

Zentrum für Europäische Integrationsforschung  
Center for European Integration Studies  
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# Discussion Paper

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## North Rhine-Westphalia and the European Union

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Key note speech at the Final Ceremony of the ZEI Class of 2015, Bonn, June 22, 2015.

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*Hannelore Kraft*

## **North Rhine-Westphalia and the European Union<sup>\*</sup>**

I.

I am very pleased to be able to spend some time with you on what is surely an important day for the students and their families. Let me therefore take a moment to pay tribute to the hard work all of you have done over the past year. And let me congratulate you on the results this work is about to bring. I also wish you good luck and inspiration for the last steps on this journey – the finalisation of your Masters' Thesis – and I am confident that in a few months' time your efforts will be rewarded with the diplomas you have come here to attain.

I am also delighted to be able to share this particular commencement ceremony with you because today's event celebrates, after all, not only the Class of 2015. It also marks the twentieth anniversary of the foundation of this institution, the Center for European Integration Studies here at Bonn University.

I am proud to say that I have had the opportunity to witness (at least some of) the early years of this center during my time as Minister of European Affairs of North Rhine-Westphalia, when I was a member of the board. And today I am very impressed with the results achieved since then: you have conducted 700 research projects, produced over 600 scientific publications, successfully graduated 400 students as Masters of European Studies and conducted summer schools, workshops, lectures and other events for participants from around the world.

\* Check against delivery.

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I would therefore like to congratulate both the representatives of the city of Bonn and Bonn University for having contributed to the development of this institute. It has become an important asset for Bonn as a center for international affairs, which the State of North Rhine-Westphalia supports through its strategy of promoting Bonn's place on the "world map of international affairs"!

## II.

For some of us present here today, these twenty years may seem like an eternity – in 1995, some of today's graduates were probably not even in first grade! For others – typically those more advanced in years, twenty years seem barely like the blink of an eye...

But when we look back on these two decades and review the European events that have taken place – events which were, by the way, more often than not mirrored in the research activities of the ZEI at the time – we can come up with quite an impressive list of accomplishments, many of them of major importance, in the development of the European Union, ranging from the establishment of our Economic and Monetary Union to a near-doubling in EU-membership and a much more robust approach to a Common Foreign and Security Policy as well as Cooperation in Justice and Home Affairs.

Another area that has significantly expanded in importance over the past two decades is the role of the regions in the European Union. So let me take a moment to look at how the position of the regions has developed over this time period, especially for a region like North Rhine-Westphalia.

After all, with a population of almost 18 million people, not only are we the largest German region. If we were an independent Member State – which we don't aspire to be, don't worry! –, we would be the 8<sup>th</sup> biggest within the European Union in terms of population size. One third of all consumers in the European Union live within a five-hundred kilometre radius of North Rhine-Westphalia, making up forty-five percent of the purchasing power within the EU. From the 99 German Members of the European Parliament,

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19 hail from North Rhine-Westphalia – this corresponds to the total number of Austrian MEPs.

And North Rhine-Westphalia derives major benefits from the European Union. I could give you many examples – but let me just mention the European Structural and Investment Funds (ESIF). During the period from 2014 to 2020, we will receive 2.56 billion Euro in ESIF-funds. If you add the required co-financing, this comes to a total of five billion Euros over a seven-year-period – the largest source of investment for structural reforms at our disposal. Moreover, the Structural Funds focus on the priorities of the “Europe 2020 Strategy” encouraging the recipients of this funding, all across Europe, to take important steps towards smart, sustainable and inclusive growth. These are priorities which fit very well with the political priorities of my Government, so that I wholeheartedly subscribe to them.

In fact, since taking over the Government of North Rhine-Westphalia in 2010, we have put a special focus on what we call “preventative politics”, focusing in particular on support for children and families, in order to prevent children from falling behind in terms of

- their scholastic achievement,
- their social inclusion,
- their integration into the workplace and
- their future earnings not to mention their future ability to lead full and satisfying lives.

As a first step towards implementing this policy, we have launched a pilot project called “Leave no child behind!”. This project, which we are conducting in cooperation with the Bertelsmann Foundation, sets up what we call “local prevention chains” in 18 towns and districts of North Rhine-Westphalia with a combined population of five million people. The purpose of these chains is to better link together all local stakeholders that play a role in child development, in order to improve a child’s outlook on life through timely, targeted and well-coordinated action.

I am convinced that this is the way to go, because scientific evidence shows that such action not only dramatically improves a child’s prospects in life,

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but comes in fact at a net benefit: the costs incurred at an early stage are more than made up for by later pay-offs due to increased tax revenues and reductions in public spending for corrective measures that would otherwise have to be incurred at a later date – so the idea is: invest early, in order not to be forced to repair later, which is very cost intensive. The project has already shown that prevention works – and that it pays off!

