

# 20 YEARS “CORE EUROPE” WHERE DO WE STAND AND WHERE ARE WE HEADING?



Nicole Koenig | Research fellow at the Jacques Delors Institut - Berlin

This Synthesis provides an overview of the discussion during the conference entitled “20 years after ‘Core Europe’: where do we stand and where are we heading?” The conference was organised by the Jacques Delors Institut - Berlin in partnership with the Konrad Adenauer Foundation and the Open Society Initiative for Europe and took place in Berlin on 1 September 2014.

## Introduction

On 1 September 1994, a working paper of the CDU/CSU group in the German Bundestag, authored by Wolfgang Schäuble, Karl Lamers, and Theo Waigel with the modest title “Reflections on European Policy” caused a political earthquake. Its central proposal was to institutionalise the method of ‘multiple speeds’ while simultaneously consolidating ‘Core Europe’. Issued two months into the German Council Presidency and six weeks ahead of the federal election, the paper engendered heated debates on Europe’s *finalité* in Bonn and other European capitals.

Precisely two decades after its publication, a number of high-level speakers and a large audience met at the location of the Jacques Delors Institut - Berlin in the Allianz Forum in Berlin to discuss whether the idea of ‘Core Europe’ was still valid and what challenges remained<sup>1</sup>.

After a short welcoming address by **Dr. Henrik Enderlein**, Director of the Jacques Delors Institut - Berlin, the debate was initiated by two of the paper’s authors - German Finance Minister **Dr. Wolfgang Schäuble**<sup>2</sup> and former Foreign Policy Spokesperson of the CDU/CSU Bundestag faction **Karl Lamers** - who both laid out the original rationale of the paper and linked it to the contemporary context. In her questions to both authors, **Dr. Ulrike Guérot**, insisted in particular on the controversies surrounding the initial paper and the normalcy with which the debate was taking place today. These interventions were followed by a discussion among representatives of a younger generation calling for a renewed debate on ‘Core Europe’. Former Ambassador **Joachim Bitterlich**, who headed the European Department

in the German Chancellery at the time of publication of the paper and who is also a member of the Board of Directors of Notre Europe - Jacques Delors Institute, chaired a panel comprising **Dr. Franziska Brantner**, member of the Bundestag for the Alliance ‘90/The Greens; **Prof. Dr. Franz Mayer**, Chair of Public and European Law at the University of Bielefeld and member of the Glienicker Group; **Matthias Fekl**, member of the French National Assembly for the Socialist Party; and **Dr. Fabien Dell**, Europe consultant of France Stratégie and member of the Eiffel Group. Former French Finance Minister and designated EU Commission candidate **Pierre Moscovici**<sup>3</sup> then presented his views on lessons learnt, status quo and ways ahead. **Dr. Hans-Gert Pöttering**, former President of the European Parliament and Chairman of the Konrad Adenauer Foundation closed the debate.



## 1. Assessment: Europe at yet another crossroads

All speakers pointed to the striking parallels between the discussion 20 years ago and today’s challenges. One quote from the original paper is particularly striking: “The process of European integration has reached a critical point in its development. If it fails to find a solution to the causes of this dangerous development within the next two to four years, the Union

will (...) inexorably turn into a loose formation with various sub-groupings, essentially limited to certain economic aspects". The speakers generally insisted that at a time where Europe struggles to emerge after years of economic crisis while facing at the same time growing Euroscepticism and tendencies of disintegration, as well as an escalating conflict in the Ukraine and a spreading conflagration in the Middle East the question of how to implement further deepening in the integration process, possibly at different speeds, was of equal or even higher importance than in 1994. Schäuble insisted that Europe would only be able to tackle these challenges together - "whether you like it or not". The key reason, then and today, was that globalisation had eroded the nation state's monopoly of governance power. In an increasingly dense transnational reality, national governments were no longer able to satisfy the citizens' social, economic and security-related needs. Schäuble pointed to the dilemma between functional needs for further integration in some areas (in particular in the euro area) and the difficulty to win popular support. He referred to the principle of subsidiarity as the tool to identify areas where further integration was needed, but insisted that as in 1994 this did not necessarily imply abandoning the idea of "more Europe" in certain areas. Frequent references were made to Jacques Delors' path-breaking work as Commission President in taking the functional economic conclusions from the implementation of the single market seriously by paving the way for economic and monetary union.

Despite the similarities between today's situation and 1994, key differences were also mentioned. Europe has enlarged to the East and doubled the number of its member states. Moscovici pointed out that enlargement had made Europe bigger but not necessarily stronger. This was not only due to more complex decision-making but also to the emergence of an increasingly multipolar world with fast-growing emerging economies. Globalisation had also amplified the number of transnational challenges and threats, including terrorism, cybercrime, and climate change. By creating a common currency, Europe had pursued its deepest integration step so far. However, the failure to complement the monetary union with binding mechanisms for macroeconomic and fiscal coordination had led to stark imbalances, and ultimately to the euro crisis. In addition, as Lamers indicated, Europe currently faced a crisis of democracy. European citizens tended to blame the EU for strict austerity measures and their governments for

the inability to foster growth and employment. As a result, many turned to populist anti-establishment or Eurosceptic parties.



