

CER Bulletin

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By Nick Butler

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Although we are celebrating the 25th anniversary of the Centre for European Reform's move into its first offices, the idea of a think-tank devoted to developments in Europe and committed to building better links between the UK and other member-states was conceived somewhat earlier.

Bored by an unusually dull discussion at the British-German 'Königswinter' conference on the banks of the Rhine, David Miliband and I slipped off and began to discuss the need for a group to spread the idea that Europe was not a foreign country and that we in Britain had much to learn and something to offer.

At the time – in 1994 – membership of the EU was not in serious dispute in Britain. The Labour Party had been encouraged by Jacques Delors and others to see the European Community as a vehicle, even an exemplar, for progressive ideas. Conservatives, though wary of federalism and a single currency, accepted that the single market, which Margaret Thatcher had helped to create, was a source of great opportunities for British business. Europe itself was still absorbing the shock of German reunification and considering how to deal with the ambition of the former Soviet satellite states in Eastern Europe to become part of the West. Britain supported enlargement but was otherwise largely distant from the ongoing debates on the future of the Union.

For the CER, the period from conception to formal birth certainly took more than nine months. For a

while the organisation was no more than a loose network, meeting in the back room of the Marquis of Granby pub in Westminster, or in Baroness Elizabeth Smith's flat in the Barbican. We had to find supporters prepared to invest in a group of people, most of whom were under 30. The CER would never have been more than a good idea without the support in particular of David Simon, then chief executive of BP, but also of Niall Fitzgerald, CEO of Unilever, and Michael Green, the boss of Carlton Television (whose chief of staff, David Cameron, signed one of the first cheques we received). They all deserve great thanks.

With a little money we found our first staff members – initially in 1997 a very young Ben Hall, now Europe Editor of the *Financial Times* and, in 1998, Charles Grant, who gave up a senior role at *The Economist* and took the risk of joining a start-up. Charles created the organisation which exists today and has succeeded in bringing together successive brilliant teams of individual specialists, many of whom are now in important roles across Europe. The organisation has won numerous awards and accolades for its outstanding publications and is recognised across Europe as a source of knowledge and experience.

PHOTO:
(L to R)
Nick Butler,
Emmanuel
Macron and
Simon Tilford

Event on
'Brexit and
the future of
the EU',
London,
September
2016

The big question, of course, as we mark this 25th anniversary, is whether we have failed. We can hardly claim that Britain is more integrated into Europe than it was in the 1990s. Britain did have a beneficial influence – EU enlargement would not have happened in the way it did, when it did without the UK. But Britain's most significant contribution to the EU's development over the last three decades is arguably its departure. For many, including some who fought against Brexit, Europe is a love which dare not speak its name. We are told that for political convenience the EU is best not mentioned.

This is profoundly wrong. We can regret that we have not succeeded but despair is the ultimate blasphemy. Politics never reaches a full stop. The arguments continue, causes rise and fall and rise again, opinions and votes shift. Europe has not disappeared, it is still our major trading partner, and, despite Brexit, more often friend than foe. The case for engagement is not dead and if in 2023 the CER did not exist it would need to be invented.

This is not a matter of whistling in the dark or pretending that the Brexit vote never happened. On the contrary, the approach is based on the memory, which many of us of different political persuasions will have, of being told after an election that their chosen party was finished and would never return to power. Times and tides always change.

In fact, the process of rethinking may have already begun. Events (always a greater driving force in politics and international relations than ideology) are producing a reconsideration of the role and value of Europe in relation to Britain's needs, and in the EU a comparable reappraisal of the value of Britain as a part of Europe's future.

First, for the first time in nearly 40 years we have an enemy – a hostile neighbour with the willingness to attack without respect for existing boundaries or past agreements. The 'settlement' of 1991 which gave independence to the countries of Eastern Europe and the Caucasus has never been fully accepted in Moscow. Russia may not be able to turn the clock back to how things were in 1988, but despite its economic weaknesses, its extensive military capabilities (even after a year of attritional warfare in Ukraine) and multiple grievances do not suggest that we are likely to reach a normal, peaceful relationship with Moscow for a long time to come.

Second, we have a very different sort of challenge from China which, having emerged from poverty and isolation with remarkable success over the

last 40 years, now wishes to be one of the pre-eminent powers – industrial, technological and military – in the world. That ambition may be understandable and legitimate even if the means China is using in pursuit of its goals are not; but a co-ordinated European response is essential if we want to maintain our rules and standards, on the environment, state control over investment and much else.