Another example where European and regional politics come together in North Rhine-Westphalia is industrial policy. I am convinced that one of the reasons Germany managed to avoid the worst of the crisis affecting Europe is that we have developed our service sector without neglecting our industrial sector. North Rhine-Westphalia, as the industrial heartland of Germany, of course has a vital interest in not only maintaining its industrial base, but also in making it more innovative and sustainable to ensure long-term growth for our region. We therefore strongly welcome the European Commission's renewed focus on industrial policy: it dovetails with our regional priorities and provides us with additional instruments to implement and fund priority actions, for example in the framework of the European Fund for Regional Development, where recent calls for proposals in North Rhine-Westphalia target sectors like health, manufacturing systems engineering, mobility and logistics, life sciences and information and communication technology. For example let me mention what we call "NRW 4.0", our initiative focusing on the requirements of the digital age, which has the potential to feed into the European Commission's Digital Agenda – and vice versa. Against this backdrop it becomes quite clear that the regional level and the European level need to work together if these common objectives are to be achieved.

So, to get back to the initial question: what role can regions like North Rhine-Westphalia play in Europe today? Or more to the point: do we, as a "Bundesland" even have a say in the European Union? Naturally, the general primacy of the federal government in external affairs remains to this day, as foreseen by our Federal Constitution. But again: much has changed in European multi-level governance since the mid-nineties the "Maastricht Treaty" contains the first acknowledgement not only of the principle of subsidiarity, but also of the concept of "region" in European

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primary law. It also established the Committee of the Regions, which has since its inception in 1994 become an actor of quite some weight on the European playing field, giving an ever stronger voice to regional and local authorities.

The fact that the members of the Committee of the Regions are elected officials (be it on a regional or on a local level) adds legitimacy and accountability to this concept of proximity and subsidiarity. Add to that developments like

- the ever increasing role of the European Parliament,
- the concept of EU-Citizenship,
- the European Citizens' Initiative,
- or the European Charter of Fundamental Rights,

and it becomes clear that over the past twenty years Europe has embarked on a far-reaching project to make the EU more democratic, more transparent and more citizen-centered. The growing role of the regions can be seen as one of the keystones of this system. However, the participation in the Committee of the Regions is by far not the only forum for North Rhine-Westphalia to make its voice heard.

Through the Second Chamber of the German Federal Parliament – the “Bundesrat” – the “Länder” have always had a strong impact on federal legislation. But since the early 1990s, a number of constitutional amendments have given the “Bundesrat” considerable influence in European Affairs as well: In practise, the participation of the “Bundesrat” includes

- the right to take a position on each and every legislative proposal the European Commission submits to the Council,
- the right to have this position taken into account by the Federal Government during the legislative process in the Council,
- the right of taking over the German seat from the Federal Government in Council meetings in areas of exclusive “Länder” competence,

and the “Länder” impact doesn't stop here.

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Where EU legislation has to be implemented into German law, the rules of legislative procedure set down in the German Federal Constitution again foresee the participation of the “Länder” at key stages.

This increase of competences on both a European and a national level has, of course, had profound implications for the way the “Länder” are able to present themselves in both Berlin and Brussels. By using the clout this privileged constitutional position offers them, the “Länder” have become valued interlocutors when it comes to developing, implementing and evaluating European policies both on a European and on a national level.

### III.

We have seen that the European Union has changed in major ways in the last twenty years. Not only has it become larger and more populous.

- It has also adapted to changing circumstances,
- it has increased its competences,
- and it has enlarged its area of expertise.

It has also shown itself capable of coping with one of the greatest political upheavals in European history: the collapse of the political and economic systems that governed Eastern Europe from 1945 to 1989.

And it has done so not by using the “bad old European ways”: violence, blackmail, invasion and what have you. It has done so through the attractiveness of its political and economic model. And it has mounted a collective effort, with an enormous amount of sacrifice and reform on the side of the candidate countries, and with financial support as well as technical know-how from the old Member States. In short: the Eastern enlargement of the European Union can be seen as a model of European solidarity.

Now, I am not claiming that the European Union has always come up with perfect solutions for complex problems. Everyone knows that sometimes things seem to move at the rate of “two steps forward, one step back”. Or

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sometimes even: “one step forward, two steps back” Viable compromises are notoriously difficult to achieve, and they rarely satisfy everybody.