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## 2. Ways ahead

The speakers generally agreed that the answer to these multiple challenges lied in deeper integration, led by a 'Core Group' of EU member states. Schäuble underlined that a 'Core Group' did not imply the creation of an exclusive club. It rather suggested that some 'pioneers' go ahead while allowing interested member states to join at a later stage. Moscovici described the euro area as 'embryo' of a primary 'Core Group'. The speakers also generally agreed that Franco-German cooperation represented the central pillar of deeper integration, but was currently not working as effectively as in the past.

Beyond these basic points, different proposals emerged from the debate.

In the short-term, the **strengthening of the euro area** should continue, but with the existing instruments. Schäuble reiterated that adhering to the rules enshrined in the Stability and Growth Pact represented an essential condition for the creation of trust among the member states. He also underlined the need for concrete successes in the areas of growth and employment to prevent an erosion of the European project. To foster growth he called for structural reforms but also for measures creating a more investment-friendly environment. Moscovici added that these measures should be pursued while balancing solidarity and control. Meanwhile, Brantner underlined the need to boost the fund for youth unemployment.

The speakers also made a number of proposals for the **reform of the institutional architecture** geared towards greater legitimacy and efficiency. Most speakers were in favour of some form of euro-zone Parliament configuration, while its exact format remained subject to debate. Some proposed

a separate body while others suggested creating a dedicated Subcommittee within the European Parliament. According to Dell, the European Commission as the key level of governance focused on the pan-European interest needed to be given more executive power while being subjected to enhanced democratic control. Mayer, member of the Glienicker Group even called for the creation of a distinct governance layer for the euro area one countries, based on a separate Treaty with some form of executive control by some kind of eurozone parliament and disposing of an autonomous budget.

Furthermore, a number of suggestions for **enhanced Franco-German cooperation** were made. The discussants agreed that there was still much room for bilateral initiatives. A concrete example from the past was the Franco-German agreement on dual citizenship. To foster greater cooperation, Fekl backed by others, called for enhanced and more sustained institutional cooperation between parliaments and within the Franco-German Ministerial Council.

Several speakers suggested that the crisis in Ukraine might lead to a *saut qualitatif* in **foreign policy cooperation**. Schäuble underlined that there were no military solutions to the conflict and that the added value of the Union was its ability to project 'soft power'. However, the latter significantly depended on the Union's ability to maintain its economic 'power of attraction' and to remain competitive at an international scale. On a different note, Brantner called for greater risk mutualisation in the area of foreign policy, for instance, through a compensatory fund in the field of economic sanctions.



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### 3. Potential obstacles

While most speakers were in favour of deeper integration and of the 'Core Group' concept, important obstacles were identified. The first stems from the aforementioned **crisis of democracy**, which also implies a significant decrease of popular trust in European institutions. Schäuble noted that even in Germany where the population was largely in favour of deeper integration, popular support would very much depend on the specific content of measures taken. There was an underlying fear in Germany that EU-level governance could get out of hand. He partly related this fear to the characteristic of ageing societies in welfare states, which sometimes showed tendencies to reject change.

A second challenge lies in overcoming the member states' **'sovereignty reflex'**. Brantner asked which countries would currently feel sufficiently convinced by further integration to form a core willing to move ahead. In this context, various speakers referred to an instinctive adherence to sovereignty and the concept of *'État nation'* in France. However, they also doubted the willingness of the German Bundestag to accept direct interference by the European Commission in budgetary affairs. Bitterlich remarked that the Commission could only be as strong as the member states allow it to be. Taking up those remarks, Pöttering in his closing speech quoted Mitterrand's assessment: *"Le nationalisme, c'est la guerre"*.

A third and final challenge identified concerned the difficulty of overcoming **deeply embedded differences across countries**. Brantner referred to the 'Core Europe' paper and the outlined discrepancy between the economic models of the North-Eastern EU member states, led by Germany, and the South-Western ones, led by France. She noted that differences in terms of industrial politics or competitiveness remained to be bridged. Differences also extended to other policy areas such as weapon deliveries, migration, or energy policy where the member states frequently struggled to find a common line.

## Conclusion: it's only the start

Two decades after the publication of the 'Core Europe' paper, mode and speed of European integration are, once again, subject to intense debate. The May 2014 European Parliament elections clearly showed that 'business as usual' is not an option. Security-related developments in the East and South of the Union remind us that the initial *raison d'être* of European integration as a peace project remains very valid. However, the pro-European narrative needs to be reanimated and complemented with concrete economic successes, political reforms and future perspectives. This conference laid out a number of ideas, but more discussion is needed to distil the most feasible and functional future integration steps.

One striking feature of the entire conference was the focus on prospects for deepened integration. Very few references were made to the British debate and a potential 'Brexit'. In that respect the conference mirrored very well the idea of the 'Core Europe' paper to focus on the *avant-garde*, rather than on keeping everyone satisfied at a small common denominator.



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1. Karl Lamers and Wolfgang Schäuble, "More integration is still the right goal for Europe", *Financial Times* editorial, 1 September 2014.
2. Speech by Dr. Wolfgang Schäuble (Video), Allianz Forum, Berlin, 1 September 2014.
3. Speech by Pierre Moscovici, Allianz Forum, Berlin, 1 September 2014.

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