

EUROPE WITHOUT THE UK?

The consequences of the British EU Referendum
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Check against delivery

Instead of Brexit: EU-Upgrade

Dear Mrs. Böttcher,
Dear Lord Salisbury,
Ladies and gentlemen,
Dear guests,

We, "DIE JUNGEN UNTERNEHMER", which means "The Young Entrepreneurs", would also like to extend a warm welcome to you! We are an association of businessmen and women who are all under 40 years of age. Many of us are successors to family-run businesses but an increasing number of us have founded our own companies. My name is Hubertus Porschen. I am the founder of an IT company in Cologne and federal chairman of DIE JUNGEN UNTERNEHMER since September last year.

DIE JUNGEN UNTERNEHMER was founded in 1950. Ever since then, it has been clear to us that: We can only solve the challenges of the times with the aid of our European neighbours.

For nearly three generations now, we have been fortunate enough to grow up in a peaceful Europe. The advantage of open borders has strengthened this peace. Young people born after the mid 80's take the uncomplicated exchange among European citizens for granted. For us, it's quite normal to be able to visit a country in the EU to do a vocational training, or to foster friendships or business relationships. We think "european" right from early childhood.

The argument for peace is still just as important to young Europeans. But the time has come to change Europe and to make people aware of this need.

However, the EU referendum in the United Kingdom raises a fundamental question: Is the European Union an outdated concept or rather a project that's worth fighting for? It's not only the British people who have to answer this question.

With a view to our distinguished guests from the UK, today it is not my job to recommend the best course of action to the British people.

Instead, I would like to discuss three things:

Firstly, I am shocked about the speechlessness prevailing in Europe just six weeks before the referendum.

Secondly, I believe that the Europe is in urgent need of an EU-Upgrade. That is to say, major reforms regardless of the outcome of the British vote.

And **thirdly**, I would like to describe the consequences for Germany according to the outcome on 23rd of June.

I'm going to **start** with the unbearable silence in Europe.

For three and a half years, the European governments have been aware of the fact that Great Britain is extremely dissatisfied with the EU. In January 2013, David Cameron announced that he would fight for a reform of the EU and then allow the British people to vote on whether they want to stay in the EU or not. And what has happened?

The rest of Europe just shrugged its shoulders. For example, people discussed the systemic relevance of Cyprian banks. Instead of taking Cameron's criticism as a starting point for a debate on a reform, it was "business as usual".

For at least eight years now, business as usual has meant one crisis summit after the next without any real solutions emerging.

The Euro, national debts, the Ukraine or refugees: the number of crises is growing and their occurrence is more and more frequent. At the same time, the EU seems to be almost incapable of reaching any decisions. However, I'm convinced that anyone wishing to leave this crisis mode has to switch from reaction mode to action mode

I am even more annoyed about the valuable time we have lost and the way people are looking fearfully or anxiously towards the 23th of June.

It was a big mistake to let certain countries in the EU gain the upper hand and degrade the reformation attempts of the British to national "special favours". Whereas France is fancying Brexit in many ways, the German government has retreated to a position of extending diplomatic empathy to London.

The third-largest European economy with a healthy demographic trend and impressive growth rates is raising its hand to wave goodbye, and what is the reaction of the rest of Europe: It's doing nothing!

Instead, all you hear are the same old arguments as to why it's inappropriate to make reforms in Europe at the moment: it's too time-consuming, too uncertain, too difficult.

Meanwhile, the EU is continuing to lose its ability to act. In addition, fear of the reform debate is playing into the hands of those opposing Europe. It was never easier for nationalists and extremists at both ends to fuel public opinion against the EU, Brussels and Europe.

But I still believe there's hope. It is not too late to lead the debate based on the Brexit referendum.

And now to my **second** point: Europe needs an EU-Upgrade. At this stage, I only want to outline which EU we, DIE JUNGEN UNTERNEHMER, are talking about when we call for reforms.

