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Source: Pierre Gerbet, Institut d'études politiques de Paris, Paris (2005).

URL: http://www.cvce.eu/obj/pierre_gerbet_the_franco_german_duo_and_europe-en-1a00a313-d581-4b5a-aeab-ca9d18bedafb.html

Last updated: 05/07/2016

The Franco-German duo and Europe

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The rapprochement between France and Germany after the Second World War paved the way for the establishment of the European Communities. The joint action by the two countries contributed, often decisively, to the Communities' development and to the setting up of the European Union. For half a century, however, the solidity of the Franco-German duo and its capacity to contribute to European integration went through some major ups and downs, during which the leaders of the two countries played a decisive role.

1. Establishment of the European Communities

It was the French Foreign Minister, Robert Schuman, who took the historic first step, on 9 May 1950, towards reconciling France and Germany within the framework of a robust European organisation. Inspired by Jean Monnet, he invited the newly established Federal Republic of Germany (the FRG) to join, as a full and equal partner, a supranational European community, initially restricted to coal and steel and open to membership by other countries. It was a decisive turning point in French policy, moving from mistrust of the hereditary enemy to reconciliation and partnership in the cause of European integration. For the German Chancellor, Konrad Adenauer, who immediately accepted the offer, it provided Germany with a way out of its predicament as a defeated nation and a means of securing equal rights. It bound West Germany more closely to the rest of Western Europe and served as a pledge of the stability of the young democracy with its capital in Bonn. It was also a decisive step in the shaping of a united Europe: moving on from mere cooperation within the Organisation for European Economic Cooperation (OEEC) and the Council of Europe, here at last was a way of rising above issues of national sovereignty and setting up common institutions.

The Treaty of Paris, of 18 April 1951, duly instituted the European Coal and Steel Community (ECSC). Italy, led by Alcide de Gasperi, enthusiastically agreed to the scheme. Belgium, the Netherlands and Luxembourg were more circumspect. The United Kingdom refused, unable to accept the principle of supranationality. This marked the start of the Europe of the Six, a partnership in which France and Germany exerted decisive, but not overwhelming, influence thanks to a weighting system that enabled them to drive things forward without dominating the other countries either in the High Authority or in the Special Council of Ministers. In the ECSC the French and Germans, though in agreement on the key political importance of the undertaking, did not always see eye to eye on the technical aspects, owing to a divergence of interests. But they did learn to work together.

When, at the outbreak of the Korean War, German rearmament proved necessary for the defence of Western Europe, France again proposed a community-based method with plans for a European army for the six members of the ECSC. Neither the French Government nor Chancellor Adenauer wanted a German national army, in the first case for historical reasons, in the second because Adenauer saw the army as a threat to democracy in the Federal Republic. Hence the treaty instituting the European Defence Community (EDC), which was signed on 27 May 1952. But setting up an army required a political authority to supervise it, so the Six had plans for a European Political Community (EPC) drafted. German influence over this process was reflected in the federal character of the final text. Under the scheme, integration would soon progress from the economy to the political sphere. This prompted a change in the French position, with growing reluctance then outright refusal to ratify the EDC treaty, despite its having been accepted by its partners. This in turn led to plans for a political community being shelved. The French change of heart was caused by fears of German military superiority in the European army, France being embroiled in a war in Indochina. But, above all, France refused to relinquish sovereignty and see the unity of its army shaken. The disavowal of his policies was a serious blow for Chancellor Adenauer and Franco-German relations suffered. Ultimately Germany regained a national army — the outcome the French had wanted to avoid — but under orders from the North Atlantic Treaty Organisation (NATO) and supervised by Western European Union (WEU), set up to give a European gloss to rearmament of the Federal Republic inside the Atlantic Alliance. The great Franco-German scheme for Europe was shelved, and any hope of political and military integration

disappeared for a long time.

But there was still scope in the economic field for greater European integration. New impetus could not come from France, its credibility having been undermined by rejection of the EDC, or Germany, disappointed and increasingly wary. Jean Monnet turned to Paul-Henri Spaak, the Belgian Foreign Minister. With several of his counterparts — Joseph Bech, the Luxembourg Prime Minister and Foreign Minister, and Johann Willem Beyen, who shared the post of Netherlands Foreign Minister with Joseph Luns — he drafted the Benelux Memorandum, which was adopted by the Six at the Messina Conference (1 to 2 June 1957). The agreement struck a compromise between the divergent positions of France, on the one hand, and Germany and Benelux, on the other. The Germans and the Dutch were keen to move on from integration of just coal and steel, and extend the common market to the whole economy. The French were apprehensive, due to their protectionist habits and their leaning towards dependence on state subsidies, heavy taxes and welfare spending, and a weak currency. However, France did want to extend integration to include nuclear power, a field in which it had a significant lead over its partners. But the other nations were not interested. Benelux and Italy lacked the necessary resources, whereas Germany was against any more supranational controls, seen as an obstacle to corporate freedom of action.