Third, isolationism is on the rise in the US, the great power on which we have relied for an umbrella of security and the defence of open international standards. Few of us can have watched the chaos of the American withdrawal from Kabul with anything but a mixture of pity for those being abandoned and a sharp realisation that, in comparable circumstances, we could be the next ones left behind.

True, the US has contributed more to the defence of Ukraine than any of its European allies, but the Biden administration sees countering China's growing power, not containing Russia, as its highest foreign policy priority. Donald Trump was openly hostile to the EU and NATO. Neither party in the US is now keen on free trade. The foundations on which Europe's security and prosperity have been built since World War Two are shaking. It may be premature to say "Now we know that we are on our own", as a Polish friend said to me after the US quit Kabul. But all these three dangerous trends should encourage Europeans – the British included – to band together.

For many in Britain, re-engagement with the EU might not be emotionally attractive. But it is needed, and needed with a level of integration clearer and more effective than anything achieved in the past. A recent opinion poll suggests that Brexit is now a matter of regret among the electorate by a margin of 53 to 34, with 13 per cent undecided. The process of re-engagement will not be simple but that only serves to make the work of the CER more important than ever. Far from despairing we should return to the spirit of those first conversations in Königswinter. The tide is with us.

Nick Butler

Nick Butler helped to found the CER in the 1990s and was its first chairman. He is currently Chairman of the Policy Institute at King's College London, and former Group Vice President for Strategy at BP.



25 years on, the CER is more necessary than ever

by David Miliband

I am very proud to have played a role in founding the Centre for European Reform. The CER has done stimulating and important work for the benefit of Britain and Europe.

Charles Grant has displayed striking intellectual and organisational leadership as well as longevity. And the spirit of the CER, taking the issues seriously but retaining a rosy and sometimes irreverent spirit, has run through the succession of highly impressive people who have been part of it, whether as staff, board members, partners or supporters.

Of course, there is an immediate irony: Britain has become more European, in all kinds of ways, over the last 25 years, but during that time has divorced itself from the EU. As the Brexit mangle has shown, the UK economy has become highly integrated with that of the EU across a very wide range of sectors, and more than three million EU citizens have moved to the UK. UK reforms like tax credits and the independence of the Bank of England had continental antecedents. Meanwhile the EU often reformed itself with British prompting, from the economic regulation of network industries to overseas aid.

Today Britain and the EU face the task of reforming themselves separately in the face of some common challenges. This irony does not undermine the case for the CER; if anything it strengthens it.

The origins of the CER were, as Nick Butler describes, the product of youthful impatience.

This was certainly the case for me. Following the fall of the Berlin Wall, the collapse of the Soviet Union and the break-up of former Yugoslavia, we had an instinct that there was a desperate need for new ways of thinking, beyond Mrs Thatcher's "No! No! No!" approach to the (then) European Communities.

Hence the idea of a 'centre' convening and creating dialogue. While the language would be English and the perspective from the UK, it need not be confined to the UK. At the time, the word 'European' meant the institutions, policies and practices of the EU, but it was also animated by the spirit of a Europe "whole and free", beyond the EU. And 'reform' spoke for itself: nothing was off the table.

Speaking for myself, I saw the EU policy of a future Labour government primarily through the prism of commitments to social justice and the environment that needed to be reconciled with economic competition. Jacques Delors' speech to the Trades Union Congress conference in 1988 enraged Margaret Thatcher but gave me hope. Delors suggested EU-wide legislation, with provision for national distinctiveness (for example on minimum wages): this seemed to offer a bulwark against beggar-thy-neighbour competition, and a way to help Britain tackle inequality at home.

PHOTO:
David
Miliband

**CER's 18th
birthday
reception
London,
July 2016**

The geopolitical outlook was less clear at the time. The idea of a world order with three major regulatory powers – the US, EU and China – had not yet come into clear view. So it is interesting that today it is geopolitics that is so clearly driving the big thinking about the identity and role of the EU.

The CER has built on its early strengths in economics, enlargement and EU institutions to become a thought leader in areas like the environment, justice and home affairs, foreign policy and technology. This speaks to an important element that bound us together as Europeans from the beginning: the European institutions and treaties have always had economics at their heart, but they were always about more than that. It is maddening to be told that this is some kind of secret plot against the UK, when the UK has been instrumental in promoting this fundamental bit of common sense.

