer be the paradigm in which our success or failure would be noted.

Because we wanted to focus a lot on the digital economy, we talked about data regulation almost as a separate pillar, and data, and digital areas in which trying to come up with a good free trade model might also throw up some particular problems. One suggestion was that, if we wanted to stay close to the EU and to its evolving data regulation, we would like to be in it in terms of broad data regulation, but it was less clear in life sciences, and in a potentially competitive and lucrative area for the UK, where it shouldn't want to stay close to EU regulation.

Group 2 had the good fortune to attract the least euphonic word of the conference, "digitisation", which followed hard upon the heels of the election campaign in Germany, when it was an important word offered to voters. The newly reorganised *Kanzleramt* clearly does want to take digital rearmament in Germany very seriously, not least because of concerns about the digital divide and social and employment consequences. We discussed whether that was best done by herding digital innovation through single ministries, or whether that sat very oddly with such a free-flowing medium, particularly given that we were going to get into an argument about start-ups and which cities could best support those.

Perhaps the midway point was localism, which was enthusiastically embraced in some quarters. We looked at the role of cities in driving this, and there's an interesting paradox which I hadn't thought about before, that digital means offered people the option to work more remotely, and not to huddle together in busy, crowded cities, paying too much for their flat, and yet the hustling start-up capitals of Berlin, London and Lisbon are full of keen digital natives who do also want physical proximity.

Some of the group worried that the digital city state would be aloof and cut off from the rest of the public, but we felt overall that the emergence of a kind of friendly relationship between Berlin and London in the digital space and in start-ups would be something to be welcomed; we also felt it was a possible way to deal with the fact that jobs were simply shifting, and the next generation of jobs weren't going to look like those now.

The records should show that members from German cities which added more to GDP than Berlin were a bit put out by the focus on Berlin start-ups, which I think was a reasonable point, which we sometimes forget in Britain.

So the oncoming wave of job disruption, and how much more relevant that has become in the last year, showed in the amount of focus that we put into talking about it. There seemed to be a very broad acceptance that lower end jobs would go, but how quickly new ones would come on stream, and what they would be like, provoked a lot of discussion in different directions. The whole retraining idea, which I think I probably would have heard more about a few years ago, did seem to be coming under pressure. A lot of industry voices round the table seemed to be suggesting that simply retraining workforce A and turning it into workforce B quickly was looking less likely and less possible. So we were going to have to think of other ways to absorb the shock of changing jobs. We talked about reform of the tax system, and, from one quarter, an interesting reach back into the nineteenth century in celebration of philanthropy, and those who created "value in the workforce as well as value in the bank account" - but putting that more front of mind for companies, pretty much with the underlying threat that if they didn't do it the social backlash would be so great that they might find themselves in very real trouble.

Another paradox, the aspect of a shrinking workforce, was for a long time of great concern to Germany in the demographic argument. There was a possible upside, I suppose, in that if your workforce shrank you'd have fewer people to deal with, with the onrush of robotics and automation and AI. But that did leave the state in an odd position where it became a sort of permanent purveyor of a work creation scheme, and we discussed how you would change the value attached to that, and the value attached to people's jobs and how they felt about themselves, and the inevitable political pushback.

World trade was our penultimate theme. We talked about it having stalled, and how even the EU, having, with or without Britain, been a powerful engine of trade, was struggling with this too. TTIP has I think moved from being a technical discussion about its values to something where many people felt like one politician who said it became a sort of third rail, a lightning rod for all sorts of concerns. Therefore, if you wanted to go back and renegotiate it to look like something at all like TTIP, you simply could not go about it the same way. He talked about being at the receiving end of many irate emails, with many voters picking up on small parts of things that they objected to, which they felt in some way were linked to free trade, whether it was animal welfare, or the NHS and threats from privatisation. Special interest groups had now latched onto this debate, and governments wanting to advocate and make trade agreements were going to have to do so rather more sensitively in the future.