Franco-German solidarity played an essential role in the negotiations, skilfully managed by Spaak, for the Rome Treaties, which were signed on 25 March 1957. A series of summit meetings between Chancellor Adenauer and the French Prime Minister, Guy Mollet, ironed out the main obstacles. For Adenauer it was a political decision. He was convinced that economic integration was the most realistic way of achieving the political unification of Europe, prompting him to disregard the misgivings of German business. France was thus able to win acceptance for the Common Market being not just a free-trade area but a genuine European Economic Community (EEC), including a customs union with a relatively high Common External Tariff (CET), a common agricultural policy (CAP) and the association of the overseas territories (also sought by the Belgians, but seen by the Germans as a financial burden and a throwback to what they called colonialism), though without any prior harmonisation of social security contributions. In contrast, Germany, like the other partners, had serious misgivings about the European Atomic Energy Community (the EAEC or Euratom). It preferred to buy fuel and patents from the United States and substantially reduced the scope of the new Community, opposing plans for industrial activities (including an isotope separation plant for producing enriched uranium) and preventing it from planning research. France, however, retained the option of using atomic energy for military purposes. Germany had ruled out such an eventuality before rearming and its other partners lacked the necessary resources.

There was no disagreement between France and Germany at an institutional level, the supranational lobby in both countries having lost ground. The French Government had no desire for a rerun of the dispute over the EDC and its German counterpart did not want to relinquish any of the sovereignty it had regained. Each of the two new Communities had an independent Commission (rather than a High Authority) tasked with applying the relevant treaties and making proposals. Decision-making was henceforth restricted to the Council of Ministers, by a unanimous or majority vote, with voting rights weighted to protect other countries from any risk of a Franco-German compact. The competence of the Parliamentary Assembly and the Court of Justice was extended to encompass the three Communities.

2. The implementation of the six-member Communities

General de Gaulle returned to power in France on 1 June 1958. During his time in opposition, under the Fourth Republic, he regularly voiced his hostility to supranational bodies, criticising the ECSC and above all the EDC. But he thought that the EEC, now the largest of the three Communities, would benefit the French economy and provide a good framework for extending France’s influence. He was quick to reassure Chancellor Adenauer, promising that France would keep to the timetable set for the opening of the Common Market and introducing the necessary financial reforms. In exchange Adenauer backed France in its opposition to a British plan for a large free-trade area, despite the fact that business in Germany and Benelux was strongly in favour of the plan. It would, however, have reduced the impact of the European customs union and its political potential.

Until Adenauer retired in October 1963, France and Germany exerted the dominant influence on EEC development. Customs barriers were removed at an increasing rate to open the way for the Common Market, Germany's key concern, and the common agricultural policy demanded by France was finalised and adopted. Excellent relations were established between the French Government and Walter Hallstein, the German President of the EEC Commission, which implemented the provisions of the treaty. France and Germany agreed to tone down the supranational character of the other Communities, for political reasons in the case of de Gaulle, on account of German industry's hostility to 'controls' in the case of Adenauer. With Italian backing they also agreed to reject the Community-oriented measures proposed by the ECSC High Authority, with support from Benelux. Within Euratom, de Gaulle insisted on the departure of the French President, Étienne Hirsch — considered too 'federalist' — thereby going against the wishes of the other partners, including Germany.

The founders of the Communities still thought — despite the upset with the EDC — that political integration could be achieved gradually through economic integration and Community institutions. They consequently recommended merging the EEC and Euratom Commissions with the High Authority to form a single Commission invested by the Parliamentary Assembly to act as a government. For its part the Assembly decided to call itself the European Parliament and demanded that its members should be elected by universal suffrage.

For de Gaulle there was no question of allowing this supranational trend to go any further. The political union of Europe should be achieved on the basis of 'realities', in other words States, by means of intergovernmental cooperation. This prompted his 1961 proposal for a 'Union of States' to 'harmonise, coordinate and unify the foreign, economic, cultural and defence policies of the Six'. De Gaulle enjoyed the support of Adenauer, who, being a pragmatist, thought that the form unification took mattered less than the end result, and that unification could only be achieved on the basis of a Franco-German core. But in Germany itself there was powerful resistance and the Benelux countries were especially hostile. They were afraid the Community institutions would lose their independence and come under intergovernmental control. France's partners, in particular, were concerned about the risk of a weakening of the links between the 'European Europe' advocated by de Gaulle and the United States. They therefore made their agreement conditional on British membership — the United Kingdom having applied to join the Communities — to temper Franco-German influence, which was precisely what de Gaulle wanted to avoid. The talks on the Union of States ended in April 1962. De Gaulle vetoed the British application on 14 January 1963.

