

DEUTSCH-BRITISCHE GESELLSCHAFT

63RD KÖNIGSWINTER CONFERENCE

SCHLOSS NEUHARDENBERG,
30TH MAY – 1ST JUNE 2013



THE CRISIS OF EUROPE'S FUTURE:
THE "KÖNIGS-WINTER" OF OUR
DISCONTENT?

ACKNOWLEDGEMENTS

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*Emily Haber, Simon McDonald, Jürgen Großmann,
Greg Barker, Jo Johnson*



THE CRISIS OF EUROPE'S FUTURE: THE "KÖNIGS-WINTER" OF OUR DISCONTENT?

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THE CRISIS OF EUROPE'S FUTURE: THE "KÖNIGS-WINTER" OF OUR DISCONTENT?

THURSDAY, 30TH MAY 2013

18:00 – 19:30

Registration

19:30

Drinks

20:00

Opening of the Conference by the Chairmen

Jürgen Großmann and Ambassador ret. *Sir Michael Arthur*

Dinner

hosted by State Secretary *Emily Haber*, Foreign Office of the
Federal Republic of Germany

FRIDAY, 31ST MAY 2013

8:45 – 9:30

Plenary session

The Chairmen of the study groups introduce
the topics of their respective groups

9:30

The Conference divides into three working groups

Group 1: Overcoming the economic and financial crisis

Group 2: What kind of Europe do Germany and the UK want?

Group 3: Managing Europe in a multi-polar world

11:00 – 11:30

Break for coffee and tea

11:30 – 12:45

Continuation of Group discussions

13:00 – 15:00

Lunch

Speaker: The *Rt. Hon. William Hague MP*, First Secretary of State and Secretary of State for Foreign and Commonwealth Affairs

Reply: *Philipp Mißfelder MdB*, Foreign Policy Spokesman of the CDU/CSU parliamentary group

15:00 – 16:30

Continuation of group discussions

16:30 – 17:00

Break for coffee and tea

17:00 – 18:30

Concluding plenary

18:30 – 18:45

Winding-up address by Lord O'Donnell

19:30

Dinner

hosted by H.E. the British Ambassador *Simon McDonald*

Speaker: State Secretary *Stefan Kapferer*,

Ministry of Economics and Technology of the Federal Republic of Germany

SATURDAY, 1ST JUNE 2013

Breakfast. End of conference and departure.

Group 1

Overcoming the economic and financial crisis

Chair: *Stefan Mair*

Rapporteur: *Daniel Franklin*

- ▶ Can we grow out of austerity alone?
- ▶ What strategies should Germany and Britain have for services and manufacturing?
- ▶ Is social cohesion a prerequisite for prosperity or a drag on entrepreneurial growth?
- ▶ The challenge of productivity differentials, magnified by skills shortages and labour mobility?

Group 2

What kind of Europe do Germany and the UK want?

Chair: *Gisela Stuart MP*

Rapporteur: *Sylke Tempel*

- ▶ Do we have a perspective where Europe should be ideally in 10 years time?
- ▶ "Europe of multi speeds" versus "different degrees of integration in different areas"?
What are the implications for the future of the EU of enhanced cooperation and opt-outs?
- ▶ Should the Eurozone replicate EU budgets and institutions?
- ▶ In which areas is more European integration needed or unavoidable: Has the political integration of Europe already left their publics behind?

Group 3

Managing Europe in a multi-polar world

Chair: *Rainer Stinner MdB*

Rapporteur: *Robin Niblett*

- ▶ What will the world look like in 20 years' time?
Where will an ageing, shrinking Europe fit in?
- ▶ Does the role of our countries in the world depend on more political integration of the EU? Or can our countries go it alone in the globalized world?
- ▶ Are transatlantic and regional FTAs one way forward?
Do bilateral deals undermine the EU's trade clout and global impact?
- ▶ What is the scope for strengthening the EU's common security and defence pillar even when money is tight?

The rain lashed down as the participants of the 63rd Königswinter Conference. made their way through the Brandenburg countryside along tree-lined roads and past sleepy hamlets to Schloss Neuhardenberg, our port for the next two days. At the same time, another storm was brewing, this time heading east to continental Europe from the leaden skies above Westminster, where the government had laid out only a few months previously its plans for a more flexible Europe and to put this to a plebiscite.