This sense of connection between economics and the wider society is what the rise of stakeholder capitalism represents. I think it is an important part of the identity of the CER and all European countries. It is the social market economy in action, where the business of business is not just profit. And the welfare state, for example in respect of childcare and family policy (admittedly to varying degrees) is designed to support economic as well as social goals. Having lived in the US for nearly a decade, I can tell the difference it makes.

Today, with the UK outside the EU for the foreseeable future, we would benefit from a debate about ‘European’ reform that retained the dual perspective that was core to the founding of the CER: reforming EU institutions in a way that prepares the Union for external challenges, while engaging those outside it. This is where the debate about ‘strategic autonomy’, which is about establishing agency in an interdependent world, gains its strength and finds its challenges. It is also where questions that can seem arcane, such as the institutional debate about ‘concentric circles’, take on real meaning, because they organise power for political, economic and social ends.

The war in Ukraine should have made clear the myopia of excluding foreign and defence policy co-operation from the post-Brexit UK-EU relationship, and of almost entirely excluding the EU from the UK’s March 2021 integrated review of security, defence, development and foreign policy. Security is now the area where the case for engagement seems least controversial.

Geography does not bend to politics. And threats thrive on political division.

A year after Russia’s invasion of Ukraine, three years after the outbreak of Covid, nearly seven years after the Brexit vote, and 15 years after the financial crisis, I am struck that the EU looks messier but stronger. Form does not fully follow function, but on the big issues that define prosperity and security, and notably on questions that revolve around regulation, such as the environment and privacy, but also economics and finance, the EU has taken major strides towards becoming a serious global player in the decades ahead.

“The EU can be an economic and political anchor, even when we are outside. We need the EU to be united and strong enough to have high-functioning relations with a country like the UK.”

I still believe that for Britain, the EU can be an economic and political anchor, even when we are outside. We need the EU to be united and strong enough to have high-functioning relations with a country like the UK.

That is going to take some thinking, as well as some leadership, in politics and beyond. The October 2022 US National Security Strategy identified two trends of rupture in international relations: the end of the post-Cold War world order and the growth of global risks. These two issues should be a stimulus to the kind of thinking in which the CER specialises: savvy, practical and informed, but also ambitious and idealistic.

I hope there are some youthfully impatient 20 and 30 somethings out there who recognise that Britain and Europe are inevitably tied together, and whatever the perversities of politics, it is vital that the intellectual ducts are kept open. And of course I appeal to those of any age to support the CER. Britain needs it, and Europe benefits from it, so it is win-win.

David Miliband

David Miliband helped to found the CER in the 1990s. He is President and CEO of the International Rescue Committee, and a former British foreign secretary.



The CER at 25: Ahead of its times

by Heather Grabbe

Over 25 years, Charles Grant has often been asked “What are think-tanks for?” His answer has usually been: “Thinking long term.” The CER excelled from the very beginning at that kind of thinking, especially spotting emerging trends in the EU before others noticed them.

One of the first events of the embryonic think-tank, in 1997, was a seminar on the economics of EU enlargement, at a point when few journalists, researchers or civil servants had paid much attention to the prospect of new members changing the Union.

The CER was out in front on enlargement, publishing in 2001 some of the first estimates of the economic impact on the EU and on Central Europe, and in 2004 a political forecast of how the new members might behave once inside the club. It was one of the first think-tanks to argue for the EU to start negotiations with Turkey, in order to empower domestic reformers – only to see those hopes dashed as France and Cyprus undermined the process, and then Turkish President Recep Tayyip Erdoğan stalled it with his drive towards authoritarianism.

Another good spot was the rising importance of justice, liberty and security in European integration. The CER hosted one of the first events with António Vitorino, the first-ever commissioner for justice and home affairs (JHA), in 2000. Vitorino opened the breakfast meeting in Brussels by pointing to his relatively small feet and quipping: “I have no choice but to make *petits pas*, as Monnet advised us, in this controversial new domain.” All that changed a

year later, when the September 11th terrorist attacks on the US turbo-charged EU-level action on internal security, police and judicial co-operation. This included the creation of the common arrest warrant and many other measures that the CER analysed in its major report on the European response to 9/11.

