

## PANELISTS DEBATE

### **Thierry de MONTBRIAL, Founder and Chairman of the WPC**

Yes, that underlying logic is still holding up — until it breaks down. That is the problem, especially for the euro zone. Jean-Claude Trichet is in front of us. So far, it is holding up, but that does not mean it will indefinitely. I have a specific little question for Thomas Bagger. Does Mr. Schäuble also agree with loosening France's budget restrictions after the attacks?

### **Thomas BAGGER, Head of Policy Planning, German Federal Foreign Office**

Wolfgang Schäuble is not here, unfortunately, to answer that question himself.

### **Thierry de MONTBRIAL, Founder and Chairman of the WPC**

You are here.

### **Thomas BAGGER, Head of Policy Planning, German Federal Foreign Office**

You have put me in his place. I think the one thing where I really strongly agree with what Justin has just said is the crisis also helps to focus minds and it helps to prioritise. There is a strong sense in the German debate all along through the years of the Eurozone crisis that what is needed is a pretty fundamental adaptation of our European and our national economic and social systems. It is not just a question of equilibrium within the Eurozone. There is also a question of adaptation to a more competitive world. I think to get that balance right of maintaining internal cohesion, but not as a closed system, as an open Europe in an open and increasingly competitive world, that has been the struggle at the heart of the Eurozone over the past five years. The question of fundamental economic convergence of the members of the Eurozone is still an open question, but on your question, I do not want to evade that.

I think the attacks on Paris, the refugee crisis, the turmoil in the Middle East is also something that focuses Europe's mind. I remember March 2014, only a year and a half ago, and all the speculation whether Europe with its very different exposure, its very different traditions of relations with Russia could actually possibly be able to come to a joint position and a joint policy. I would have to say, as Peter alluded to, that we have actually done much better than most people expected us to do and we have managed to formulate a joint position that integrates very different perspectives. I think we have been reasonably successful with that, without having entirely solved the crisis.

It may even be similar to the Eurozone issue, where I think we have been relatively successful, but I would not go as far as to say we have solved this crisis because fundamentally, it is an adaptation process that is very, very difficult in many of our own political systems, as we can see. As we see nowadays in Portugal, where you have relatively successful economic development and yet you do have a political shift. In Spain, we are after a very painful period, but now on a growth path. However, who knows what will happen with the elections later this year?

At this interlinkage of economics and politics, there are plenty of challenges that remain, but I think I would go back to past experience, also in the Russia crisis, to actually be partially optimistic. Just because we sit here as the three of us, one of the things we got done this year was a rather remarkable deal with Iran on limiting their nuclear programme. Germany, France and Britain have played a key role since these talks started 12 years ago in 2003 to actually push that forward. I think it is one of the major successes of European foreign policy and we should not entirely lose sight of these breakthroughs and successes, despite all the crises that we are confronting.



**Thierry de MONTBRIAL, Founder and Chairman of the WPC**

Fundamentally, I am also optimistic for one reason – it is a matter of faith. Nevertheless I would like to push you. Mr Schäuble actually was supposed to be the guest of honour at tonight's dinner debate. He cancelled. Why did he cancel? Because of the infighting in his party with the chancellor, Angela Merkel, and that is an economic debate about how to finance the refugee question. That was before the tragedy of last week. It seems to me that in Germany you have not solved your own basic choices about economic policy, the geopolitical crisis and there is one more almost every day.

**Thierry de MONTBRIAL, Founder and Chairman of the WPC**

In the case of the UK, they also have an existential debate. There are many things I do not understand in life, but one of them is that to my knowledge, at least, a referendum is not part of the traditional way of doing politics in the UK, so it is actually extraordinary to go to a referendum. At least in Germany and in the UK, it seems to me that there are now relatively existential fundamental debates, which will have huge consequences for the future of the EU. Only the French, actually, might be comfortable in matters of principles, but that will be for Justin to comment on, but the UK first.

**Peter HILL, Director, Strategy, Foreign and Commonwealth Office**

I am not sure if that was a question or a statement, Thierry. I mean it is certainly true that British politics have become more interesting in recent years. We had become a rather predictable country and now we have become a bit less predictable. We had a referendum on Scotland's membership in the European Union for similar reasons. There had been pressures that had built up that the government felt needed to be settled and something similar has happened on our membership of the European Union. We may after that become a slightly less "interesting" country again.

I do not think our basic political culture has changed fundamentally and I think that goes for our external actions as well, where some things have surprised people; for example Parliament voted against conducting military strikes in Syria in August 2013. Our politics have been disturbed, including by the 2008 financial crisis and we are still living through that but reasonably soon, you may see something more like the British politics that you all know and love.

I am not going to answer your question to Thomas for you, but obviously the burden that is now on Germany in terms of some fundamental questions of European integration and stability is enormous. We all have a very deep interest in that, so we watch what happens in Germany very closely. I think it is pretty remarkable what is happening in Germany in terms of Germany is looking out, acting out beyond the continent, as well as in the continent. That is not a process that is going to be without challenges and bumps. I may be proved wrong tomorrow, but my basic conviction is that there is quite a deep level of commitment to that and an ability of the Germans to cope with what is being thrown at them.

**Thierry de MONTBRIAL, Founder and Chairman of the WPC**

Thank you, Peter.

**Thierry de MONTBRIAL, Founder and Chairman of the WPC**

Justin, now it's your turn.

**Justin VAÏSSE, Director of the policy planning staff, French Ministry of Foreign Affairs**

I do not think the challenges facing France are as big as the referendum. Moreover, most of the refugees arriving in Europe are heading to Germany and, alternatively, to Sweden and to Great Britain to a certain extent. So the challenges are potentially smaller, but they nevertheless exist, if only because, obviously, all that would be much easier if we were in a period of strong economic growth, if the economic, social and, therefore, political capacity to absorb them were better than they are now and if the pressure from the eurosceptic parties, particularly the Front National, were not so strong.



In that context, I think France can do much more to support its two neighbours. First, with regard to the referendum, I think that always saying yes to David Cameron's requests will not necessarily ensure a positive outcome for staying in Europe in the British referendum. If you take the lessons of the 1975 referendum on Great Britain's membership in the Common Market, you can see that Georges Pompidou's firm attitude, followed by Great Britain's partly symbolic, partly substantial victories, are what allowed to show British voters that Great Britain's voice had been heard. So I think a little bit of strategy is called for if, as we wish, we want the British to vote yes in the referendum.

We are doing a lot with Germany. We are doing a lot and we have taken many decisions together in recent months and weeks on the refugee crisis and euro zone issues. What happened with Greece in July, for example, is important. The conciliation on taking in refugees at Valletta, but also before, was important as well. So, relying on these two countries is how France can do its part to keep Europe's momentum going. Lastly, I would say that in terms of security, precisely because we think Europe should have, if not strategic independence as such, at least the ability to decide its own orientations, we are trying to show the way — through the European security strategy or other steps such as invoking article 42-7 — a Europe that is more self-confident and has greater means not just to defend itself, but also to ensure that its interests and stability prevail.