Emily Haber

The 2013 Königswinter therefore came at a critical juncture in Anglo-German relations. Historians of the relationship have commented on the long history of friendship between these two nations. Next year marks the 300th anniversary of the coronation of George of Hannover as George I of Great Britain and Ireland, and 2015 commemorates the 200th anniversary of the Anglo-Prussian victory at the Battle of Waterloo. As the euro zone crisis entered its fifth year, what would the future hold? That was to be the subject of this year's conference: the crisis of Europe's future. How would the UK and Germany overcome the economic and financial malaise, manage Europe in a multi-polar world and reconcile their differing views on Europe?

These three topics were discussed in a range of formats over the two days, commencing and concluding in open plenary but for the most part discussed in three separate working groups. The often vigorous debates were interspersed with speeches over lunch and dinner and continued till late with participants taking refuge from the inclement weather in the Brennerei of Schloss Neuhardenberg.

After a warm welcome by the Conference Chairmen Jürgen Grossmann and Sir Michael Arthur, the participants were reminded in the post-prandial discussion by Emily Haber, State Secretary in the German Foreign Office, of the two factors at the heart of Europe: the Franco-German relationship, and the need for security without dominance. Fears in the UK that Germany was interested in dominating Europe were misplaced. Quite to the contrary, Germany wanted to avoid the historical power imbalances that had led to conflict in Europe. To that end Germany was “structurally interested in overcoming the north-south divide”, a point often lost to observers from the UK, who tended to view Europe through the narrow lens of the Single Market.

Post-unification Germany had concentrated on its economy and was sometimes regarded by commentators in the UK as having a foreign policy that was at best, non-existent and at worst, neo-mercantile in nature. Here again participants’ preconceptions were challenged. Germany certainly did not want to “go it alone”. We were stronger together in the EU, and the UK had an important role to play. To illustrate her point, State Secretary Haber raised the issue of Russia. Often a theme at Königswinter, Germany wanted to overcome the fault lines with Russia via an “intensive dialogue” together with its partners in the EU, in particular with Poland. The conclusion was one which struck a chord with the participants of this year’s Königswinter: it was clear that the UK and Germany had more need than ever to talk, and not just as an afterthought.

*Rainer Stinner,
Gisela Stuart*



The following morning the three study group Chairmen were introduced by Sir Michael who joked that it was fitting for a conference in Northern Germany to have three Bavarians chairing the discussions! The Chairmen provided their opening comments, setting the stage



*Ben Bradshaw,
Michael Schmidt,
Hans-Henning
Horstmann*

for their upcoming study group discussions. "Overcoming the crisis" was truly a daunting task, and one that had eluded politicians to date. It would require some essential parts such as a banking union that was fit for purpose, deregulation and deepening of the single market in services, and probably less austerity in return for greater structural reform. The need to re-industrialise was raised, and here, Germany as the former sick man of Europe, illustrated the point brilliantly. Germany had in the past rejected the advice from the Anglo-Saxon world to focus on services in response to the emerging economies of the east, and had successfully revitalised manufacturing to the envy of the western world. Not only was Germany exporting these goods on a larger scale than ever, it was also now exporting the dual education system and the labour market reforms which had enabled its manufacturing renaissance.

On the theme of the "future of Europe", the crux of the issue was that "we speak the same language but do not mean the same thing." Participants were reminded that the British government's current policy supporting a strong euro was counter to 300 years of British foreign policy vis à vis continental Europe. Unlike the Bavarians, who eventually agreed to a Federal Germany when the other German states consented to it, the British were unlikely to follow such a path into the heart of Europe. The vexatious issue of Europe had split the Labour party in the 1980s and was now causing much consternation among the Conservatives, with next year's European elections headed towards a clean sweep for the Eurosceptic UKIP. "I hear the ice cracking," was the stark reminder about the precarious

position Europe found itself in. To counter this, the discussion of Europe's future needed to captivate the imagination of the electorate at large with a clear and persuasive narrative around globalisation. Finally, on the theme of "managing Europe in a multi-polar world", a provocative debate was required, asking questions that people would not have dared to have asked five years ago. Would "Europe" in 20 years' time be merely a historical reference?