We talked about how this was all going to work out, particularly as blue collar jobs disappeared, and that brought us finally to migration and to the refugee wave in Germany: blue collar jobs allowing many people historically to move up the income scale, including newcomers, were now proving harder to find. We all felt that the least good way to deal with this was to cut student visas – we felt that cuts in immigration tended to be made in the wrong place. There were really sharp discussions in the group about the impact of the refugee influx into Germany, and the numbers. One figure that stood out was that, out of 6 million people in welfare-to-work schemes that started out formerly in Germany, 1.2 were of foreign origin; now, three years later, 3.9 and 2 million were of foreign origin, which is leading in some quarters to what has been called a sort of immigration-into-social security system. We argued about whether that was inevitable, whether people could be better integrated into the labour force more quickly, or whether it was better left to politicians who had responsibility to speak more openly about that to their electorate.

So we left it, as Brecht says at the end of *The Good Person of Szechuan*, with the curtains down and a good many questions left open. We didn't feel that Brexit was the be all and end all of all our fates, but we did feel that the interplay of Brexit and technological disruption were areas that would have the most surprises in store for us and would need the most flexibility.

INTRODUCTION TO GROUP 3

Citizens and the State – defining a new relationship

Dr Heather Grabbe

Group 3 at Königswinter has sometimes been called the “soft option,” where you get to discuss all the other stuff that is not security or economics, often turning into a hotch-potch of different issues. But this year it has a vital red thread – what’s happening in society. At this point in history, it is worth our while to look more deeply at what is happening in British and German societies, and consider the future relationships between citizens – both for the citizens and the State, and also the relationship between Brits and Germans after Brexit at all levels of society.

One interesting starting-point is expectations of the role of the State. For around the past forty years, there has been a growing divide between what Germans expect their State to deliver to them, and what Brits do. The German social market economy includes a rather strong social contract, which is very different from the British model. But both these models now face significant challenges, in terms of delivery of public services, public confidence in whether pensions will be paid later in their lives, whether health care systems can cope with ageing populations. There are profound changes going on in politics which reflect changes in society as well. Given the number of elected representatives of the people we have at this Königswinter, it seems a good moment to think about what the future party structure might look like in both countries, after the German and UK elections.

I'd like to flag two major challenges for both societies and both political systems. The first is that digital life makes democracy seem rather dull. You can voice your opinion every five seconds through Twitter but you only get to vote every four or five years. You can buy an aeroplane on eBay in the time it takes you to download the average party manifesto and read it. Your experience as a consumer and netizen is much more exciting than your experience as a voter. So digital life can reduce voters' interest in the system of parliamentary democracy developed with nineteenth century technology. Will it ever be able to offer the kind of fast, interactive, personalised engagement with individual citizens that online services do?

Technological change also affects how politicians interact with the public, as individuals representing a constituency, a part of the country, but also need to represent a new generation which, thanks to online life, has quite different expectations about service delivery. Just tweeting press releases is no longer enough; politicians have to go to the new places where debates are happening in society, both online and offline.

The second challenge is the growth of identity politics: how it is changing the battleground of politics and restructuring party systems. Identity politics was very evident in the Brexit referendum campaign in the UK, and also the last German election campaign. Traditional party lines are being disrupted by new issues such as migration and integration. In most European countries, the big tent parties of the Left and Right which emerged after the Second World War are losing ground, creating a more fragmented party system. That makes coalitions harder to build, as seen recently in Germany, and possible for the first time, as seen in the previous UK parliament. For many decades, competition between Right and Left was based on choices about economic policies; there were other issues too, but economic policy was the big division between parties. But in recent years the issue of migration in Germany and the EU in the UK cut across party lines. Single issue parties emerged, like the Pirates in Germany and UKIP in the UK. Political debates have come to be dominated by identity issues that are often not amenable to policy solutions; instead, politics becomes divided more along lines that look rather tribal. What does it mean for societies if public policy choices are no longer the battleground of politics?