But it also becomes clear that without the EU and the progress it has made over the past two decades, we would be in a significantly worse position when it comes to solving today’s problems. Let me give a few examples: without a common currency (flawed as it may seem at times), European financial systems would have been completely at the mercy of the international financial markets and their hedge-fund managers when the Lehman-crisis struck.

And this is not a theoretical scenario: we all remember the famous “Black Wednesday” in September 1992 when the Quantum fund was successfully betting against the British pound, making a profit of one billion British pounds – to the detriment of British tax payers, one might add.

I maintain that the “weight” of our common currency and the decision-making structures and channels established by the European Monetary Union were significant stabilising factors when Europe and the world were threatened with financial meltdown in 2008.

And without the efforts we have made in building common positions and joint strategies in foreign and security policy – drawing lessons from Europe’s failure to address the fragmentation of Yugoslavia in the early nineties – we would be in a much worse position today with respect to the situation in places like Ukraine.

And to come to the present day: how would each European country, on its own, be able to cope with the refugee situation and the humanitarian tragedies we are being faced with every day?

Let me be quite clear: every man, every woman, every child who perishes in the Mediterranean is one too many, and we cannot rest until we have found a lasting solution that prevents these tragedies. And the challenge goes beyond rescue operations on the high seas. Many of the refugees who reach our shores have lost everything, and many are also deeply traumatised, and they require our support.

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On the other hand, many of them are highly accomplished professionals, eager to contribute to the societies they settle in if we can help them to unlock their potential. It must therefore be a major European priority to ensure that refugees are treated humanely across the EU, and that all EU Member States share in coping with these challenges. There is no easy solution to the refugee problem. But these things I know for sure:

- without the cooperation structures in justice and home affairs that we have built over the past 20 years,
- without at least the beginning of a Common European Asylum System

we would not even have the tools that enable us to address these issues.

We Europeans have shown our willingness to learn from the past and to come together to build a common future. Despite all the shortcomings, all the setbacks and all the challenges ahead, it is fair to say that the developments of the past twenty years have been a vital precondition for mastering today's challenges.

And there are more than enough of them, both on a European and a global level. They range from climate change to the future of world trade and from the persistent threats to our Economic and Monetary Union to the impact of the digital transformation.

Moreover, we are, at this point, confronted with a situation where segments of society have begun questioning European integration as such. So that despite its many achievements, the European project could face its most severe threat from within: a loss of political and popular support, which could lead to a strengthening of centrifugal forces in Europe, and threaten the achievements not only of the past two decades, but of the past 70 years.

The most important lesson to be learnt here is that the EU has to change – again. It has to change to face these new challenges. But it also has to evolve because I believe that, despite the progress we have made, we risk disappointing European citizens' expectations in important respects. We did the right thing in placing more emphasis on competitiveness and the sustainability of public debt, both nationally and on a European level.

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But in so doing, we are not allowed to neglect one of the founding ideas of the European Union: the principle of solidarity!

- Because the European Union can only function when we pursue it as a win-win-scenario, not as a zero-sum-game.
- Because, as Martin Schulz, the President of the European Parliament has rightly said: in Europe, either we all win, or we all lose.

This is why we should never accept massive unemployment on a scale not seen since the Great Depression; Policies in countries like Spain, Portugal and of course Greece, which are leading to the wide-spread impoverishment and to a “lost generation” of our best and brightest young people.

I believe there are many dramatic consequences of austerity policy which is too extreme. But with a view to the ongoing negotiations with Greece, I also believe that we need rules in Europe, and rules must be followed, promises must be kept. Measures must be agreed upon, but I personally would be in favour of more concrete action to establish a more effective tax system, ensuring that those who earn much also pay taxes at least in the near future. In the EU, our societies, our economies, our politics are so closely interconnected that there are very few exclusively national issues left. In our own best interest we have to show our solidarity with our European partners, because their welfare and ours are intricately bound together. This is the major challenge we must accept, both in terms of policy development and in terms of public communication.

If we want to re-establish trust in Europe, we need to give more room to the idea of the European Union as a social project, in the service of all of its citizens. We have to remember that Europe’s states have for decades been subscribing to a system of social balance, and that that system has been a major contributing factor to the economic success of our continent.

#### **IV.**

Now more than ever, a new generation of committed Europeans are being called upon to prove that we Europeans really meant it, and still mean it when we said that we wanted “an ever closer Union”.

Because I believe that we can only solve our problems with more Europe, not less. I am convinced that we can continue our European success story – if we maintain our principles and persist in our efforts, while at the same time adapting our strategy to the needs of the future. This is what has characterised the European Union since its inception, and especially so over the past 20 years. This is what we need to continue to do.