

For a competitive social market economy in Europe: Seven requirements for the future of the EU

The European Union is facing enormous challenges. The euro and sovereign debt crisis are the most obvious symptoms of failures that have accumulated over decades. Many entrepreneurs are facing global competition far beyond our continent. Therefore, we are urging fundamental reforms on the European level, in order to allow us to become internationally competitive.

The EU consists of just over seven percent of the world's population; it produces 25 percent of the world's GDP, and yet has to finance 50 percent of global social spending. In this type of environment, the global competitiveness of European enterprise is paramount to generating European wealth – not least for the sake of the over five million young people in the EU who are unemployed. The European Union has significantly helped to secure peace, democracy and prosperity in Europe. We want this to continue in the future. And we believe this can succeed if future decisions are made on the following guiding principles:

1) The EU does not have to move towards “ever closer union,” but needs to become ever more open and flexible: The dogma that all European countries should march in lock-step in order to meet the increasing requirements

from Brussels has failed. Competences have to be appropriated based on the principle of subsidiarity, and competences must also be able to be devolved back to national and regional powers. A voluntary cooperation of the “willing and capable” would meet the requirement of flexibility and openness.

2) The EU must be built democratically from below: Democratically-elected national parliaments should have the power to prevent unwanted or unnecessary EU regulations. Excessive transfers of sovereignty require the consent of the people. The sovereign is, ultimately, the people, not the government.

3) Stop the EU-transfer carousel: The EU budget is still dominated by agricultural and regional funds, which hardly contribute to EU growth and employment. It also redeploys far too many funds via Brussels which end in national states or even regions. Here, huge savings are available.

4) Slim union, fit entrepreneurs: The ever-increasing cost of bureaucracy and regulation in Brussels weighs especially heavily on small and medium-sized companies, hindering them in their global competitiveness. Fewer but better rules will not only strengthen the EU's governance, but also

give entrepreneurs the room to do what they do best: bring innovation to the global markets.

5) Remove the barriers to entering markets: High barriers to entering markets must be removed. A straightforward liberalisation of the EU internal market for services, for example, could bring a permanent boost of 2.3% to the EU's GDP. Free trade agreements (such as one being discussed with the United States) are also significant growth opportunities that will bring our bloc benefits that last longer than credit- or tax-financed stimulus programmes.

6) Make Europe more mobile: The free movement of goods, services, capital and job seekers is the core of European integration. This also applies to the European labour markets. The mass unemployment of talented youths in southern Europe, and the skill shortages in northern Europe, could be overcome, for example, by a truly integrated single market. Uncontrolled immigration into the welfare systems of other countries, however, must be avoided.

7) “Ordnungspolitik”, not central planning: In the long run, the eurocrisis can only be stamped out if the obligations of EU governments and the European treaties are taken seriously once again.

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A reliable regulatory framework for fiscal and monetary policies will create more stability in the eurozone than the attempt to use the others' money to warrant for the mistakes of individual parties.

The welfare-state and the credit-financed European 'social model' needs to be thoroughly overhauled. Alternatively, Europe will continue to lose in the global competition and endanger its decades of accumulated social and political peace.

We owe it to the future generations of Europe to finally deliver on the promise that is encapsulated in the Treaty on the European Union (Article 3, Section 3). It is time to deliver Europe's own "highly competitive social-market economy."

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