Group 3 also has the opportunity to look longer term, beyond Brexit, at the future relationship between the citizens of Germany and Britain. We have already heard discussion today of trying to maintain exchange programmes like Erasmus. Beyond the formal negotiations, what kind of networks and bilateral conferences like this one could maintain social integration between Brits and Germans? That's important not only for business, academia, scientific co-operation but also civil society – all the many relationships that have grown between our two countries through EU membership. It is also about visions of the future in those societies. Bilateral relationships and informal networks can keep collaboration going even if governmental relationships become less deep because officials and diplomats no longer meet in the Council and other EU forums.

Finally, there is the development of society across the EU after Brexit. Paradoxically, there could be a new and even more intense battle over sovereignty, because new arguments are coming from countries that have a different agenda from that of the UK. The UK may have been an awkward partner for a long time in the European Union, but the new challenge to EU competences and powers comes from a quite different direction, and that's the direction of values. The latest Hungarian election campaign had a very strong anti-EU angle, and both the Hungarian and Polish governments have said that they will defy decisions of the European Court of Justice. That's very different from the kind of euroscepticism that grew in the UK. The UK, however awkward in the Council, could always be relied on by the other member-states to implement and enforce EU law. It has always had a very good record of compliance with EU law, and no UK government has ever said it was simply going to ignore an ECJ court decision. This is a very different challenge in nature, as well as in scale.

Moreover, sovereigntism is now combined with forms of nationalism that challenge liberal values. That creates a new agenda in politics at EU level. It means that Article 2 of the European Convention on Human Rights, which was always rather taken for granted (the values of the EU, human rights, the rule of law, democracy, democratic institutions and so on), was never really set out in detailed legal terms as part of the *acquis communautaire*. But Frans Timmermans, First Vice-President of the Commission, is pointing out that Article 2 applies to all laws, whether EU or national legislation – yet the enforcement powers at EU level are extremely limited. This is going to be a huge debate. This is a very important issue for Germany, as one of the most steadfast member-states in adhering to the rule of law. While we are all focused on Brexit at this year's Königswinter, let's not lose sight of developments such as this one that will shape the future Union and also the UK's future relationship with it.

REPORT ON GROUP 3

Anna Sauerbrey

To quote our Chairman, we were “the not hotch-potch group”, or the group that seemed to bind all the fuzzier issues together, but I think we did come up with some things that you can actually get hold of. I think what stood out, with all the differences in the field, what might be called social disruption, is what Germany and Great Britain have in common: we are facing the same challenges in both countries, and in both countries many people are working towards solutions. We found in our group that exchanging views on those solutions was very enriching, and that they should be continued on the bilateral and maybe even on the multilateral level.

What are the challenges that we identified and discussed? We first talked quite a bit about the demise of liberal democracy, a very popular narrative right now, and some members of the group were in full agreement about how disruptive the challenges really are. Some said the solution will need to be out of the ordinary; others, like myself I admit, argued that it is still possible to address grievances within the institutions, by delivering better political solutions to tangible policy problems. But we did agree on what are the broader routes on social movement that we see right now, and they are actually pretty common in both Germany and Great Britain.

We pointed out four areas. The first, which we talked about quite a bit, was the generation gap and the disaffection, among younger people, and particularly in Britain, with belief in the problem-solving capacities of the state. In Britain, a study cited by several participants said that younger people did not believe any more in the social contract, by which they contribute to the state and in return get benefits and provision, not only when they get older but also now, when they get help with things like the housing situation. It is harder for young people today than in the Thatcher generation

to acquire property; there is a feeling that there is no fair burden sharing between the older and younger generations. Some participants even voiced the notion that over-fifty year-olds who had paid off their mortgage were manifestly defending their interests, both politically and socially. Many of the younger generation feel that the state does not deliver services any more; young people in Britain have to pay for their university, and in return question why they should contribute to the system of social distribution if they don't get the benefits back. I think this may be true in Germany to a lesser extent, but also in Germany many young people feel that the pension system is dysfunctional due to demographic developments, and that raises the concern that they too could be disaffected with the system.