There was no longer any question of a political union of the Six. De Gaulle tried to achieve closer Franco-German cooperation, agreeing to Adenauer's proposal to enshrine Franco-German reconciliation in a bilateral treaty, which was signed on 22 January 1963 at the Élysée Palace in Paris. The treaty provided for close cooperation between France and the Federal Republic on foreign policy, defence, education and youth. It established talks to reach a common position, in particular on the European Communities, East-West relations and affairs dealt with by NATO. But there was no mention of any political commitment. Its impact would depend on how well the two partners managed to harmonise their positions. Unfortunately there were widening divergences between Paris and Bonn. When the Bundestag ratified the Élysée Treaty, it added a preamble that drained it of its substance. It defined the treaty's objectives as close association between Europe and the United States, an integrated NATO army, and a unified Europe based on the model of the European Communities, to which the United Kingdom should belong. The French Government announced that it did not accept these objectives. Furthermore, Chancellor Adenauer retired in October 1963. It was the end of an era.

From then on de Gaulle had to deal with a pro-American Chancellor, Ludwig Erhard, who was in favour of British membership of the Common Market, advocated global free trade and was only moderately keen on the European Communities. The two men were in total disagreement. Effective cooperation nevertheless continued, but only to complete work on the customs union and the CAP, both launched in the shared interest of the two parties. As neither trusted the other, the German Foreign Minister, Gerhard Schroeder, imposed the principle of quid pro quo with the adoption of 'packets' on a series of issues to satisfy the demands of both countries at the same time. This required close Franco-German coordination on each specific issue, which kept the Europe of the Six moving.

But this did not apply to political issues. To fund the CAP the President of the Commission proposed a reform extending its powers and those of the European Parliament. De Gaulle categorically opposed this initiative, starting the 'empty chair crisis', which lasted from July 1965 to January 1966, to force France's partners to give in. He went so far as to demand a revision of the treaty to reduce the independence of the Commission and give the Council of Ministers the right to veto its decisions. Germany took the lead in standing up to France. Ultimately an 'arrangement' was worked out at Luxembourg, with the five other partners affirming their fidelity to the treaty, while France upheld the need to maintain a unanimous vote if a State felt that a decision impinged on its vital interests. In practice this attitude delayed the extension of majority voting for many years. In 1967 the United Kingdom again applied for membership of the Communities, but on 27 November de Gaulle once more vetoed the plan, despite its being supported by Chancellor Kiesinger of Germany, Italy and the Benelux countries. Faced with refusal by de Gaulle the five other partners sought ways of developing political cooperation with the United Kingdom under the auspices of Western European Union, while refusing any new undertakings in the Communities.

3. The enlarged Communities

In the Communities of the Six, France and Germany, provided they agreed, carried a decisive weight. With the arrival of the United Kingdom and other countries, the balance of power became more complicated.

Georges Pompidou, who took over from General de Gaulle on 15 June 1969, needed to give the Communities new impetus to please his parliamentary majority and above all to secure a financial settlement for the CAP. His opposite number was Chancellor Willy Brandt, who needed the support of the Communities in the West and good relations with France to implement his *Ostpolitik*. Pompidou and Brandt agreed on a series of measures: completion of the CAP, enlargement with the start of negotiations with applicants, and further integration of an enlarged Europe. The conference of the Six in The Hague (1 to 2 December 1969) confirmed this agreement. Funding of the CAP out of own resources was introduced in April 1970. Negotiations on enlargement started on 1 July 1970. They made decisive progress when President Pompidou met the very pro-European British Prime Minister Edward Heath. The two men agreed on the need to maintain the identity of nation states and to keep unanimous voting when important national interests were at stake. Reassured by Franco-British agreement, Pompidou was able to counter the more or less federalist aspirations of France's partners. As for further integration, Pompidou and Brandt agreed on gradual progress towards Economic and Monetary Union (EMU) with a view to completion by 1980.

But France and Germany disagreed on how this should be achieved. France needed monetary cooperation to support the franc and wanted to retain a free hand in economic and social policy, with the emphasis on growth and full employment, a policy that was prone to inflation. In contrast Germany, with its strong currency, did not want to bear the monetary consequences of the lax policy its partner was free to pursue. The two countries also disagreed on the supranational character of the EMU institutions, with a Community-based centre of decision and an independent Central Bank demanded by the Germans and rejected by France on the grounds of sovereignty. When a sudden influx of dollars caused a crisis in 1971, Germany let the mark float, whereas France restored foreign exchange controls. This meant that it would only be possible to reduce the margins for fluctuation between European currencies for the German mark, the Belgian and Luxembourg franc, the Dutch florin and the Scandinavian crowns.

The arrival of the United Kingdom marked the start of a degree of trilateral cooperation between Britain, France and Germany. Pompidou was worried about Brandt's policy on Eastern Europe, afraid of a rapprochement with the Soviet Union and the growing economic and financial importance of the Federal Republic. He consequently sought the support of Britain, which seemed closer to the French than to the Germans. France and Britain agreed on the need to oppose any institutional reform of a supranational nature, whereas Germany wanted to develop the Community institutions. At the Paris Summit (19 to 21 October 1972) the Six met the new Member States which were due to join on 1 January 1973. It was decided to establish a 'European Union' by 1980, the choice of wording being a compromise between the term 'Federation' suggested by Brandt and 'Confederation' favoured by Pompidou and Heath. The form the Union was to take was not actually specified. Paris and Bonn were increasingly at odds over the CAP, which

the Germans were beginning to find too expensive, over the regional policy demanded by Britain and backed by France, and above all over relations with the United States regarding the oil crisis of 1973. This was not so much a Franco-German crisis as the result of France's growing isolation in the Communities. Its eight partners, starting with the United Kingdom and Germany, considered it more realistic to align themselves with the United States, whereas the French Government defended the idea of a 'European Europe' independent of Washington.