One of Vitorino’s notable successors was Britain’s last commissioner, Julian King. The CER hosted a stock-taking retrospective for King in 2019, at which he surveyed the vast range of the portfolio he had expanded, especially on counter-terrorism, border control and cyber-security. Little noticed at home, Britain had been one of the most forward-leaning member-states on JHA. Germany, by contrast, was sometimes the backmarker, more preoccupied with privacy and data protection.

JHA was the subject of an innovative method pioneered by the CER, to get EU officials in sensitive domains to talk to one another and forge an *esprit de corps* across their institutional siloes. For several years, the CER organised the ‘Amato Group’, a series of private gatherings of senior officials responsible for internal security, migration, justice and related issues, like corruption and rule of law. These were chaired by Giuliano Amato – the *éminence grise* who had served as Italy’s prime minister, interior minister

PHOTO:
(L to R)
Charles
Clarke,
Heather
Grabbe and
António
Vitorino

**Launch of
'Saving
Schengen',
Brussels,
January 2012**

and constitutional court judge. The group enabled those working on these politically neuralgic subjects – whether from the EU institutions or national ministries – to speak openly about their hopes, concerns and frustrations, and it also published some ground-breaking reports. Giuliano's ironic summing up would often begin with: "If our political masters were wiser, they would have agreed with us that ..."

Another methodological innovation developed by the CER was shadow reporting on the performance of member-states. The Commission has long produced various scoreboards that compare national performance, most notably on the implementation of single market regulations and more recently on the rule of law. But the CER was the first think-tank to start publishing its own independent annual assessment of progress. Its 'Lisbon Scorecard', published every year from 2001 to 2010, judged the performance of the member-states in fulfilling their pledges on the Lisbon agenda of economic reform. The CER did not mince words, describing countries as leaders or laggards in creating a knowledge-based competitive economy. Following publication, the phone lines to the CER's small office rang hot, with diplomats and government economists calling to protest that their country's performance was really much better than we had described, and offering 'better data' for next year's assessment. What a feeling of power for the 30 year-olds who had written the scorecard!

The CER's great innovation in foreign and security policy was to campaign for the merger of the positions of the High Representative – from 1999 to 2009 Javier Solana, sitting in the Council of the EU – and the commissioner for external relations. The aim was to bring together the EU's diplomacy with its money and its external policies, managed by the European External Action Service (the EEAS, an embryonic foreign ministry) that would include a global diplomatic network for sharing intelligence and analysis. When the merger finally happened in 2010, it was a Briton, Cathy Ashton, who became the first EU High Representative for Foreign and Security Policy.

So far the results of the new post and the EEAS have been somewhat less impressive than the CER – in analysing the potential benefits – had promised. Blame for an insufficient number of common foreign policies lies partly with the Commission, which undermined the fledgling institution by keeping control of many external policies; but also with the member-states, which have failed over and over again to agree on unified positions. At a CER event during her time as High Rep, Baroness Ashton came up with a

new answer to Henry Kissinger's famous question about what number to call if he wanted to talk to Europe. "You can call my number," she said. "And it will offer a range of options: Press 1 for the French position, 2 for the German position, 3 for Italy ..."

One of the most recent examples of the CER's foresight was the new line of work started in 2021 on how climate change and energy challenges are transforming Europe. In addition to ground-breaking analysis of how trade and energy policies could help to combat climate change, the CER has been publishing research on longer-term but acute environmental risks, such as water scarcity in the Maghreb, that EU policy-makers need to pay attention to even during the current 'polycrisis'.

The great institutional innovation within the CER itself was to expand into Brussels and Berlin; essential for a London-based European think-tank that wanted to remain relevant on the many issues beyond Brexit. Non-Brits have always made up about half of the CER's staff, and its identity has become steadily more pan-European.

From the earliest days, CER publications have carried the *Financial Times*' summary of its identity: "Pro-European but not uncritical." This very British double-negative often raised quizzical eyebrows in other capitals, especially Washington DC, where think-tanks blow their own trumpets much more loudly. But it sums up the CER's approach, despite and beyond Brexit: support for European integration, while recognising where the EU fails to achieve its goals and urging reforms to make it work better.

Another way of describing this approach is to Europeanise Winston Churchill's famous remark about democracy thus: "The EU is the worst form of governance, except for all those other forms tried from time to time on the European continent..." The EU has not yet lasted as long as the Holy Roman Empire or some of the other forms of pan-European governance tried over the centuries, from the Hanseatic League to the Habsburgs. But it is delivering far better results for citizens than the others ever did. The CER can claim some of the credit for improving its performance in many areas over the past quarter-century.