Michael Arthur

OVERCOMING THE CRISIS

The study group looking at overcoming the crisis under the chairmanship of Stefan Mair, BDI Board Member, broadly covered three "Ps": the predicament, policies to solve it, and possibilities for the outcome over the coming years. Describing the problem was the easy part, as the issues were glaringly obvious: a deep and persistent recession in the euro zone, with record unemployment in the euro area of over 12%; difficulty in seeing where growth would come from amid widespread austerity, persistent fiscal deficits and undercapitalised banks; and a non-negligible risk of a euro break-up (it has a 55-45 likelihood of survival, according to one participant). As a result of these uncertainties, businesses were keeping their powder dry instead of making the investments the economy needed. Amid all these difficulties, there was broad agreement

from participants from both countries on at least one thing: we should be deeply worried about France, “the elephant in the room”.

The group were less full of ideas when it came to coming up with policies that might help Europe grow in the short term. The European Central Bank has bought the euro zone time, but it was not obvious that this breathing space was being used to bring about reforms quickly enough. The overall direction of reforms that were needed was fairly clear: banking union for the euro zone, a fiscal union (by another name), and some element of a transfer union. The financial markets would be watching closely to see if there was any movement on this front after the German election. Structural reforms were also required urgently in Italy and France together with an easing of austerity while maintaining discipline. So the question remained of where stimulus could come from: could the surplus countries do more? The capital markets certainly had their part to play in financing growth with some worried about excessive regulation, including a financial transactions tax that “would be like pouring napalm on the City of London”. A lot could also be done in the area of trade policy, both to help open up fast-growing emerging markets and to boost transatlantic trade, with both Britain and Germany key players in pushing for the Transatlantic Trade and Investment Partnership.

When the discussion turned from macro policies to micro ones, there was broad agreement on the need for structural reforms. Meddling from Brussels was a common complaint, with particular concern that the Eurocrats were unhelpfully constraining the development of new industries, such as shale gas and the digital economy. This was seen as worryingly embedded in the culture of the Commission, which structurally lacked input from business and faced few crunchy constraints to its tendency to add ever more regulation. This was an area where a concerted counter-push by Germany and Britain was needed. Some worried too, that “brand EU” was suffering in the wider world as a result of the euro crisis.

However, a surprising convergence emerged on industrial policy. Britain now has one (for the first time in decades) and it is heavily modelled on Germany's system and its prowess in growing Mittelstand firms. The new policy involves support for skills, the promotion of local access to finance and encouragement of technology centres. Yet this British conversion to German ways was met with a degree of scepticism on the German side, for several reasons. Some felt that there was a difference between superficially putting in place a set of policies and having a model deeply embedded in the country. The state's involvement was not necessarily a good thing, and could actually be disastrous (in terms of wasted investments and too cosy local banking relationships). Besides, could the British really grow Mittelstand firms when the City sucked up all the top talent, and engineers had second-class status?



Greg Barker,

Emily Haber

Three broad outcomes seemed possible over the coming years: the first is that muddling-through would work. The euro zone's structural reforms would end up being deeper and more widespread than many now realise, and would start to pay dividends as the countries of the periphery recovered competitiveness. Stronger growth in the United States would provide stimulus, as would the boost from cheaper oil and other commodity prices. It may be the case that it would take time for the improvements to become clearly visible (as was the experience for example after German unification), but the combination of small steps would eventually make a big cumulative difference.



*Caroline Spelman,
Stephan Mayer*

The second outcome is that Europe would head down a path that Japan is currently desperate to escape from. By having failed to act boldly enough to stimulate growth, stagnation would set in year in and year out. Like Japan, Europe would end up suffering a lost generation.

The third and most pessimistic outcome would be "crisis-plus". A social explosion caused by horrendous youth unemployment and dismal prospects for improvement would plunge the euro zone back into crisis. The euro would break up because the politicians fail to use the breathing-space provided by the ECB to set the currency union on sound foundations. The resulting turmoil would make "the subprime crisis look like a warm-up". There was broad agreement that maybe the prospects of muddling-through were underestimated. But the chances of the second and even the third scenario – Japanese-style stagnation or a new mega-crisis – are sufficiently large for any sense of complacency to be wildly misplaced.

WHAT KIND OF EUROPE DO GERMANY AND THE UK WANT?