The second point we talked about was scepticism of élites. I think we all agreed that there is a feeling of disconnect, and the book cited most frequently was "The Road to Somewhere" by David Goodhart, about "anywheres" and "somewheres"; those that come from "somewhere" rooted in a specific place or community, usually rather conservative and often less educated than those who come from the so-called "anywhere", the footloose urban skilled population. This divide can be seen in Germany too; the groups have been called "Cosmopolitanism" and "Communitarianism", for example by Wolfgang Merkel.

The third point is related to this topic: identity and nationalism, or the longing for new identities in a globalised world. The need for identities to become stronger is strong in both Germany and Britain, both in the traditional groups in both countries and also in immigrant groups. A British MP, for example, reported a case of radicalisation of a Syrian man from her constituency that she sees as an extreme expression of this longing, the feeling that one wants to belong.

The fourth point we made was the great importance of the local level to conquer these challenges. We all agreed that state institutions have to deliver, or keep delivering, on key issues like education, health, welfare and housing, and that those are measured by the *Bürger* on the local level, and this is the most important level to work on to show that the state still can deliver, and can work.

So how can we make sure that there is a substantial British-German dialogue on these continuing questions? The group's exchange on what works and what doesn't to conquer these four challenges was very good, and it was good to have impact studies cited, with the policy-makers in the room telling us about their experiences in tackling them in their constituencies. We thought that Britain and Germany had both got through the financial crisis very well, and they are both still very strong economies. So maybe we have more to say to each other on these problems, and on the origins of social disruption and the rise of populist parties, than say Germany and Poland or other bilaterals that you can think of in Europe.

We would suggest that the British-German dialogue on tangible solutions to those four areas should include NGOs, civil society groups, local policy makers, federal policy-makers and corporations if possible, and they could of course be part of the Strategic Dialogue that has been announced at this conference. Government officials from both sides stressed that we need to understand that the discourse will change, and that exchange on these topics, and those arising from the other groups, will not come naturally. One German government official said that we have to acknowledge that we really have to make an effort; Brexit will have an effect on bilateral relations, on both the political and societal levels. Germany is much more concerned right now with developing Europe, building the German-French relationship at the political level, and Britain is further behind on that. A UK government official stressed that the UK Foreign Office is engaging, and trying to find new ways to engage, with the new bilateral formats in former regional groupings. He said that it has obviously increased its network, has more senior ambassadors in Germany fostering youth exchange programmes, and so on. But another Government official said there needs to be a shift in the minds of cabinet members in particular, who have talked a lot about European topics in the past but are now focusing on the Brexit process, and not taking notice any more of what solutions might be tried out and offered in other European countries. So that mindset needs changing too.

We finally discussed what could be done to form a new generation of people interested in British-German relations, so that there is the next generation of policy makers. We all agreed that the Erasmus programme would play an important role in having that exchange, that it is at stake right now, and it is critical to think about a solution to the Erasmus programme in the present phase of the European negotiations on Brexit. Somebody who is familiar with these negotiations said, if anybody has a good solution and a tangible idea for a replacement or equivalent to Erasmus, this is the moment to voice it! We also talked about youth exchanges, and some people from the British and German governments pointed out that there is a great gap between what Germany invests in the German-French youth organisation, €24 million a year, and €8 million for the German-Polish exchange programme, while the German-UK programme is only funded by €400,000 a year. So there is room to inject more money into that programme, to have policy makers of the future.

We talked some more about the challenges to scientific exchange; that, should Britain drop out of the 2020 EU programme, it would be very important to find a replacement. Last, but of course not least important, cultural exchange. We talked about guarantees for visas for artists, to ensure free movement between those groups. We also agreed that against the background of élite scepticism the cultural institutions need to change their programmes. Some very good examples were cited, such as the effort by the Goethe Institute not just to deliver to the urban communities but also to take their programmes out to the countryside and deliver new

programmes that would be of more interest to less educated people. Also mentioned was the Penguin diversification programme, to get more people not from an Oxbridge background into publishing companies, or into cultural institutions, so these institutions too might be good in delivering not just to the "urbans", the "anywheres", the "*Kosmopoliten*".

