

## **Social Democratic European Policy for a Secure Europe**

Keynote by Lars Klingbeil at the Tiergarten Conference of the  
Friedrich-Ebert-Stiftung, 10.10.2023

*+++ Blocking period: Beginning of the address – The spoken word counts. +++*

### **I. EUROPE**

Salutation,

Over a year ago, I stood here and delivered a speech on the turning point and the dawn of a new era – the so-called “Zeitenwende” – in foreign and security policy. It was a few months after the outbreak of Russia’s brutal war of aggression against Ukraine. I spoke of the need to make Europe the most attractive centre in an increasingly multipolar world in response to the redrawing of the global map. I also said that Germany had to take more responsibility in this regard. The debate at that time turned on the concept of a leading power.

Much has happened since the last Tiergarten Conference. All the while, Europe has stood shoulder to shoulder with Ukraine. Here and there we see initial signs of disengagement, although I hope these are only due to the election campaign in Poland. NATO has grown stronger: Finland is a new member, Sweden’s accession is imminent, and Denmark has joined the European defence cooperation.

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The last few months have been marked by many heated debates: debates about individual weapons systems, about the extent of German and European support. It is good that we are committed to discussing, reflecting and examining what we can do better. This is also indispensable at a turning point. A lot of things need to be rethought. But sometimes I wish we would also acknowledge what we have achieved together, how far we have come.

The fact is that today the EU is by far the biggest supporter of Ukraine. If you add up military and financial support, we are contributing almost twice as much as the United States. Germany is the second-largest bilateral donor after the United States.

Ukraine knows very well that it can rely on Germany. President Zelensky told me so personally when I was in Kiev with Rolf Mützenich in March. The situation in the US and the upcoming elections could pose an even greater challenge to German and European security in the future.

It is therefore good that Germany and Europe are taking on more responsibility. It is also good that we are planning our support for the long term. Europe must unwaveringly pursue the goal of more autonomy in security policy and position itself more self-confidently.

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A year ago, I stood here and said: We must now seize the momentum for a stronger Europe. For a Europe of security, prosperity, democracy and cohesion.

Now, a year later, my conclusion is mixed.

I know how difficult European politics is, how much wrangling there is over compromises in Brussels, how often short-term national interests trump European interests. As Europeans, we all too often get bogged down in the minutiae and lose sight of the big picture. But also at the national level, we often fail to stand up for our convictions with a clear common position in Brussels. In the end, that sets us all back.

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A statistic from the International Monetary Fund got me thinking. It concerns economic developments in the EU, the USA and China since 2008. In 2008, the EU27 was still the most economically powerful region in the world with a gross domestic product of just over 16 trillion US dollars. We still have almost the same value today (17.3 trillion US dollars). The USA nearly doubled its GDP over the same period, from 14.7 trillion to 26.8 trillion US dollars. China's GDP has more than tripled (from 4.6 trillion to 18 trillion US dollars).

Now, as a social democrat, it is clear to me that gross domestic product is not everything, that economic well-being is also about fair distribution of wealth and investment in common public goods. In all

these respects, we in Europe are better off than the USA and China. But are we, as the European Union, living up to our full potential?

I am very concerned that we are not getting our priorities right at the moment, that we are not taking the right steps, that we are not being bold enough, that procrastination and inertia will end up harming us, and that we will lose prosperity and stability as a consequence.

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Whenever I step back for a moment from the day-to-day political debates and decisions, I am reminded of how great the idea of the European Union is. 27 nation states making common cause and developing common strength, the power of 450 million citizens.

My wish is that we will develop a new passion for the European idea, that together we will have the strength to shake off our despondency and recognise in the 27 nation states why it must be in our deepest national interest to take the European Union forward.

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Back in the 1980s, we already went through a period of growing doubt in Europe about the collective economic strength of the European Community. Some Member States, led by the United Kingdom, called for less Europe. There was talk of 'Eurosclerosis', which would paralyse the continent in the competition with the USA and Japan. In 1985, Jacques Delors, a social democrat, became President of the Commission and presented a White Paper on the creation of a single

European market. He wanted to increase the continent's economic strength. So his answer was more Europe, not less. Delors had a vision and a strategy. He knew how to organise majorities and get everyone on board, from trade unions to employers. In 1993, thanks to his initiative, the largest economic area in the world was created: the European Single Market, the foundation of our shared prosperity. The Economic and Monetary Union followed. This visionary thinking has transformed Europe. It made Europe stronger and brought prosperity to the people of Europe.