A new phase started in 1974 when the three main players were replaced. On 28 February the Labour Party returned to power in Britain under Prime Minister Harold Wilson. He was much less pro-European than his predecessor and would subsequently call for renegotiation of British membership. Later, in 1979, when Margaret Thatcher was elected, she sought to hold back the development of the Community. On 16 May Chancellor Helmut Schmidt took over from Willy Brandt in Germany. And in France, Valéry Giscard d'Estaing, who was actively pro-European, was elected President on 19 May following the untimely death of Georges Pompidou. Any notion of 'trilateralism' between Paris, Bonn and London was becoming impossible to achieve, swept away by the misgivings of the British, thereby opening the way for bilateral action by France and Germany. It was at this point that commentators started referring to the 'duo' formed by the two countries, though the Germans preferred the term 'tandem'.

Giscard and Schmidt had first met as Finance Ministers and the friendly relations between them were a key factor. Giscard entertained none of his predecessor's suspicions regarding Germany. He wanted to 'move from reconciliation to Franco-German entente' in the cause of European integration. The two leaders agreed on the need to build strong links between the Federal Republic and the rest of Western Europe and to strengthen the European Communities.

The new drive in Europe's affairs affected its institutions first. Giscard advocated a Europe of States and did not want a return to supranational power vested in the Commission or the European Parliament. Schmidt was less federalist than his predecessors but would nevertheless have preferred to strengthen these independent bodies, in line with the demands of German political parties and most of the other Member States. The solution adopted at the Paris Summit (9 to 10 December 1974) involved boosting the intergovernmental character of the Community by setting up the European Council of Heads of State or Government, which took the place of the intermittent summits. The Council would meet regularly to take basic policy decisions, on the model of the Franco-German councils instituted by the Élysée Treaty. As a counterbalance, the Community-oriented character was strengthened by France's agreement to election of the European Parliament by direct universal suffrage, but without any extension of its extremely limited powers.

At an economic level the divergent interests of France and Germany made progress difficult. However a start was made on reforming the CAP, which the Germans considered too expensive but which the French were determined to keep. France would have liked a common industrial policy too, but the Germans rejected such a move as intervention which would distort market forces. They nevertheless agreed on joint action to help sectors affected by the economic downturn (particularly the steel industry). On the other hand, decisive progress was made with the Franco-German proposal for the European Monetary System (EMS), the aim of which was to establish 'stable but revisable exchange rates' between the currencies of Member States, with fluctuation margins and intervention to support weak currencies. This would prevent competitive devaluation and bring a certain stability to exchange rates. The United Kingdom opted to stay out of the system, taking it further towards the sidelines. The EMS was the first step on the way towards a single currency.

In foreign affairs the essential change was closer agreement between the two countries on relations with the United States. Unlike his predecessors, Giscard did not condemn American hegemony, though he was not in favour of NATO, nor did he ask Bonn to choose between Paris and Washington, which would have been impossible. France did not respond favourably to Washington's invitation to join the International Energy Agency (IEA), unlike its partners in the Community, and it refused to allow cooperation on foreign policy among the Member States to be made conditional on consultations with the United States. But it did move closer to the United States, particularly from 1975 onwards, within the framework of the annual summit

meetings of industrial countries it had instigated. For his part, Schmidt distanced himself from the United States, concerned about its policy on monetary and nuclear affairs, and its fluctuating policy towards the Soviet Union, which it conducted without regard for European views. Franco-German understanding thus allowed a European position to coalesce that was not necessarily aligned with the United States nor weak towards the Soviet Union. When the Soviet Union invaded Afghanistan in 1979, Giscard and Schmidt sought to preserve détente whereas President Reagan reacted vigorously, placing an embargo on exports to the Soviet Union, and they made the Community adopt limited sanctions. On the Middle East Schmidt moved closer to the position defended by Giscard despite Germany's links with Israel. This enabled the European Council to adopt the Venice Declaration, on 13 June 1980, affirming 'the right to existence and to security of all States in the region, including Israel, and justice for all the peoples, which implies the recognition of the legitimate rights of the Palestinian people'. The Council also put forward solutions for a peace settlement.

The team formed by Giscard and Schmidt laid the basis of what would become the European Union, with the establishment of the European Council, elections to the European Parliament and the EMS. The two men wanted to complete their work and move on to the political union of Europe, with Giscard perhaps becoming its first President at the end of his second term of office in France. But he had to stand down on 19 May 1981. After a moment of uncertainty, his successor nevertheless decided not to change course.