WINDING UP ADDRESS

Theo Koll

It was a little earlier than now, around four thirty in the afternoon, when the sky in front of Flight 352 became darker. The Lockheed Electra cockpit-crew asked permission to turn westwards in order to surround the storm. The tower advised them to turn eastwards – all other flights would take the route via the east. But the pilots of 352 stayed on their decided course. When the weather deteriorated further, tower control asked them again and again to change direction. They didn't. (I spare you what happened to the plane).

Flight 352 was one of the empirical case-studies which led to the so-called "Prospect Theory", which won the Nobel Prize in Economics in 2002. It assumes that individuals behave in a risk-averse fashion as long as the potential outcome involves only gains; as soon as there is a risk of loss, the same people are willing to take enormous risks – just to avoid loss.

As far as Brexit and the "leaving of old certainties" are concerned, the choice of direction could have two outcomes: either as with flight 352 and lots of casualties, or it may well turn out – in the long run – that the one pilot was right (according to Stanley Baldwin's wisdom: "The Englishman is made for a time of crisis") and all the others are heading right into the storm. But in both cases - if the Prospect Theory is worth anything – it would mean that there will be no turning, as we have been forcefully assured yesterday.

Group Two has even made clear today – never mind Brexit and the choice of direction – the actual problem is the digital storm ahead. Brexit is distracting everybody, yes, and it's binding lots of valuable brain-time, but the real challenge is digitisation. And there we have to be good and early with our regulatory framework.

Michael stressed at the beginning that this 68th Königswinter is about "Change". Having toured all three groups, I realize that it has been also about something else: the fight against something which in German is called "*Gegenwartsschrumpfung*" - the shrinkage, or atrophy, of the present. Hermann Lübbe, a German-born philosopher, invented the term more than 25 years ago, but it is today more accurate than ever. The faster things change, the more narrow becomes the timespan we are capable of rationalizing and of understanding as "our time". And since Lübbe coined the term the process of shrinking the present has accelerated further.

The groups did their utmost against a shrinking of perspective, also taking on the task of looking ahead to where Britain and Germany will be in five years – as we know, an eternity in times of change and "extreme uncertainty", as somebody called it. The Europe of the 90s didn't work out and we urgently have to accommodate this bitter truth.

Europe has to be redefined completely – and this was not an analysis coming from a British participant.

As a lot of liberal principles are under threat, the UK and Germany will realize even more strongly how many values they have in common – with Germany still being closer to Brexit-Britain than to some of the members within the EU. If the term “Special Relationship” didn’t have a copyright mark on it, today some would have proposed it for future Anglo-German relations. If somebody is looking for the equivalent term to the “Elysée Treaty”, Group One delivered it today: it is the “Königswinter Treaty”- establishing a bilateral institutionalized Anglo-German system of student exchanges, civil contacts and so forth. Copyright: “Königswinter 2018”.

Most *drama* potential was however delivered by Group Three. Just to give you some quotes:

-“We could see a destabilisation of society. We are in danger of creating angry consumers, angry voters.”

-“There is a general sense of alienation”. But because of Brexit politicians didn’t have the time to address the question.

- One MP quoted a voter: “You all say the same thing, but you are just using different words” (which of course could never happen at Königswinter...)

Some of the propositions – as we have heard from the rapporteurs - felt like a couple arranging the time after a friendly divorce: how to set up regular meetings, and how to stay close friends. One could have equally stayed married, but somehow the divorce papers got signed – so let’s make the best of it. In addition, our divorce is not the biggest problem; there is a crumbling world around us, so let’s keep calm and carry on.