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This year, we celebrate the 30th anniversary of the European Single Market. More and more voices are calling for a Jacques Delors Plan 2.0. Now I do not think that simplistic calls for more or less Europe are particularly helpful. But I do think there needs to be a serious debate about what we can do better together as Europe.

Shortly after the start of the war in February 2022, Chancellor Olaf Scholz rightly pointed out that the turning point for Germany and for all EU member states means not just asking what one can get out of Europe for one's own country, but asking: What is the best decision for the Union?

Because in the long term that's the best decision for us in each country. I hope that we will continue in this spirit of the turning point

and that we will not lose our grip on this insight in our daily crisis management.

At the moment, this is very evident in European refugee policy. For the first time in years, there is a chance for solidarity in distribution, for humanitarian procedures at Europe's external borders to order and manage migration. Germany has been pushing for this for years. We can now overcome the deep divisions in the European Union over migration policy. That is real progress.

My fear is that a Europe that does not adopt a common refugee policy in the coming weeks risks falling back into the era of closed borders. Not every state will get 100 per cent of what it thinks is right, but a European refugee policy that shows solidarity and is based on our values is the right way forward. If I had to choose between fully asserting my national interest or getting 90 per cent through European cooperation, I would always choose the second way.

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We should strengthen what we have in common in Europe. I am convinced that we should increase our investment in Europe's public goods: in our security, in deepening the Single Market, in European infrastructure and in a sustainable and resilient energy supply. After 30 successful years of the Single Market, today we should lay the foundations for the next generation of the Single Market, for the next decade of economic growth and prosperity.

This is where I would like to start, by putting forward some ideas for a progressive European policy, for a secure and economically strong Europe. In the spirit of Jacques Delors, I would like to focus on those areas where we can achieve more together: security and economic policy.

## **II. SECURITY**

Although I am consciously overstating: there are no divergent interests in Europe on security policy. We all have an interest in a secure Europe, be it France, Germany, Poland, Sweden or Slovenia. We have a common interest in a Europe that is capable of alliance and national defence, a Europe that secures peace.

Of course, there are differences, even conflicts over how to achieve this. But we are united in the objective, because a Europe in which only one part is secure is not a secure Europe. That is why security is a common European good, a good that, in today's world, no country can achieve on its own, but only all together. It is clear to me that we need a European Security Union.

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The war in Ukraine has shaken the European security order. Russia's war of aggression, in violation of international law, is also an attack on our European values, on our freedom, on our democracy.

Ukraine is part of Europe. The fact that it has been granted candidate status is proof of this. This is why Europe's security is inconceivable without the future of Ukraine. We will continue to support Ukraine for as long as it takes for it to stand its ground, to win this war.

For many centuries, Europe was one of the bloodiest continents in the world. The creation of the European Community was therefore one of the greatest civilisational achievements of the 20th century. The EU shows that cooperation makes us stronger than confrontation and conflict, that our democracy and the rule of law protect the freedom of our citizens. The European idea stands for peace, freedom and prosperity.

That is why Europe is one of the most attractive centres in the world today. In a world in upheaval, Europe must stand up more than ever for these values and for a rules-based international order. This includes strengthening key strategic partnerships and taking much greater account of the interests and perspectives of our partners in Asia, Africa and Latin America through a new North-South policy.

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Germany is prepared to assume greater responsibility for Europe's security. This includes strengthening the European Union's defence capabilities. This is why Chancellor Olaf Scholz launched the European Sky Shield Initiative at the end of last year. 18 EU member states have joined the initiative.



The aim is to set up a joint European air defence system in the shortest possible time. In order to achieve this, the initiative relies mainly on systems from Israel and the USA, which are readily available on the market.

Our partners in Eastern and Central Europe, in particular, see their security acutely threatened by Russia. A key lesson we have learned from the turning point is to take our partners' security interests seriously. This is why I think Olaf Scholz was right to take the lead in pushing for a rapid solution.

I know that this approach has not been welcomed everywhere in Europe. When I was at the Munich Security Conference in March, French President Emmanuel Macron put forward his own proposal. He wants us in Europe to develop our own air defence systems instead of buying them from Israel and the United States.

I think it is good that Macron is initiating this debate and I think it is good that there are different approaches on the table. I think we need to look at both approaches together. In the short term, it is about organising security and responding to the acute threat situation. And in the longer term, we need to work together to develop our own European capabilities to a much greater extent.

