

Statement of a group of German Researchers prepared on the occasion of the visit of German Federal Minister of Finance Dr. Wolfgang Schäuble at the European University Institute (EUI) on 7 March 2012

The Statement was prepared by a working group of researchers and has received the support of about half of the German doctoral researchers at the EUI.

The Statement was delivered at a meeting of German EUI researchers with Dr. Wolfgang Schäuble.

Sehr geehrter Herr Schäuble,

We are very glad that you managed to find the time to visit the European University Institute (EUI).

Introduction

A group of German doctoral students at the EUI has used the occasion of your visit to think about various aspects of German policy relating to the European Debt Crisis. We have also discussed with colleagues from all over Europe here at the Institute.

We would like to take this opportunity to present three points of importance to us related to your speech on "Europe - Economic and Institutional Perspectives".

1. Legitimacy of European Institutions

First, we are concerned about the apparent decline of common decision making in Europe.

The key decisions concerning Europe's future are made in Paris and Berlin, instead of being deliberated jointly in Brussels and Strasbourg. This threatens to marginalize the European Commission and the European Parliament, which were only recently strengthened through the Treaty of Lisbon.

To many Europeans, the Franco-German partnership has morphed from being a trailblazer for European integration into the spectre of "Merkozy" unilateralism. A hierarchy of states has sidelined the community. This development undermines the legitimacy of European Institutions and opens the door to nationalism and mutual resentment, as coverage of the debt crisis in Greece and Germany clearly shows.

What shape will Europe's future take if we allow ourselves to be so quickly pushed to a point at which the public debate is dominated by reawakened national stereotypes?

2. Social Cohesion

Second, we think that Germany should more actively act against the increasing social inequality within Europe. This includes in particular a fairer sharing of the burden created by the economic crisis.

Germany has been acting as the most significant supporter of the policy of economic austerity which has been pushed forward within the EU and which primarily and most directly affects the poorer parts of society. Whilst unemployment benefits in Greece have been slashed by 22%, there have been no significant long-term cuts to Greece's military budget, which is the highest within the Euro zone.

We would like Germany to act more visibly as a supporter of socially balanced reforms and social cohesion.

3. Long-term Economic Perspectives for Europe

Third, we think it is regrettable that current German and EU policies lack a clear vision of a common economic future for Europe.

How can the enormous trade imbalances within the EU, of which German exports are a significant component, be reduced? Where should the urgently needed economic growth in Greece, Portugal and elsewhere come from? And how can the extremely high youth unemployment in Southern Europe be addressed, which threatens the future of an entire generation?

We discussed these questions within the Economics Department during a recent visit of a prominent Greek economist with our colleagues. It proved to be very difficult to develop a long-term perspective for the Greek economy in the face of current austerity.

Economic policy solely focussing on the reduction of budget deficits cannot by itself be a foundation of economic recovery.

We think that Germany should more actively pursue policies aimed at fostering long-term, sustainable economic growth in Southern Europe, even if this requires additional investments.

We thank you for your attention and look forward to discussing these points with you here and in the plenary discussion.