One of the tasks given to Group Three was the question if and how fissiparous nationalism is changing our multilateral order. As I am something of an outsider, being based in Paris and as a correspondent also covering Spain and Catalonia, please allow me for a brief moment to step back and narrow the focus on something which I think ought to be focused on by Europe, in the wider context of Brexit and the Spanish/Catalan crisis: the question of how to define and regulate referendums, as they have become extremely important watersheds for severe changes.

Their consequences are shaping people’s lives and future for generations to come, like in Britain, possibly in Spain. They come along with the beautiful aura of the most direct democratic decision-making. But we have paid far too little attention to proper, transparent regulations which are in accordance with the importance of referendums. In Spain for example the recent referendum led to at least two major frictions: one within Catalonia, splitting the region in half. But secondly it led to a clash between the legality of the Spanish Constitutional State and a ballot which – because its conditions were not

properly defined – could claim to be a democratic majority mandate. This was a conflict with all the fatal consequences that we are now experiencing - including the new Berlin citizen “Putsch-Dämon”.

In Catalonia the so-called “referendum” ended with a majority in favour of independence, but on a basis of only 42% of the votes, meaning far fewer than half of the Catalans had voted in favour - not to mention that it could equally have been argued that on such a matter the whole of Spain should have been voting. In Britain, although 51.9% were in favour of Brexit (with a turnout of 72.2% of voters), it was a mere 37.4% of the registered voters who were in favour. I am sure you are tired of hearing these numbers - but are these really enough votes for such a dramatic change of everybody’s life?

Referendums used to be quite rare events; throughout the second half of the 20th century, only an average of ten a year took place around the world. But their number has recently increased fivefold, approaching 50 and more every given year. The circumstance that populists in particular favour plebiscites can’t be used, as such, as an argument against them. But it is enough of a warning signal to be even more mindful about the setup and safeguards of referendums in our systems of representative democracy. Populist parties almost everywhere in Europe are favouring referendums, targeting topics like independence, autonomy, EU membership or allowed refugee numbers. In most cases the increased use of referendums has been rather an indication of political weakness than a sign of strength. And every referendum implies the underlying analysis that parliament is not always sovereign.

Referendums seem to have the cataclysmic advantage of reducing often complex issues to a simple dual choice; voters can use them as a means to highlight their political unhappiness, and convert them into an angry act of revenge rather than a measured means of democratic participation; not to mention the possible tampering with public sentiment by Cambridge Analytica and the Facebook function of Dark Posts.

Should we not, at least for referendums on major issues – like Brexit or independence from the national entity - require a safeguarding framework of conditions, namely the double-lock of a high level of turnout and a raised threshold of those being in favour, such as 60% or two-thirds of those voting, rather than a simple majority of 50 per cent plus one vote? Especially when the consequence of the decision will be severe and long-lasting.

When George Bernard Shaw sent Sir Winston Churchill two theatre tickets for the premiere of his new play, with a little note attached: “Do bring a friend – if you have one”, Churchill wrote back: He was very sorry not to be able to come that evening, but Shaw should send him two tickets for the next performance – if there were to be a next one.

There will be more performances for referendums – therefore we should take precautionary measures.



Norbert Röttgen and Dr Robin Niblett

LUNCH SPEECH

Trump, Putin, Brexit: What's the impact upon European foreign policy?

Dr Norbert Röttgen MdB

It is a privilege, an honour and a pleasure to speak at this very distinguished conference, in this impressive hall, which is of course unfamiliar and unknown to a former German student, so there is a specifically English feeling here in Oxford. I had planned to be here on Thursday, but then I decided to make the public case for German-British, Western-British solidarity with regard to the Skripal case in the German TV debate, and I thought it was better for me to be speaking in public for German-British relations than to be here in this beautiful hall. But I plan to stay for today, and then I am going back to my family in Königswinter. It is in the heart of my constituency, and because of this I regard myself as a kind of natural member of the Königswinter conference, if you will allow this claim.