The key points of an EU-Upgrade are:

- Better cooperation between national parliaments and the EU parliament,
- A completely new communication strategy
- And a Europe made up of clubs, which takes advantage of diversity instead of fighting against it.
- We need to re-structure the exchange of information between national parliaments and the EU parliament on an institutional level. This would enable to build a bridge with citizens and voters. First of all, we want the committee members of national parliaments to attend important meetings of mirror committees in the European parliament on a regular basis. The European parliaments could also be bound to report to the national parliaments. The possibilities offered by digitalization could also be used to improve networking among the various parliaments. Instead of constantly having to commute unnecessarily between Brussels and Strasbourg, the EU parliament could set up binding digital question times for national ministers and citizens. In a similar way to that demanded by David Cameron, national parliaments should be given easier veto options. In this regard, it is irrelevant whether it concerns yellow or red cards. Furthermore, the EU has to be able to explain complex issues understandably, as well as circulate the information via today's media. Citizens need to be able to understand in their own language why the EU is concerned about a particular issue and which decisions need to be made. There is a great demand for simple rules that can be easily enforced. [As a cautionary example, I only have to mention the Maastricht criteria]. Anything else only leads to distrust and rejection by the people.
- The key element of our EU upgrade takes up the idea of flexible integration. Up to now, the approach has been "one size fits all". This has obviously failed. This is where the "Europe of clubs", as we call it, comes into play.

Important forward-looking topics are not being handled effectively by the EU: Issues such as digitalization, energy or networked security authorities against terrorism are being ignored. Instead of waiting in vain for an unsatisfactory European lowest common denominator, Europe has to proceed in the form of clubs.

On the one hand, there are some topics which only interest a few similarly-minded countries. On the other hand, no progress is made on these political issues because a minority of member states blocks progress.

Just as some countries have the Euro and others are members of the terribly-battered Schengen area, it has to be possible for countries to make progress in small groups rather than as a conglomerate of 28 member states. Maybe there's a chance to expand on the lame duck of "enhanced cooperation". Whatever the case, there have to be clear rules for the clubs to work by, with members being expelled from the clubs but not from the EU if rules are disregarded. If one of the clubs distances itself from its original agreements (e.g. protection of external borders), there is still the option of a member resigning. Moreover, clubs have to be open to all member states.

We remind the EU Commission of its function as an executive and place it in charge of managing the clubs. That involves a lot of work. Therefore, we'll create capacities by striking the jobs of at least 10 EU commissioners off the list.

And now to the **third** point I would like to discuss. What are the resulting scenarios for Germany?

We don't know the outcome of the referendum. That is why we have to think about an EU after Brexit. It would be foolish to do anything else.

We, DIE JUNGEN UNTERNEHMER, are convinced that there will be grave consequences for the EU if the United Kingdom decides to leave.

A European Union would be left that would be further weakened in every way:

- macro-economically
- financially as far as businesses are concerned
- and worse off through the loss of a valuable partner. The United Kingdom stands for a market economy and clear competition.

If the British stays in the EU, Germany will have to put all its efforts into campaigning for an upgrade of the EU.

If the British choose to resign from the EU, this will give rise to three possible scenarios for Germany. Each one with a different course of action:

Scenario 1

Germany remains part of a smaller EU.

German and European politics will not be prepared to reform the existing rules or the model of unconditional integration that has been pursued for decades.

The European Union will soon become even more unattractive and incapable of taking action. Europe and Germany will lose their strength as global competitors. In the mid-term, the community will slowly start to collapse and huge conflicts will ensue.

Scenario 2

Germany stays in the EU and takes charge. This corresponds with Germany's role as Europe's driving force and the country forges ahead unconditionally with the EU-Upgrade. The weakened EU would then have to immediately start eliminating the institutional and constitutional ballast that has deprived it of its advantages.

Scenario 3

The EU pursues the path described in Scenario 1 - i.e. Brexit without any reforms. An increasing number of rules will be broken in the EU. Those countries demanding stability are a permanent minority. The EU then changes its course: away from a competitive union and towards a transfer union.

With this scenario, Germany would have to reevaluate its membership in the EU. A re-birth of the European idea would only be feasible beyond the old EU model. Germany would then also have to reconsider its membership in the EU and possibly even resign.

If the German government rules out the idea of reforming Europe outside the EU on Day 1 after a Brexit, Germany will no longer have a say in a forward-looking EU and will lose its power to influence its structure.

It is vital that Germany does not view its membership in a retrograde EU as being without alternatives.

Germany would no longer be able to identify with an EU that stands for:

- protectionism instead of free trade
- re-distribution instead of competitiveness
- centralization instead of subsidiarity

By purpose today's event is unbiased, but our association takes a firm stand:

DIE JUNGEN UNTERNEHMER explicitly supports the United Kingdom staying in the EU. And we demand the EU to be upgraded. If both are unsuccessful, then Scenario 3 will be the result. Then Germany will have to discuss the idea of resigning from the EU.

Ladies and gentlemen, some of these ideas I have only been able to tackle briefly. That is why I'm looking forward all the more to the ensuing discussion. Thank you for your attention.