Participants in the study group on the future of Europe under the guidance of Gisela Stuart MP were in broad agreement that both sides wanted a Europe that works. Obvious doubts on the British side about whether the EU, or more precisely, the euro zone countries would master the crisis seemed to make way to a general interest to not see



*Wolf Klinz,
Quentin Peel*

Europe fail – best expressed in one participants wish: “we’d really like you to succeed in pulling together a euro zone governance”.

The discussion kicked off with a straightforward question: what is it you would like to abolish (in Europe) and what would you like to keep?

A recurring answer from

the British side in the “abolish” category was the European Parliament. However, this sentiment was not shared by some participants, including a current member of the venerable institution! The discussions ventured straight into the realm of “legitimacy”. Did the European Parliament enjoy the legitimacy that would be needed to tackle the general legitimacy problem of the EU? A concern specifically voiced by the British participants was about sufficient scrutiny of European legislation by the national parliaments. Most German participants were of the opinion that sufficient scrutiny was in place (the Bundestag being named as one of the parliaments with a high level of information and expertise concerning EU-matters in general). Concern was also voiced over populist, anti-EU parties who might gain greater influence within the EP after the elections in 2014 with participants agreeing that problems of legitimacy and governance could not be solved by installing “yet another Commissioner”. The EU’s failed approach was summarised by one participant quoting an often heard refrain from her teenage son, “just because I can hear, it doesn’t mean I’m listening.”

Starting with an appraisal of the Franco-German working paper which had been published the preceding evening, the second part of the discussion moved into the direction of: who will be doing the necessary “renovation, maintenance and reconstruction work?” Who will be the “main workers” on this construction site and will France be able to tackle her economic problems or will the German-Franco “EU-engine” start to splutter?

In the context of three different economic models within the EU (a more liberal market economy in the UK, a pretty centralised model in France, and Germany’s Soziale Marktwirtschaft), the question was discussed, which “role model” was suitable to raise competitiveness, especially since competitiveness was clearly defined as a decisive element to overcome the euro zone crisis. Both British and German participants raised concern over too “sluggish” a pace for reforms, compounded by a certain unwillingness in France to grasp the nettle.

Encouragingly, the gaps between German and British participants concerning the expectations in the EU (and an end to the euro zone crisis) were considerably less than last year. The “limits of integration” such as the role of the City of London as Europe’s only globally competitive financial centre were clearly visible, but broadly accepted as given.

Comparing the EU to a construction site it was not yet quite clear if better maintenance, some renovation/reconstruction or even a “new plan” (least likely) was needed. It was clear, however, that in a globalised world, the pace of the construction work (reaching a much higher level of competitiveness) would continue to be a major issue. It became clearer through the course of discussion, however, that the EU of the future might resemble less a “Wohngemeinschaft”, a suburban building with “one size



Robin Niblett

of flat for all" inhabited by all European nations sticking to a strict set of rules – but rather a more pluralistic "European village" with different buildings, but under an "umbrella of rules".

MANAGING EUROPE IN A MULTI-POLAR WORLD

Participants in the study group on managing Europe in a multi-polar world under the chairmanship of Rainer Stinner MdB started off by examining what the world would look like thirty or forty years from now. The first transformation would be a shift in the economic centre of gravity to the emerging economies, with Europe accounting for less than 5% of global population and GDP. Europe therefore had to get its act together to secure its seat at the table. Acting multilaterally would be the key to this but some British participants expressed doubt that Germany was truly committed to this path especially in areas such as trade and energy. Others contested the solution of "more Europe", with the suggestion that it may be better for countries like the UK to "join a sea of prosperity outside this sclerotic bloc".

The second highlighted difference was the likely erosion of the traditional notion of the nation state and the rise of new actors such as

multi-national corporates whether privately owned or state backed. Increasing urbanisation would lead to the rise of more city-states such as Singapore, with citizens losing loyalty to national governments. "We will enter an era where common interests are more integrating than national preoccupations." Old notions of sovereignty would not be compatible with a world characterised by the trilemma between economic integration, democratic policies and the nation state.



*Caroline
Spelman*

multi-national corporates whether privately owned or state backed. Increasing urbanisation would lead to the rise of more city-states such as Singapore, with citizens losing loyalty to national governments. "We will enter an era where common interests are more integrating than national preoccupations." Old notions of sovereignty would not be compatible with a world characterised by the trilemma between economic integration, democratic policies and the nation state.