I would like to make some brief remarks on wide-ranging topics: Putin, Trump, Brexit and the Europeans. This is a lot for ten minutes, but I can be brief with regard to the description of what we are facing. I became for the first time Chairman of the Foreign Relations committee in January 2014. Now it is only four years later - a brief period of time from a historical standpoint, but within this period of time we have reached a different world. The world in January 2014 is not our world of today. In March 2014 Russia decided in favour of the illegal annexation of Crimea. In 2015 we saw the refugee crisis, which has not only caused Germany to be shaken to its bones; it has really affected the fabric of German society. One of the results is that, for the first time in post-war history, a right wing, populist anti-immigration party has entered Parliament as number three, and is now in a way competing with the Social Democratic party about who is number two in the German political system. I think the Social Democratic party will move forward; they are gaining in the polls by their decision to form a grand coalition, but nevertheless this shows how fundamentally disruptive the crisis has been. Internal domestic landscapes have also evolved in a short period of time.

Then of course in 2016 we had the decision on Brexit, and since 2017 Donald Trump has been the elected President of the United States. He himself became a source of permanent disruption in a way – institutionalised disruption, as one might call his presidency. It's the *absence* of foreign policy, I would say – nothing but the consequences of domestic power calculation resulting in his tweets on foreign policy. And now, in 2018, I think we all feel we are in an even more dangerous, chaotic situation.

So we can see that, in a period of only four years, the geopolitical situation around Europe has fundamentally, dramatically shifted and changed. We have a different world, and I haven't even mentioned geopolitical phenomena like the rise of China, or the turning of Turkey into an authoritarian regime – or other developments. I am quite sure

that you can't be certain about anything any longer, but I'm equally sure that we haven't yet reached the peak of disruption. There is only one question I would like to address – and of course it has already been debated in the course of this conference – namely, what is the impact on us of this fundamental, dramatic, dangerous shift in our geopolitical environment? Is there a need to adapt, or can we just stay as we have, dealing with foreign policy and with each other as we are used to? What is the impact on Europe, on the Europeans, and with particular regard to foreign policy and security policy?

There is one thesis I would like to present. I think it's not very inventive but, and I rarely say this, I consider it to be the truth, which has consequences we have not drawn. In my view, the emergence of a European foreign policy has become a necessity. Perhaps there are many among us who have wished for this for a long time. But now, after these changes and in the course of ongoing shifts, it has become a necessity – from the perspective, not simply of pro-European people, but of nation state based interests. I think it's no longer a matter of choice, for national interest and values to be your yardstick for foreign policy. And the examples are quite compelling and evident.

Let's take one of the most recent examples, the collective reaction to the Skripal nerve agent attack. It would be totally different if we had only seen the expulsion of twenty Russian diplomats from Britain. What we have seen are twenty five states, among them 16 or 17 European member states, having joined in an action of solidarity by expelling 150 Russian diplomats, who of course all have a professional Intelligence background; a demonstration of unity underlining the fundamental rules of peaceful coexistence.

How to deal with the trade policy of Donald Trump? It would be completely different if we only had national trade policies, compared to the political and legal situation we have. We have a European competence. And the European Trade Commissioner is a powerful figure, because his background creates the most powerful economic area of the world. So how we present ourselves on the world stage is totally different.

And you could of course add other problems. We can briefly consider how to deal with the recent chemical weapon attack in Syria. Is there any perspective for serious dealing with the Middle East by only acting as a European nation state? I don't see that at all. So I think it really comes at least close to the truth that there is a necessity to adapt fundamentally. We have a different reality, so we have to adapt our policies, if we are determined, and stay determined, to exert an impact on this reality.

So far, so good. Why hasn't it happened so far, and what are the obstacles to pursuing and developing a European foreign policy? I think the main reason is that tradition is different from what is necessary in the future, and tradition of course is a strong force. It's more than tradition, it's the understanding over hundreds of years that foreign policy,

security policy, is at the core, the heart; in a way is the incarnation of state sovereignty. So it's not just a policy matter like others. You could easily agree on coordinating among states. It is very close to understanding what a state is about. And at this corner of our understanding of sovereignty, and state power, the idea of being a state has to be adapted. There is no need to give up our understanding of sovereignty, but the case is to preserve sovereignty by adapting to a new reality. Is it going to happen? It will of course be a hard adaptation process, but I'd say it will happen, because it is a necessity.