4. European Union

François Mitterrand was elected President of France on 10 May 1981 and served two seven-year terms, leaving office on 17 May 1995. For a short time his opposite number in Germany was Helmut Schmidt, followed by his successor, Helmut Kohl, from 1 October 1982. The new Franco-German team was to play a decisive role in continuing European integration.

But during his first two years in office Mitterrand tried to counterbalance France's close links with Germany, which he found too exclusive, through more cordial relations with the United Kingdom, much as Pompidou had done. Far from marking the start of a new trilateral relationship, this venture proved impossible due to the high demands placed by the British Prime Minister, Margaret Thatcher, in her drive to reduce British contributions and cut farm prices. On the other hand Paris and Bonn moved closer on these topics and chose to ignore a British veto in May 1982. This gave new impetus to Franco-German cooperation, but more on the basis of short-term interests than any long-term project for Europe, particularly as the two parties disagreed on certain key issues.

The Socialist Government's policy on Europe was radically different from its predecessor's. Mitterrand wanted to keep control of domestic economic policy in order to implement 'socialism in France', as part of a European Community he considered too keen on deregulation. Mitterrand called for the creation of a 'European social area', state investment to combat unemployment and stronger trade barriers to guard against the United States and Japan. Such proposals were coolly received by France's partners, who were hostile to central control. On the institutional front Mitterrand rejected any increase in supranational powers, even invoking the 1966 Luxembourg compromise on the right of veto. It was consequently the German and Italian Governments that launched an initiative to strengthen the institutions, especially the European Council, to limit the right of veto and develop a common foreign policy and coordination of security issues. For a time it looked as though a German-Italian 'motor' might replace its Franco-German counterpart. But in practice the project prompted widespread misgivings. France and the United Kingdom were against greater powers for the institutions. Italy, like France, put priority on developing joint policies. As a result the European Council meeting in Stuttgart (18 to 19 June 1983) had to restrict itself to issuing a Solemn Declaration on European Union without any new commitments.

The Franco-German duo soon took on a new lease of life, however, when French economic policy changed course. The Socialist Government's attempt to kick-start the economy in defiance of its European partners led to a growing budget and balance of payments deficit. France had to promise more rigorous policies to obtain the monetary support of Germany. Mitterrand himself chose to back the new German Chancellor, Helmut Kohl, who was under attack from the pacifist Left. On 20 January 1983, in a speech to the

Bundestag, the French President advised the Germans to agree to the stationing of American cruise missiles on their territory, as a riposte to the new Soviet SS-20 missiles. His intervention helped the Christian-Democrat Government win the elections the following March. Furthermore Mitterrand decided to drop Socialist plans for leaving the EMS and returning to protectionist policies. Instead he opted to stay in the EMS and the Common Market, with the benefit of Community subsidies, and agreed to budget restrictions. German help proved essential in this process and the Franco-German duo reformed. It would subsequently play a decisive role in establishing the European Union, after convincing the Fontainebleau European Council (25 to 26 June 1984) to adopt measures on the CAP budget and reforms which were needed to end deadlock in the Communities.

On the issue of the institutions, Mitterrand now became staunchly pro-European. He approved in principle the Spinelli draft of a Constitution for the European Union, adopted by the European Parliament on 14 February 1984. National governments did not treat it as a subject for negotiation, but took it into account when they finally decided to revise the treaties instituting the various Communities and establish the European Union, a step adopted in principle in 1972. At the intergovernmental conference that met for this purpose, French and German interests did not coincide on technical problems, but the political impetus delivered by the two countries proved vital in securing the signing of the Single European Act (SEA), on 17 and 28 February 1986. The SEA mainly provided for opening of the single market by 1992, with institutional advances restricted to an extension of majority voting in the Council, combined with a procedure for cooperation with Parliament, but only for decisions on implementing the single market. The setting up of a Secretariat-General for the European Union, which both France and Germany wanted, was not accepted by their partners, particularly the British, but the treaty did confirm the role of the European Council.

The effectiveness of the Franco-German duo as a driving force really came into its own in progress towards the single market. The President of the European Commission, Jacques Delors, of France, enjoyed the support of Mitterrand and Kohl, enabling him to propose daring measures to reform the CAP and settle budgetary problems, thus securing sufficient resources to tide the Community over for the next five years. It was thus able to help recent, and less recent, Member States — Spain and Portugal, Ireland and Greece — by means of structural policies. To make way for the single market it was necessary to achieve stable exchange rates between Member States. The EMS already limited fluctuations, but it had required numerous readjustments. Above all the whole system was thrown off-balance by the strength of the Deutschmark, with which countries with weaker currencies were supposed to seek alignment by increasing their interest rates. France was consequently keen to gain a share in the running of monetary policy through the adoption of a jointly controlled European currency. For its part Germany had no intention of agreeing to give up its national currency unless the European currency was under the equally strict control of a central bank, independent of the political authorities and with a mandate to secure price stability. At France’s instigation a committee chaired by Jacques Delors framed a three-stage plan for Economic and Monetary Union (EMU). It was approved by the European Council in Madrid (26 to 27 June 1989), which decided that the first stage would start on 1 July 1990 with a complete end to controls on the movement of capital, until such time as a suitable treaty could be adopted by an intergovernmental conference. It was soon realised that implementing the EMU also involved addressing the institutional problem.

