

The future of the 'Franco-German duo': Breakdown or readjustment?

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The future of the Franco-German duo: Breakdown or readjustment ?

The difficult [Nice European Council](#) in 2000 and the [failure of the ratification process](#) for the European Constitution in France in 2005 highlighted the differences of opinion between France and Germany on the ultimate aims of the European integration process and the means of achieving them. The [Franco-German cooperation](#) of the 1960s had changed beyond recognition. Franco-German bilateralism on European issues had evolved to meet the demands and realities of the 21st century. But the two countries continued to express differing views on the future of the European idea, and the ‘Franco-German engine’ stalled on several occasions. In July 2006, the proposals of German Chancellor [Angela Merkel](#) to reorganise the European Neighbourhood Policy, particularly with regard to Germany’s eastern neighbours, were met with irritation by her French partner, who had not been consulted on the matter. But the main focal point during this period was [the Treaty establishing a Constitution for Europe](#). Prepared by the European Convention and signed in Rome on 29 October 2004, it would never enter into force. In spring 2005, although it had already been ratified by eleven Member States, the [failure of the referendums in France and the Netherlands](#) led to the suspension of the ratification process. The European Union (EU) was plunged into an unprecedented crisis that would last for two years.

Under the leadership of Chancellor Angela Merkel, the German Presidency stepped up consultations and managed to move the EU out of its deadlock. This period saw [the end of Jacques Chirac’s tenure](#) as French President and marked the close of a chapter in Franco-German relations. The arrival of President [Nicolas Sarkozy](#) in May 2007 was accompanied by a shake-up of political staff and also a marked [change in presidential style](#). German leaders were surprised by the nature of the new President and were irritated at his [tendency to bring everything back to himself](#), particularly since at that time Germany was holding the six-month Presidency of the Council of the European Union.

On 23 June 2007, the Heads of State or Government meeting within the European Council agreed to convene a new [intergovernmental conference \(IGC\)](#) to draw up an ‘amending treaty’ to make changes to the current treaties. The IGC began [its work](#) on 23 July 2007 and was concluded on 18 October 2007 with an [informal meeting of the Heads of State or Government in Lisbon](#). During this meeting, a political agreement on the text of the new treaty was finally secured. On 13 December 2007, the [Treaty of Lisbon](#) was signed. The 27 EU Member States busied themselves with pushing through the national ratification processes as quickly as possible. French President Nicolas Sarkozy was wary of holding a national referendum on the proposed new treaty, fearing another failure, so he had the text ratified [by parliament](#). Two years later, on 1 December 2009, the Treaty of Lisbon finally came into force. The German press was highly critical of President Sarkozy, who portrayed himself as the saviour of the European Constitutional Treaty. The French attitude also irritated German Chancellor Merkel, and the general public began to speculate over the true nature of Franco-German relations. In addition to their differing views on the European Union, the two leaders had markedly different leadership styles. Relations between the two countries were further complicated by other European issues.

Without consulting his German partner, French President Sarkozy raised the idea of limiting the independence of the European Central Bank and expressed his support for the establishment of a European economic government. These two proposals were rebuffed by German Chancellor Angela Merkel. Germany was just as critical of the French President’s [plan for a Mediterranean Union](#). Although a summit for countries bordering on the Mediterranean was held in Paris on 13 July 2008, followed the next day by a meeting between the representatives of these countries and the EU Heads of State or Government, the German Chancellor openly expressed [her scepticism](#) at the French plan, citing the dangers of a division in Europe.

The economic and financial crisis that shook the [euro zone](#) from 2008 onwards forced the Franco-German duo to work together more closely. But differences remained over the best way to combat the

crisis. Throughout the French Presidency of the Council of the European Union, France tried to persuade Germany to increase its contribution to the funding of the European economic recovery plan, but the German Chancellor refused to contribute any more. After lengthy negotiations, Germany finally agreed to a 200 billion euro [European economic recovery plan](#) at the [European Council of Heads of State or Government](#) on 11 and 12 December 2008 in Brussels.