The third change would be the impact on international institutions such as the UN and on the democratic model itself. Here, there was broadly shared pessimism that the UN would survive in a meaningful way, and there was little



optimism about the future of the G20 too. The question about the model of European liberal democracy was whether it would be seen as a source of strength in the future, leading to better governance and greater resilience due to social inclusion and justice. The need to put human rights at the top of negotiating agendas and to pressure companies with global supply chains was identified although others voiced scepticism about the limits of this approach. Decades of trade with the Middle East, for example, had not led to a transformation for human rights in the region.

In the second half of the discussion the focus shifted to security and defence. Here participants agreed that the starting point needed to be the threat assessment whilst recognising the public opposition to “boots on the ground”. The consensus was that this would change the manner in which future military interventions took place whilst elevating the role of special forces, cyber and intelligence. The scope for greater pooling and sharing at the European level was also identified. Although current European spending on defence was about half of US levels it produced only a tenth of the deployable capacity. Pushed by the financial crisis, the provision of defence could be consolidated, sharing training and logistics for example without challenging the role of national parliaments. The Dutch for example had given up their tanks in return for German assistance although some cautioned that Europe could not continue to free ride on US defence spending indefinitely.



Simon McDonald,

William Hague,

Jürgen Großmann,

David McAllister,

Georg Boomgaarden,

Michael Arthur

Even with defence spending of only 1.5% of GDP, some argued that Germany would quickly become one of the major conventional defence spenders and questions were raised about the additional requests that would be made on Germany to participate in conventional capabilities based security operations. Was Germany truly ready for this and if Germany was to join the UN Security Council as a permanent member, would it be ready to act decisively?

Faced with such an outlook, the broadly shared conclusion was that Europe had to work together with the US to define the rules in a multipolar world. The Transatlantic Trade and Investment Partnership was an absolute priority for both the UK and Germany as was the need to work together to prevent road blocks in the future.

ADDRESS BY RT. HON. WILLIAM HAGUE

The Rt. Hon. William Hague began by commenting on the venue, Schloss Neuhardenberg, which was given from a grateful King as a reward to his Chancellor of State who “had been a great reformer abolishing the various restrictions on trade and anti-competitive practices”. He joked that it showed that the rewards of government were significantly better in the past! But it was the subject of reform which he wanted to discuss and how to “build a more competitive, flexible, democratically accountable European Union”.

He described the Anglo-German relationship as one of mutual learning. The British Secretary of State for Work and Pensions had been in Berlin earlier in the month to understand how Germany had managed to drive unemployment to a post-unification low; the Minister for Trade & Investment had been here earlier in the week understanding Germany’s export success; and the following

week Berlin would host members of the Cabinet Office who would be explaining the use of public psychology in the policymaking process. Looking forward, Germany and the UK would have to overcome three major challenges together: how to compete in the global economy, how to overcome the democratic deficit in Europe and how to ensure the EU developed the flexibility to respect the diversity of its Member States.

The key for future prosperity would require a Europe that would enable its member states to compete in the "global race". The first step was getting public finances and social models in order, and here both countries had something to learn from another leader from this region of Germany, the Prussian, Otto von Bismarck. "When he introduced the world's first old age pension in 1889 for workers who reached 70, the average life expectancy was somewhere between 40 and 45. Now the average European lives to about 80". The right regulatory framework was also essential, "regulation needs to help us compete in the global race, not set our feet in concrete". He underlined the point that finance, often seen as solely a British concern, underpinned activity in the real economy, as much a benefit to Germany as for Britain. "If we tax transactions, we make it more expensive for firms to hedge against risks, as great companies like Bayer and Siemens need to do every day."



*Sylke Tempel,
Robin Niblett*

The second major challenge was how to overcome the growing disenchantment with the EU, as shown by the latest Pew Research which underlined a large fall in support for the EU across the continent. Here he saw the solution lying with national institutions and not by expanding the powers of the European Parliament or attempting to build a European demos that would be “bound to fail”.