While defence spending by all EU members has increased massively in recent years, we are still not moving fast enough on joint European procurement. In 2021, less than one fifth of defence purchases within

the EU were for joint procurement. One single request will not change that. But I expect the new Commission to put the European Security Union at the top of its agenda.

Ultimately, it will only work if individual countries press ahead and take the lead. The Franco-German tandem is particularly important in this respect. It is therefore to be welcomed that, following the progress made on the Future Combat Air System (FCAS), the Franco-German cabinet meeting has removed important obstacles to the other Franco-German armaments project, the development of a joint main battle tank.

To ensure that this does not remain the exception, we need a single European defence market with a level playing field for industry, more standardisation and interoperability, and fewer national security interest exemptions.

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If Europe is to remain strong in a world in upheaval, there must also be more trust within the EU in common responses. As social democrats, we have promoted dialogue with our sister parties in Northern, Eastern and Central Europe on our cooperation and the future of the European Union. I invited party leaders to Warsaw in March to discuss a new form of cooperation, but also to develop a common perspective on issues such as security interests and the planned EU accessions. Since then, we have had an ongoing and

intensive dialogue, building new trust. I am pleased to welcome my Swedish colleague Magdalena Andersson and my Slovenian colleague Tanja Fajon here today.

In all our discussions we have agreed that the enlargement of the EU to include Ukraine, Moldova, the Western Balkan states, and eventually Georgia, is an important step towards sustainable peace in Europe. In this context, the reconstruction of a socially just, democratic and free Ukraine is of central importance to demonstrating that the idea of the European peace project is far stronger than the imperialist dreams of a revisionist Russia.

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I think that we could make the enlargement process more flexible and allow for intermediate steps. For example, I could imagine offering candidate countries the prospect of full access to the EU Single Market even before they become full members of the EU. For me, this also includes closer cooperation on climate and energy policy, because on the one hand we have seen how energy policy can be used as a weapon. On the other hand, together we can achieve more in the fight against the climate crisis.

But all this will only work if both the EU and the candidate countries are ready for accession. This also means that the candidate countries must implement their reforms. And it means that we, as the EU, must implement the necessary reforms. This is also the plea of the Franco-

German working group which presented its final report a few weeks ago. It concludes that enlargement is a geopolitical imperative. But enlargement is not possible without reforms. I look forward to the discussion that will follow with Daniela Schwarzzer, who was a member of the working group.

### **III. THE ECONOMY**

There is no doubt that Europe is improving the lives of millions of people – whether in Germany, Spain or Poland. But, as I said at the beginning, we are falling behind in international competition. Economic power is shifting to the USA and Asia.

I am convinced that Europe needs a new start in economic policy. A new agenda for deepening the Single Market is needed to unleash Europe's full economic potential in the transformation.

Mario Draghi recently delivered a powerful speech analysing the challenges facing Europe and the tools we have at our disposal to address them. I urge everyone to read this speech, but I am not spoiling too much if I say: We do not have the right tools to respond to a changing world.

Draghi argues that we are increasingly facing external crises that affect all European Union countries equally: the pandemic, the war in Ukraine, the energy crisis. This means that it is not a question of coming to the aid of individual states, as in the financial crisis, but of

solving common challenges together. During the pandemic, European social democracy enabled us to find appropriate responses: the NextGenerationEU recovery fund enabled major investments in the climate-neutral and digital transformation, boosting the economy. The SURE temporary unemployment insurance scheme stabilised labour markets and saved millions of jobs.

But these instruments are time limited, and there is still no agreement on how the European Union will tackle common challenges together in the future and, above all, how it will finance them.

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Relying on market forces alone to achieve our goals is no longer enough. Modern economic policy now works differently. It requires a new interaction between the state and the market. Government structures are needed to steer market forces towards decarbonisation and digitalisation.

The US Inflation Reduction Act is creating billions of dollars of incentives to invest in climate-neutral infrastructure and business models in the US. This will attract private investment from over the world to the US. When I visited Samsung's headquarters in South Korea in June, I was told that the company, together with the government, plans to invest 230 billion US dollars over the next few years to make South Korea the world's largest chip manufacturer – ahead of China and Taiwan.

We need a European response to these developments if we are to compete globally. This is not about getting into expensive subsidy races or outdoing other programmes. I think that would be the wrong approach. But it is about pooling the power of 27 states and 450 million citizens to a much greater extent.