Foreign policy was another field in which Franco-German rapprochement became increasingly apparent. The Federal Republic had learnt to stand on its own two feet diplomatically thanks to its participation, since the time of Giscard, in the economic summit meetings of industrialised countries and to gaining membership of the United Nations in 1973. But it needed European cooperation, particularly with France, to distance itself from the United States and develop a more flexible attitude towards the Soviet Union than Washington’s. The two countries consulted each other on East-West relations. Paris and Bonn withstood pressure from President Ronald Reagan during the Polish crisis in 1981, limiting the sanctions on Moscow demanded by Washington. Even greater progress was achieved in defence, with the two countries implementing the Élysée Treaty of 1963 for security questions in Europe. Serious differences nevertheless persisted. The Germans did not want to leave NATO and the French refused to involve Bonn in France’s nuclear strategy. The Germans wanted the competence of the projected European Union to extend to security issues, but Paris refused — as did London — preferring to relaunch Western European Union in

1984, with an agreement to abolish the rules restricting German use of certain conventional weapons. However, a Franco-German Defence Council was convened on 22 January 1988 and, at the instigation of Chancellor Kohl, a Franco-German brigade was set up. Germany and France thus took the first steps towards Europe's political and military autonomy, though it was still severely limited by the Cold War and would only be able to assert itself after the collapse of the Soviet Union and reunification of Germany.

The issue of Europe's political union took on new urgency in 1989, when the fall of the Berlin Wall opened the way for German reunification. The European Council in Strasbourg (9 November) agreed in principle, but concerns persisted, particularly in the United Kingdom and France. Chancellor Kohl was keen to reassure his partners, affirming that 'the German house must be built under a European roof.' German unity could only be safely achieved within the framework of European unity. Germany's main partners, starting with France, shared this view, prompting the proposal by Mitterrand and Kohl, on 19 April 1990, to hold an intergovernmental conference on political union in order to strengthen Community institutions and above all define and implement a common foreign and security policy (CFSP). Although views differed widely among Member States, Mitterrand and Kohl published a second letter on 6 December, setting forth their vision of future political union, with tangible, coherent measures to achieve that goal.

The Maastricht Treaty on European Union of 7 February 1992 established EMU, which France and Germany had actively promoted, but made much less progress in the political arena, France having moved closer to the United Kingdom to preserve national independence. Kohl had to accept Union founded on three pillars: the Community pillar, enlarged to include EMU but without the increased powers for Parliament he had sought, and two intergovernmental pillars for CFSP and for Justice and Home Affairs (JHA). Kohl consequently asked for the intergovernmental conference which was due to assess the treaty and make any necessary changes to be held on a set date in 1996. But by then circumstances were less conducive to a further increase in the powers of the institutions.

Implementation of the Maastricht Treaty ran into difficulties. France only ratified the treaty by a narrow margin (51.04 % voted 'Yes' in the referendum). In Germany, although the Bundestag voted massively in favour of the treaty, polls revealed that a large share of public opinion was either hesitant or openly hostile. Furthermore the Constitutional Court had placed limits on any subsequent extension of political integration and the *Länder* were concerned about their powers, obtaining a revision of the Constitution which gave them a right of scrutiny over the Federal Government's European policy. Henceforward Kohl was more cautious in this respect until he left office in September 1998. His successor, the Social Democrat Gerhard Schroeder, re-elected in September 2002, was primarily concerned about upholding Germany's rights. In France the Right won the general election on 21–28 March 1993 and President Mitterrand (re-elected in 1988) was obliged to share power with Jacques Chirac, the leader of the Rally for the Republic (RPR) party and an advocate of intergovernmental dealings. Mitterrand chose as his Prime Minister Édouard Balladur, an advocate of a Europe of States. The Foreign Minister, Alain Juppé, was nevertheless determined to implement the Maastricht Treaty. Then on 7 May 1995 Chirac himself was elected President. Barely two years later he dissolved Parliament to consolidate his majority. But the Left won the general election held on 25 May and 1 June 1997, marking the start of another period of power-sharing with a Socialist Government led by Lionel Jospin. This lasted until Chirac was re-elected President on 5 May 2002 and his party, the Union for a Presidential Majority (UMP), won the general election held on 9 and 16 May.

Thus, during the closing years of the 20th century, under conditions aggravated by the economic downturn, rising unemployment and public concern about the process and ultimate goals of European integration, governments gave priority to national interests within the larger framework of the European Union. The divergences between France and Germany were such that the two countries were only intermittently able to act as a driving force in the European integration process.

