

Welcome Address by

MICHAEL SCHAEFER

Ambassador (ret.); Chairman, BMW Foundation
Herbert Quandt

Ladies and Gentlemen,

On behalf of the BMW Foundation, I welcome you warmly to the 15th Munich Economic Summit on ‘Migration – Challenge or Opportunity?’ Together with our partner, the CESifo Group, we are delighted that some 150 participants from some 15 European and non-European countries representing all sectors of society have accepted our invitation. This reflects our intention to transform the Munich Economic Summit from a *European* forum of exchange into a *global* platform for dialogue between business, politics and civil society.

It would not have needed Brexit to confirm what we all feel: Europe is in a deep crisis of confidence. Twenty-five years after the end of the cold war and the fall of the Berlin Wall, we are in danger of destroying what two generations have built since World War II. Like no other region, we have put conflict and war behind us by building a European Union on the basis of common values and common interest. Despite all shortcomings, the EU has become a trademark for peace and prosperity. The permanent influx of people from our neighbouring regions is ample proof of that. The EU has furthermore shouldered an enormous burden by integrating new member states – nations with different histories and different expectations, but nations that wanted to be part of an unprecedented regional process.

The last EU enlargement process has been quick, maybe too quick. After the initial decade of rebuilding, many people in its new member states have started to realize that integration is not a one-way street. That they have acceded to a union which is more than an institution helping to reconstruct their economies. That it is a union of solidarity. They began to realize

this during a period when Europe started to be confronted with major internal and external challenges: the global financial crisis, Greece, the conflict over Ukraine, the refugee crisis.

This complex mix of serious challenges, together with the gradual realization that globalization is changing our seemingly orderly world of the 20th century, is the reason why many EU citizens feel increasingly insecure and worried about the future. Political parties have not taken these concerns seriously, their inability to answer to them have driven people into the arms of populists. The resulting frustration is one reason for the rise of authoritarian and nationalist trends, which we observe in ever more European societies, but which also explains the ‘Trump phenomenon’ in the United States. Crude populism calls for simple answers to complex problems, it blames the European Union where national governments have failed. In their anxiety and frustration, people are starting to build new walls, walls against the influx of everything foreign – against people with different religion, different ideas, different culture, people in need, even against people who are being persecuted.

We are observing a steady move away from the very foundation of the European Union, our common value system, based on human dignity, respect and solidarity. Developments in Hungary or Poland or the shocking Brexit are only symptoms of this trend. This trend must be reversed. Politics, but also business and civil society must stop being bystanders. We all must be vocal in our defence of what I would regard as the greatest treasure of our generation – peace and the prosperity of our continent. It is high time to explain that we live in a time of deep transformation and that what we need is more Europe rather than more nation state. That the challenges of globalization can be turned into hope for a better society through more solidarity and joint solutions, not through a return to 19th century concepts. President Gauck put this into wonderful words last week during his visit to Romania.

Especially during these times of insecurity and instability, Europe must begin to assume an active role by building bridges and by contributing to solutions re-



gionally and globally, challenges which no nation state alone is able to solve. Challenges like the conflicts in Ukraine, Libya or Syria, challenges like energy security or climate change. Now, in this turbulent time of transition, we need resolute joint action by the EU27, not passive by-standing and self-pity. That is anything but easy, but it is essential if we do not want to risk all we have achieved in the past two generations. And this is particularly true when it comes to the arguably single greatest challenge of the next generation: migration.

Last week, the UN High Commissioner for Refugees triggered the red alert: 65 million people are fleeing on a worldwide scale. Poverty, civil war, and climate change are among the root causes of this migration wave. And there is no end in sight. We need to face the fact that this challenge may confront us for another generation or more. If that is true, and I personally have no doubt at all, we need to stop reacting with panic and short breath, and rather start to develop a long-term strategy confronting the root-causes of migration in countries of origin, the challenges to regions of transfer, and the problems of countries of final destination. And we need to do this in unison with our European partners. This is what we would like to discuss with you during the next couple of days here in Munich.

What are the facts? Out of a world population of 7.4 billion, one in every 113 people globally is now either internally displaced, a refugee or an asylum seeker. In numbers: there are 40.8 million IDPs, 21.3 million refugees and – may I say – only 3.2 million asylum seekers in industrialized nations. Given the relative prosperity of our continent, it is no surprise that Europe has been the preferred destination of refugees and migrants from North Africa and the Middle East (MENA).

Germany alone was the destination of choice for 1.1 million asylum-seekers in 2015. For a single country, this is an enormous burden, indeed, but for a continent of 500 million people, it is a manageable challenge. The German population has responded remarkably to the influx of refugees last fall, with respect, civic engagement, and humanity. The German Chancellor did the right thing to extend her hand to people in dire need of protection when 100,000 of them were barred from it with a cynical fence built by Hungarians. Her judgment that we can make it was the right one at the time.