Let me outline a few areas of action that I see as central:

First, we have to forge ahead with the climate-neutral transformation in Europe and develop the innovations of climate reversal here. A central building block for this is the European Energy Union. The war in Ukraine shows how important an independent and secure energy supply is for our prosperity and security – throughout Europe. The common goal of becoming the world's first climate-neutral continent by 2050 should be an incentive for a coordinated European energy policy. This will only work if clean electricity flows through the grids everywhere in Europe.

The European idea was born with the establishment of the European Coal and Steel Community in 1952. Today we need a new start for a union of renewable energies and clean hydrogen. Here I see enormous potential for good work and good pay, for our future prosperity. This requires a much closer integration of European energy markets and grid infrastructure. This will not only make our energy cleaner, safer and cheaper, it will also create new business models for the European economy.

Second, we need a European industrial policy. To secure Europe's competitiveness and strengthen our resilience, we should make targeted investments in European industries with high innovation potential and strategic importance, from which growth effects can spill over to the rest of the economy. These include, for example, green technologies of the future such as hydrogen, electromobility and wind power, or critical components such as advanced semiconductors and batteries.

As social democrats, we have worked to relax European rules on state aid. This was important for us to be able to invest a lot of money in attracting companies from the semiconductor and battery industries to Germany. But looking to the future, we need to develop an industrial policy that works in the Single Market. To avoid fragmentation of the Single Market, we need to ensure that all member states can invest in the future. This requires more room for manoeuvre in the reform of the Stability and Growth Pact, since the old rules no longer fit the new reality. I could also imagine additional exceptions for national investments in joint European programmes. This could create further incentives for action at the European level.

Third, a common industrial policy also includes the objective of creating well-paid jobs across Europe. I want Europe to become the innovation powerhouse for global transformation.

We have a huge responsibility to ensure that change does not divide Europe and our societies into new winners and losers. With the European directive on minimum wages and the requirement to extend collective bargaining to at least 80 per cent of the workforce, Europe is setting important standards in this respect, thanks to social democratic initiatives. To ensure job security even in more difficult times, we also support the continuation and further development of the SURE unemployment insurance scheme.

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Of course, money is at stake in all these projects. As soon as you start discussing more money for Europe in Germany, the conservatives and libertarians come around the corner, complaining that the 'Sozis' want to waste German taxpayers' money on Europe.

Yet there are numerous studies showing that investment in European public goods such as security, infrastructure and energy supply would generate massive synergies and boost growth. The Institute of the German Economy, which has close ties to employers and is not exactly a social democratic party-affiliated organisation, has compiled a list of the added value that European responses to the outlined areas of action would have, including in economic terms. The expansion of the Energy Union could generate an additional 440 billion euros a year. Developing cross-border infrastructure and aligning corporate taxes would generate up to 644 billion euros. The implementation of the



Capital Markets Union and the continuation of SURE and NextGenerationEU would generate up to 320 billion euros per year.

In short, Europe pays off. Focusing on the key common European tasks can boost growth and unleash innovation.

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Most of the transformation will come from private investment. But Europe's capital market is still far too fragmented. Instead of investing in Europe and wrestling with numerous national rules, more and more private investment is going to the USA or Asia. To make it more attractive and easier, we must therefore finally complete the Capital Markets Union.

But European money is also needed to provide incentives and direct investment specifically towards climate-neutral and digital transformation. NextGenerationEU has been a great success in this regard. But the instrument is due to expire in 2027. As social democrats, we are committed to making this an enduring step forward in integration. To finance this transformation, I am also ready to have a discussion on European revenues and shared debt.

No country benefits more from the EU than Germany. One in four German jobs depends on exports, and more than half of our exports go to the EU. We export more to the Netherlands or to France than to China. It is in Germany's own interest that our partners in Europe do

well and that we have a strong Single Market. Germany is not a strong country without a strong Europe.

#### **IV. CONCLUSION**

Next year's European elections are a defining election. I will set the agenda for the next European Commission. I would like to see the Commission be given a mandate to champion a new generation Single Market and to tackle the common challenges of our time with determination.

But the election is a defining one for another reason. When the AfD talks about Germany withdrawing from the European Union, when they talk about a Europe of fatherlands, they are taking a wrecking ball to jobs, good wages, industry, security and prosperity. The shift to the right is a serious threat to our democracy and social cohesion. The AfD and its friends have no answers to the challenges ahead. As social democrats, we will lead the fight against the right – with no holds barred in the political debate.

The European elections will decide whether the forces that want to strengthen Europe and take it forward will win, or whether those who want to wind up and roll back Europe will gain power.

I can assure you that for me, strengthening Europe is one of the most important tasks of my political generation. As social democrats, we still have big plans for Europe!