The single currency, a key feature of the Maastricht Treaty, was emblematic of this trend. Though France and Germany agreed in principle, they did not share the same goals. France saw the euro as an instrument for a policy of neo-Keynesian economic stimulus to combat unemployment, whereas Germany thought structural reforms were needed to beat this ill, and that monetary policy should be neutral and independent of governments. France advocated the formation of an 'economic government' as a check on the European

Central Bank (ECB), an option Germany rejected on the grounds of ECB independence. Ultimately Germany only agreed to an informal gathering of Finance Ministers from euro zone Member States, with a strictly advisory role, decisions still being taken by the Ecofin Council attended by all members of the Union. The Stability Pact gave rise to further strife. It had originally been proposed by Germany in 1995 to ensure States still complied with the Maastricht criteria after joining the euro zone. The Germans were afraid that otherwise financial transfers would be required, with an increase in the EU budget. The French, particularly the Socialist government, thought the Pact would hinder economic recovery. But they had to accept it, even if Chirac had it renamed the Stability and Growth Pact, ensuring that sanctions on defaulting countries would not be automatic but decided by the Council. Ironically, it was in order to have the Pact 'suspended' by the Council on 28 November 2003 that the Franco-German duo reformed, both partners having failed to bring their deficits down below 3 %. Chirac clashed with Kohl on the ECB when he demanded that the term of office of the bank's Dutch President, Wim Duisenberg, should be cut short to make way for Jean-Claude Trichet, then President of the Bank of France. In so doing he weakened Kohl's position in Germany prior to an election he ultimately lost.

The two countries also failed to agree on the Community budget. Germany, as the largest net contributor, demanded a reduction in CAP expenditure, a move opposed by France, its prime beneficiary. The European Council in Berlin (24 to 25 March 1999), chaired by Schroeder, was particularly tense. The recently elected Chancellor had to yield to Chirac's insistence on upholding farming subsidies. But the two men reached a compromise at the European Council in Brussels (24 to 25 October 2002). Chirac was able to secure agricultural spending until 2013, but it was capped despite the fact that the number of Member States had increased from 15 to 27. In some cases this meant restricting the subsidies to which new members were entitled. In 2003 Chirac succeeded in obtaining waivers to limit reform of the CAP, the Commission having proposed to dissociate direct aids from output. This time he was supported by Schroeder, who was worried about German farmers. Regarding the Community budget France agreed with Germany, as well as the United Kingdom, the Netherlands, Sweden and Austria — all net contributors — to demand that budget contributions should be capped at only 1 % of gross national product. At this level the budget was no longer sufficient to cover all of the Union's commitments. Following the crisis caused by the French voting 'No' on the European Constitution, which undermined France's bargaining position, Chirac and Schroeder proposed raising the ceiling to 1.06 % in the hope of reaching a compromise with London on the budget for 2007–2013.

France and Germany also agreed on the need to develop the framework and resources of the CFSP instituted by the Maastricht Treaty. In 1992 they took the initiative of founding the Eurocorps, later joined by Belgium, Luxembourg and Spain. It was designed to form the basis of a future European army. But they still diverged on more long-term goals. France wanted autonomous defence policy and scope for Europe to act as a political power. Germany, on the other hand, was determined not to upset Atlantic unity. Relations grew tense when Chirac, on taking office as President, decided to resume France's nuclear tests and turn the French army into a professional body, without even consulting Germany, which still had conscription. But the two countries patched up their differences to renew bilateral cooperation and define a 'joint strategic concept'. They called for WEU — Europe's only military organisation — to be incorporated into the European Union. No progress was made in this respect until British policy changed in 1998, with the meeting between Tony Blair and Chirac at Saint-Malo, enabling the Franco-German proposals to come to fruition in a European security and defence policy (ESDP). This was established at the European Council in Cologne (3 June 1999) with the military bodies of WEU, national contingents available in the event of a crisis and a European Armaments Agency. The European Union was thus able to take part in peace-keeping missions in Bosnia, Macedonia and even the Democratic Republic of Congo. Links were established with NATO. There was no question of taking the place of the Alliance, but rather of strengthening and balancing it. In the military field, it was thanks to trilateral cooperation with the United Kingdom that progress was made.

This was not the case for foreign policy, there being no way round the fundamental problem of transatlantic relations. Following the terrorist attacks on New York and Washington on 11 September 2001, the European Union unanimously expressed its solidarity with the United States and approved US military intervention in Afghanistan. But Europe split when President Bush wanted to attack Iraq in 2002. There was no concerted

response by European leaders. From the outset Blair unreservedly supported Bush, whereas Chirac condemned Washington's unilateral stance and Schroeder pandered to the pacifist leanings of German opinion during his campaign for re-election. On 22 January 2003, for the 40th anniversary of the Élysée Treaty, Chirac and Schroeder voiced their opposition to any military intervention while affirming their determination to promote Europe. But the Franco-German duo was not a driving force, quite the contrary. Despite anti-war demonstrations, most of the other European Governments approved Bush's position, keen to maintain transatlantic links, and declared their readiness to take part in an international coalition. Even the Central and Eastern European Countries that had applied for membership of the European Union adopted this course, prompting a severe snub from Chirac. The Franco-German duo's isolation within the European Union was all the more complete in that it was counting on the Russian President, Vladimir Putin, as an ally in the 'peace camp'. Any semblance of unity disintegrated after the Americans' initial victory and the fall of Saddam Hussein. Putin, then Schroeder, patched up their differences with Washington, reluctantly followed by Chirac. Europe's divisions were exacerbated by the continuing Islamist guerrilla campaign in Iraq, the gradual withdrawal of troops by several European countries, starting with Spain, and above all by the need to prop up the Government in Baghdad which had come to power in free elections.