Mistakes were made, however, in the next phase, in view of ever more refugees pouring into the EU. As a result of poor government communication, the typical political infighting of parties failing their responsibility to seek common, sustainable solutions, and an inexcusable failure of the EU to achieve concerted action of its member states, the situation got out of control. The Chancellor's decision to go it alone, to continue the 'German way', created heavy resentment within our society and within the EU. The media need to accept their share of responsibility: for reasons of political opportunism, they neglected their role as an objective, critical voice for way too long.

The failure (maybe also inability) to distribute a mere 140,000 asylum-seekers to the EU members was – more than anything else – a symbolic reflex of a deep crisis of mutual confidence among the 28 member states, the reasons for which lie well outside the actual refugee crisis. This crisis of trust needs urgent attention, it needs to be solved not through but despite the refugee challenge.

I do not want to comment on short-term, not to say: short-sighted, policy decisions like the closure of the Balkan route or the questionable agreement with Turkish President Erdogan. I would rather suggest a few parameters which could define a long-term, forward-looking European refugee policy. A policy which must be based on solidarity and the will to fight the root causes of the problem.

First of all, we need to understand and accept the legal difference between *refugees* and *other migrants*. Refugees who are victims of war and conflict are protected by international law, in particular by the Geneva Refugee Convention. They have the right to be granted asylum according to national asylum laws in the country of destination. In Europe, Greece and Italy or other Mediterranean countries would be the countries of first destination, but as they are unable to grant asylum to all arriving refugees, a European solution based on the principle of solidarity is necessary.

Refugees need to be granted asylum as long as the cause for their flight is valid. That can take years, if not decades. During that time, public and civil institutions are challenged to integrate them in our society and economy. As asylum seekers often lack the kind of education, social and language skills needed in our high-tech economies, their integration causes considerable costs for our social system. It is in our own in-

terest and in the interest of the people in question to increase our efforts for their speedy integration. Only by doing so will we avoid the creation of ghettos, which could be a new source of frustration and resulting insecurity.

The other group of newcomers consists of migrants leaving their countries for reasons of poverty, unemployment, and environmental pressure. In their case, it is up to the respective state to decide whether they are welcome and needed, or if they should be returned to their home country. This is where we need to develop a clear policy of intended immigration. In a recent survey, the Bertelsmann Foundation concluded that Germany alone will need between 300,000 and 500,000 migrants annually to cope with the consequences of demographic change and the expected shortage of skilled labour. If this trend is true, we should develop an active strategy with clear principles and criteria determining what kind of migrants should be integrated into our labour market and what procedures should be applied to do so. In short, we need an *immigration law*.

There are a number of existing models we can draw on. All of them, whether the Australian scoring system or the Canadian pool system, contain certain components that are key to a successful application such as qualification, age, language skills, and work experience. The political discussion in Germany on the need for an immigration law has been going on for more than twenty years across party lines. I am convinced that now is the right time to take a decisive step in this direction. However, policies for the integration of refugees or the immigration of migrants, important as they are, will not solve the problem. What is more important than anything else is a new, European strategy on how to *fight the root causes of the refugee crisis*.

Strategic alliances must be forged between societies of origin, countries of transit, and those of final destination to tackle the challenges in an integrated manner. Regional and global powers, complemented by business and civil society, must start establishing long-term engagements with local stakeholders in the affected regions. They must shoulder responsibility – the responsibility to prevent societies from failing, the responsibility to protect populations whose governments are either unable or unwilling to protect them, the responsibility to contribute to a sustainable stabilization of such societies.

This requires a totally new form of economic and social cooperation, leaving behind the old, paternalistic avenue of development aid and instead trying to contribute to building just and inclusive societies and ensuring accountability and efficient structures of governance, based on a fair social contract and the participation of local stakeholders. This is no recipe for solving the refugee crisis overnight. There is no such recipe. But it is the only recipe to contain or eliminate the challenge on a medium or long-term basis.

The essential question now is whether the EU, which is split on the issue of refugees and at the same time faced with the wider consequences of Brexit for the entire project of European integration, will find the resolve to jumpstart a new phase of necessary strategic deepening. Courage, not giving in to populist pressure, is the currency that is needed at this point in time.

I hope that this year's summit will come up with a few concrete ideas to tackle these very complex issues. In order to facilitate this, we have decided to introduce another innovation into our proceedings. To allow a more active and interactive engagement of participants, we will organize four so-called break-out sessions this afternoon – four moderated working groups, in which you will be able to have small-group discussions on practical concepts, ideas, and possible solutions to Europe's great challenge, immigration and integration.

I look forward to exciting, open and, if necessary, controversial discussions, not only between our expert panelists, but also with the active participation of many of you. I wish you all two enriching days at the Munich Economic Summit and would now like to ask our partner, Professor Clemens Fuest, to take the floor.