William Hague

The third challenge was how to build a European Union that acknowledged and respected the diversity of its Member States. Speaking to reassure the German participants of his government’s commitment to making the European Union work, he reminded the audience of the Prime

Minister’s recent words on the subject, that Britain’s national interest was “best served in a flexible, adaptable and open European Union”, that such a European Union was “best with Britain in it”, and that the Prime Minister would campaign for such an arrangement with “all his heart and soul”. The conviction here was that these challenges – competitiveness, democratic accountability, flexibility – were just as important to the European project as finding the right model for euro zone economic governance. “These are not competing agendas, but complementary”.

Looking forward, four areas for greater cooperation were identified. First of these was deepening the Single Market. On the topic of energy, liberalising gas and electricity markets would enable cheaper energy to boost British and German companies alike. On services, implementing the Services Directive across all EU Member States could add 2.6% to EU GDP. Secondly, it was essential to make

regulation work for businesses by consulting with SMEs to identify stifling regulation. Thirdly, by building new trade relationships: concluding all on-going and potential free trade agreements could boost EU GDP by 2%. "With a combined population of almost half of global GDP and nearly a third of global trade flows, Europe and the United States will be able to shape international trading standards for decades to come."

The final step was to make the EU more democratically responsive by rediscovering the role of national governments and parliaments including potentially, by giving national parliaments the right to block legislation that need not be agreed at the European level. Commenting on the widespread disenchantment with the EU across member states, he reminded the participants that tackling this thorny issue would be essential to move forward. "Taking our voters with us, at the same time as we modernise our economies, is the great challenge for German and British politicians."



Kirsty Hughes

In response, Philipp Missfelder, Foreign Policy Spokesman of the CDU/CSU parliamentary group, thanked Foreign Minister Hague for his thought-provoking words and agreed with him wholeheartedly on the need for growth. Missfelder said that the European bond markets had become more political in recent years and he called for structural reform as the necessary precursor for future growth. He also cautioned about being too dogmatic on fiscal policy and warned about the emergence of bubbles in asset markets, with potentially destabilising consequences in the future.

CONCLUDING PLENARY & CLOSING ADDRESS

The three working group rapporteurs, Daniel Franklin, Sylke Tempel and Robin Niblett, managed to sum up the day's detailed discussions with great aplomb including one via the medium of a Wagnerian opera (which readers can find in the appendix for their enjoyment). From the Conference Chairmen a key contrast was drawn with the previous year's conference. This year, the biggest fault line existed between the British participants and not between the two nations where instead a large emphasis had been placed on finding a joint future. This triggered a lively debate with some themes from the rapporteurs' summaries elaborated on by participants including whether the finality of European integration needed to be defined in an up-front manner. Such discussion about the "architecture" of Europe would likely result in very little without a persuasive narrative for electorates based around



Georg Boomgaarden, Jürgen Großmann

globalisation. Another important issue on the future of the global monetary system was raised. With the Chinese currency eventually achieving reserve currency status alongside the dollar, Germany would have to decide whether it was truly happy to sacrifice its seat on the high table for a European Finance Minister or President. If the Bundestag retained a veto over fiscal transfers to Europe, then the US and China would want Germany at the table and not an EU representative. "Natural selection" would see to it. On his first foreign trip in May 2013 since becoming the new Chinese Premier, Li Keqiang visited only one EU country, Germany.

In his closing address, Lord O'Donnell called for strong German leadership and described the German view of the crisis as a football club that had let too many players into the squad, some of whom were very unfit and were therefore subjected to a good blast of austerity by the coach to get them match fit.



*Wolfgang Ischinger, William Hague,
Philipp Mißfelder, Simon McDonald*

He made an impassioned plea for the Brits to remain as "members of the team" and to do this by using detailed evidence in the British debate. Demonstrating how the UK would be better in the EU than on its own would also be critical and here the upcoming Transatlantic Trade and Investment Partnership had a key role to play.

There was also the need to work together to bring France closer to the set of solutions. Lord O'Donnell was reminded of the scene from the British satirical sitcom from the 1980s, "Yes, Minister" when the Permanent Secretary reminds the Minister that the true reason for the British independent nuclear deterrent is of course...France! At the closing dinner hosted by Simon McDonald, British Ambassador, Stefan Kapferer, State Secretary in the Ministry of Economics and Technology spoke warmly about how Britain and Germany had a stronger future together. He commented that while there were differences of opinion between the two camps on the question of European integration, splitting up the Anglo-German engine of competitiveness would be a profound error of judgement. He fervently believed that in the long run, we would not be able to compete as individual nations on a global basis. Therefore, Germany and the UK had to roll up their sleeves and fashion the EU into a global player of the future. An opt-out by Britain would be a mistake.