What are the circumstances for embracing such a policy? I think the circumstances have become better, not only because, as I have tried to outline, changes mean that we don't have a choice at all in reality, but because the political opening has started. It has started in France in a way. I haven't found many new things in the very prominent famous speeches of the French President. But there was one new thing, namely that he is the first French president who has opened a security and defence policy for European co-operation, and has no longer claimed this to be a sole case and expression of French sovereignty. This is fundamentally new, a French readiness for European action, co-operation, organisation on foreign security and defence policy. Certainly we have to talk about the details, but we have something that we can debate, and this has changed.

Britain was not an advocate, as a member of the European Union, for a European foreign and defence policy. The standpoint was, this is a matter for NATO, and we do not want to have it as an EU competence. Some prominent people have made remarks, speeches even, indicating a clear interest in not leaving Europe. This is the understanding that Britain is part of Europe – and that Britain will stay committed to European security and defence, and foreign policy; that we share values, that we share interests, and that there is a need for coming together on the topics and challenges of foreign and security policy. So I think a reality is approaching after Brexit, which seems to recognise that something more needs to be done with regard to the times when Britain was a member of the EU.

Finally, Germany. We are perhaps a critical case. Firstly we are in a historical period of adaptation with regard to foreign policy and foreign policy engagement. We have a history which is different from that of the other states, of course. After the war we were not asked to play any kind of foreign policy role. Then we had the reunification, not only of our country but of the European continent. This we saw as bringing eternal peace and order in Europe; we could take the peace dividend and we did so. So it was only four years ago, with the new aggressive Russian policy, that Germany was thrown into a kind of expectation of assuming a leading role in foreign policy. It's a short period for adaptation, and adaptation of a very fundamental kind to the DNA of our self-understanding. We can say we stay committed to NATO but we have to do more. We have put forward PESCO, and we are serious about that, not only to have it as a formal structure, but we want to have input into its framework.

We will certainly have a debate about the question whether there is any room for a third kind of organisation for security policy. So is it really possible to join the French proposal of an intervention initiative? Is there really room, politically and legally, from a European standpoint and because we want to increase European unity? We have to decide whom should we take in, while at the same time also pursuing PESCO. So there are a lot of questions. Also from a German perspective I can predict that we will have to have a debate on assuming adequate responsibility with regard to international security and the military challenges we are facing. We have to grow up, and all the Europeans, and perhaps mostly the Germans, have to become adults in foreign and security policy.

So I think there are obstacles, there are insights, and there is a necessity to do something on behalf of our own national interests. My proposal would be: let's start with making policies, perhaps not start by debating formal structures, organisations, institutions - that's very hard to do, very theoretical. So let's start with a common foreign policy. We just talked briefly about the expectation of a possible military strike as a response to the chemical weapons attack in Syria. It might happen or not. What is essential in my view is that, the day after, we start with a European and, better, a Western policy for the Middle East. This is our neighbourhood, but we do not have a policy at all. The Americans had a flawed policy, but they had a policy. But now we see that other countries, Russia, Iran, Turkey, are coming into the vacuum the West and the United States have left, and the Europeans never aspired to fill. So let's start with that.

There are other topics, where we can start by coordinating, debating, working on designing foreign policies with regard to different areas. And from that something will ensue and instruments will come, because we have agreed substance. This is what I wanted to provide you with during the starter and the main course: my view on what is really in my eyes a historical threshold. We can shirk away, and become irrelevant as a shrinking minority in the global village; or we can come together, join our forces and try to contribute towards making this chaotic, dangerous world a little bit more sensible and peaceful through a good European impact and contribution.

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