Heather Grabbe

Heather Grabbe was deputy director of the CER from 2000 to 2004. She subsequently worked as an adviser to commissioner Olli Rehn and was then director of the Open Society European Policy Institute from 2009 to 2022.

CER in the press

iNews

25th January

"Germany currently lacks a strategic culture and [is] failing to see the bigger picture," says Ian Bond director of foreign policy at the CER. "This episode delayed the moment that Ukraine gets weapons. It is bad for European co-operation, as it says you might have to think twice about working with Germany. And it is bad for German security as it will encourage Putin to think Berlin is the soft underbelly."

The Observer

22nd January

Migration was quite a big deal, Brexit-wise, but six years on, and two after the end of free movement, what has been the impact? The level of net migration certainly hasn't fallen, but a new report from Jonathan Portes and John Springford argues that if you focus on workers, the end of freedom of movement has left about 330,000 fewer in Britain (460,000 fewer Europeans, but 130,000 more from elsewhere). That's a reduction of roughly 1% of the labour force, prompting many to say that a lack of migration drove recent economy-wide labour shortages.

The Sunday Times

22nd January

Charles Grant, director of the CER, says [Franco-German relations] have not been so bad since 1998, when Gerhard Schröder, newly elected as German chancellor, ruffled French feathers by paying his first visit not to Paris to meet

Jacques Chirac but to London, to see Tony Blair. "Scholz and Macron have got very little in common, as far as I can see," said Grant. "Scholz is very dour, very solid, doesn't like talking much and is not flamboyant, while Macron is full of energy, loquacious, really brimming with ideas and very interested in the theatricality of European summits and politics in general. And they just don't get on at all."

Politico

20th January

"I think this [Qatargate] will make it less likely for von der Leyen to co-operate with the Parliament," said Camino Mortera-Martinez, head of the Brussels office at the think-tank the CER. She said the Commission president is riding high after weathering a pandemic, and now the war in Ukraine.

Deutsche Welle

18th January

Camino Mortera of the CER is worried that the European Parliament is underestimating the extent of reform needed. "I don't think that the parliament itself has realised that by not reforming, by not taking this chance to do something significant against these kind of behaviours, they are opening themselves up to more criticism," Mortera said.

CNN

16th January

"Governments could do more to incentivise and speed up the development of renewable sources of energy," says John Springford

of the CER. "A big step would be giving the green light to onshore wind. It would also be wise for governments to build storage capacity for liquid natural gas (LNG), which can happen fairly quickly and directly reduces the need for Russian gas."

The New York Times

14th January

"It's astonishing that the Europeans have kept together so far," said Charles Grant, director of the CER. "But the worry is that given stagflation, high energy prices, migration and deficits, populists might exploit divisions and push Ukraine to make an early peace. As the war goes on, divisions in these two camps will get worse."

EurActiv

9th January

For Zach Meyers of the CER privacy might be a big stumbling block [for European telecoms firms to deliver targeted advertising online]. "Users probably understand tracking from online players like Google because they aren't paying for those services directly. That is quite different to being tracked for a service users are already paying for," Meyers said.

Financial Times

30th December

"Everyone is talking about energy costs and comparing energy bills and that brings people together," says Elisabetta Cornago, a senior research fellow in energy at the CER. "Citizens want to see businesses, shops, and public entities save

energy just as they are doing at home. Reducing very visible energy consumption like public lighting and shop signs, those things individually probably don't make a big difference but it is about trying to put together a lot of relatively small consumption cuts and the visible ones can be highly motivating."

The Irish Times

31st December

Because of rampant problems within the western Balkans, the challenge is huge. "None is close to joining the EU," says Luigi Scazzieri, a senior research fellow at the CER. "They must all overcome substantial hurdles to meet the Copenhagen criteria, which define the EU's standards on strong democratic institutions, a functioning market economy and the ability to take on the obligations of membership."

Le Figaro

16th December

"The [German] government claims to do one thing and then uses creative accounting to do something else," comments Sander Tordoir, senior economist at the CER in Berlin.

The Economist

1st December

A recent report by John Springford and Zach Meyers of the CER says that even after a 35 per cent increase in their funding in last month's autumn statement, these [Catapult] centres are only modestly funded in comparison with their German equivalents.

For further information please visit

www.cer.eu