*Gebhardt
von Moltke*



Sir Michael Arthur closed the conference by thanking participants, organisers, chairs, rapporteurs and the generous sponsors of the conference and paid a special tribute to Ambassador von Moltke who was stepping down after ten years of dedicated service organising the Königswinter conferences. He had seen the changing of the guard in both countries over that period and Ambassador von Moltke paid tribute to his Ambassadorial colleagues from both nations that he had the pleasure of working with to further Anglo-German relations. His tireless efforts and steady hand will be greatly missed.

ADDENDUM

THE MUSTERSINGERS OF NEUHARDENBERG

BY DANIEL FRANKLIN

(WITH APOLOGIES TO RICHARD WAGNER)

Act I, Berlin, 1990s. Night.

A forlorn Hans Sechsendreissig stands centre-stage, amid a desolate landscape. A competition has been held to find the model economy for the future.

The competition's organisers, the "Mustersingers", prominent among them Britannia, deliver their verdict: they call Hans "The sick man of Europe", and tell him he faces a dire future unless he abandons his beloved old ways and embraces a new world that will be dominated by "Services" ("*Auf Wiedersehen, Wirtschaftswunder*").

Left alone, Hans confesses his enduring passion for making things, and his faith in the beauty of a model that worked so well in his heroic past. He laments the passing of a golden age ("*Ach, mein Muster ist doch so schön*").

Act II, A Schloss at Neuhardenberg, 2013. Morning.

A repentant Britannia wanders on stage and declares that she has seen the error of her ways: Hans's model was wonderful after all, and she has fallen in love with it. She wants to copy it: she will now dress herself in an industrial policy, modelled on Hans's ("*Anstatt Missverständnis, Mittelstand*")

But to her surprise, rather than being delighted Hans is mistrustful. Don't you realise that what the state touches tends to turn to disaster, he chides? Besides, despite your new words and smooth phrases, I don't believe you really embrace our model and all that comes with it ("*Warum soll Ich Dir jetzt glauben?*").

Act III, Neuhardenberg. Afternoon.

A thunder storm is raging.

Hans and Britannia try in vain to understand each other. Hans offers to take Britannia to a wondrous new land he has discovered, where a magical wind blows and everyone eats something called feed-in tariffs (*"Komm, Ich zeige Dir meine Energiewendeinsel"*).

Britannia refuses, and launches into her most famous aria, accusing Hans of harbouring true love elsewhere (*"Dein Herz liegt ewig in Frankreich"*). In response, in another famous aria, Hans asks pointedly: if you love me so much, why do you want to leave? (*"Willst Du ja wirklich weg?"*).

Just as it seems that they are destined for a tragic ending, the two lovers come together for a rousing and harmonious final chorus about the evil sprites in a place known as Brussels. Were it not for their dreadful works, they agree, true love might flourish. It is not too late to do something about it, they sing, as the sun comes out and the curtain falls (*"Zur Zukunft, zusammen"*).

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THE KÖNIGSWINTER CONFERENCE

The Königswinter Conference was established in 1950 with the aim of improving the troubled relationship between Germany and Great Britain. It takes its name from the Rhineside town opposite Bonn where the Conference took place initially. Since then the Conference has convened once a year bringing together German and British politicians, diplomats, business managers, academics and journalists for a profound exchange of views. Königswinter has created bonds and friendships helping to improve the understanding of policy differences on topical issues and challenges and to work towards common approaches.

The issues discussed over the years have ranked from security policy, the Atlantic alliance, European integration, the future of the welfare state, education policy and the integration of ethnic minorities to international economic policy. The Conference is held alternately in Germany and Great Britain. The 64th Königswinter Conference will take place in Cambridge in March 2014.

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The Deutsch-Britische Gesellschaft wants to contribute to an ever closer relationship between Germany and Great Britain and to improve the mutual understanding of its people.

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The Deutsch-Britische Gesellschaft is a non-governmental, non-party, independent organization which has been organizing lectures and conferences since 1949. Its Königswinter Conference enjoys a high reputation and has served as a model for many other bilateral conferences.

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