5. The Constitutional Treaty

With the prospect of enlargement of the Union to incorporate the countries of Central and Eastern Europe, it was becoming urgent to strengthen the institutions. The Amsterdam Treaty (2 October 1997) failed to achieve this goal, largely due to differences between France and Germany. Chancellor Kohl, eager to gain recognition for Germany's influence after reunification, called for votes in Council to require a double majority, based on the number of States and the size of their population. Chirac opposed this move, in the name of Franco-German parity, which had been a basic principle of the Communities since their beginning. In the second half of 2000 France took over the Presidency of the Union. Relations with Chancellor Schroeder were still tense and other partners were keen to obtain as many votes as they could for the purpose of majority voting in Council. But Chirac stuck to his position. The outcome was the Nice Treaty (26 February 2001), the result of a laborious compromise that further complicated the decision-making process rather than streamlining it.

At this point Chirac and Schroeder realised they must find common ground if they were to speak with one voice and regain their influence in Europe. The two men met frequently. Franco-German ministerial meetings were instituted, and France and Germany set aside their differences on farming policy. They both condemned the American intervention in Iraq. Above all they held consultations with a view to presenting joint proposals to the Convention on the Future of Europe which was drafting a Constitutional Treaty for the European Union. France wanted to strengthen the Council by giving it a permanent President, whereas Germany preferred to confer greater powers on the President of the Commission and on Parliament. The two countries agreed to propose both reforms jointly. On voting in Council, Chirac accepted the principle of a double majority, giving up parity with Germany. He endorsed the German proposal to appoint a Foreign Minister for the European Union. Regarding defence, France and Germany gained acceptance for the concept of 'structured cooperation' which would enable a few States with the necessary capacity to pool their resources in order to carry out missions on behalf of the European Union, following a decision by the Council. Franco-German influence was decisive on these issues. But it carried much less weight in other areas (defining powers; guaranteeing the principle of subsidiarity; an area of freedom, security and justice; and the role of the Eurogroup). An intergovernmental conference of the 25 Member States was convened to adopt, after modification, the Constitution drafted by the Convention. France and Germany were both pleased with the text and defended it against the medium-sized and small countries, which feared excessive control by the large countries and wanted to increase the influence they could bring to bear in the decision-making process. France and Germany had to make concessions on higher thresholds for qualified majorities, while keeping at least one Commissioner for each State, postponing any prospect of the streamlined Commission advocated by Paris and Berlin.

Although the two countries had made a major contribution to framing the Treaty establishing a Constitution for Europe, signed on 29 October 2004, they split over ratification. In France Chirac opted to organise a referendum, as for the Maastricht Treaty. On 29 May 2005, the 'No' vote triumphed with 54.87 % of the

poll, after a strong (70 %) turnout. Such a reaction was predictable from the nationalist Right and the anti-capitalist far-Left. But it was made worse by the poor political climate and above all by social problems (persistent unemployment, stagnating standards of living and fears for the future). Part of the Left played on these factors to reject the treaty but also the very concept of a ‘neo-liberal Europe’. In Germany, on the other hand, the Bundestag ratified the treaty by a large majority. Had a referendum — forbidden by the German Basic Law — been held, the polls show there would have been an uncertain outcome, for social and political reasons comparable to those in France.

Though shaken, the Franco-German duo has weathered this setback thanks to the close links formed between the two countries over more than half a century. There is no credible alternative for either side. Chirac and Schroeder realised this when they joined ranks at the European Council on 15 to 17 June 2005 to oppose Blair on the European Union budget for 2006–2013. It is up to the two countries, who want Europe to constitute a political force in the world, to find ways of saving the essential advances enshrined in the Constitutional Treaty and giving an enlarged Europe the efficient institutions it has lacked since the Nice Treaty, currently in force. It is also up to Germany and France to rise above their differences and propose an economic and social project that reaches beyond the neo-liberalism of the English-speaking world while developing competitiveness. In this way it will be possible to bridge the gap between institutions and peoples, and involve them more closely in the life and goals of the European Union.

In an enlarged Europe France and Germany certainly no longer carry the weight that on several previous occasions enabled them to act as a genuine driving force for European integration. They enjoy less influence in Parliament, Council and the Commission. But they can still keep things moving. And in so doing the two countries could gain allies by opening their ranks to various partners who share their views, in particular Belgium, Luxembourg, Spain and Poland.