In October 2009, the euro zone crisis took a new downward turn. Greece's recently elected socialist Prime Minister George Papandreou revealed that Greece's deficit was in the region of 12.7 % of the country's gross domestic product, instead of the 6 % announced by the previous right-wing government. The Stability Pact imposed a public deficit limit of 3 % of GDP. Two months later, credit rating agency Fitch Ratings downgraded the country's long-term credit rating by one notch. Fitch was followed by other agencies, and Greece was forced to pay increasingly high interest to its creditors. This led to the collapse of the stock market and the introduction of a first raft of austerity measures including tax hikes and a freeze on public sector wages. From 2010 onwards, Greece, weakened by the financial crisis, began to struggle under a worsening economic crisis. Unemployment rose steeply, and in April the Greek Government asked for aid from the International Monetary Fund and the European Union. Although the French President urgently called for an aid plan for Greece, the German Chancellor was less conciliatory and expressed her wish to step up sanctions against countries that, like Greece, did not comply with the rules of the Stability Pact. On 2 May, the EU announced a [recovery plan](#) for Greece with a 110 billion euro loan over a three-year period. The IMF was involved in the European plan. In return, Greece had to accept strict measures to reduce spending and implement far-reaching structural reforms including a cost-cutting plan to save 30 billion euros, pension reforms, new public sector cuts and a higher tax burden. This led to violent demonstrations in the Greek capital.

But the aid to Greece was not enough to reassure the markets, and the EU was forced to convene an extraordinary European summit for the euro zone member countries. On 10 May, these countries decided to set up a [European Financial Stability Facility \(EFSF\)](#) with authorisation [to borrow up to 440 billion euros](#) from the markets to support any countries in the euro zone at risk of a spread of the Greek crisis.

In the light of the debt crisis that was now threatening other countries in the euro zone, French President Sarkozy brought his position on economic leadership in the European Union into line with that of the German Chancellor. France and Germany hoped that the G20 meeting in Toronto on 26 and 27 June 2010 would result in a decision on the introduction of a tax on banks and another on financial transactions. These requests were made in a joint letter sent to Canadian Prime Minister and President of the G20 Stephen Harper and to the Heads of State or Government of the G20. The aim was to strengthen the stability of the euro zone by establishing surveillance mechanisms to improve regulation of financial markets and curb speculation.

On 18 October 2010, on the margins of a tripartite meeting between Germany, France and Russia in Deauville, President Sarkozy and Chancellor Merkel adopted a [joint position](#) on the reform of the European monetary stability pact. France and Germany agreed on the need to strengthen European economic governance, and the two leaders called for a limited reopening of the Treaty of Lisbon on the following points:

'Establishment of a permanent robust mechanism to ensure orderly crisis management in the future, including the necessary arrangements for an adequate participation of the private sector and allowing Member States to take appropriate coordinated measures to safeguard financial stability in the Euro Area.

'In the event of a serious violation of the basic principles of the Economic and Monetary Union, and following the appropriate procedures, suspension of the voting rights of the State concerned.'

This [Franco-German proposal](#), which some saw as an [aggressive show of strength](#), annoyed many leaders in the European Commission, the ECB and the Eurogroup, and was met with irritation by the other European partners, who had been left out of discussions and who deplored this tactic employed by France and Germany to impose their views. On 17 August 2011, [the Franco-German duo pursued its offensive](#). In a joint letter sent to Herman Van Rompuy, President of the European Council, German Chancellor Merkel and French President Sarkozy set out their ideas to strengthen governance in the euro zone, proposing the establishment of a euro zone government, which would involve regular meetings between Heads of State or Government and would be chaired by Herman Van Rompuy. The two leaders reaffirmed their ‘total commitment to defending the euro’, and also proposed that the 17 member countries of the euro zone should adopt a [budgetary golden rule](#) before summer 2012 under which they would commit to reducing their deficits. But the Franco-German duo dismissed the idea of euro bonds as premature, and put it on hold. The two countries seemed to be on the same wavelength, and for many observers this enhanced cooperation between France and Germany consolidated the image of the Franco-German duo as the driving force behind European integration. But others criticised the constant power plays by France and Germany, and insisted on the vital role of the European Central Bank and the Eurogroup in overcoming the euro zone debt crisis.

Given the proliferation of joint actions and proposals by Berlin and Paris, often without prior consultation of the other European partners, the Franco-German duo was given the nickname ‘[Merkozy](#)’, an ironic recognition of the close relationship between Nicolas Sarkozy and Angela Merkel and a thinly veiled criticism of the political theatre of the Franco-German duo.

In 2011, despite [successive austerity measures](#) and two aid plans, [Greece](#) slid into recession, with the country’s debt standing at over 150 % of GDP. Demonstrations, often marred by violence, sprang up throughout the country. The sovereign debt crisis was now spreading to other countries including Spain, Portugal and Italy. On 10 January 2012, at a joint press conference, the German Chancellor and the French President reaffirmed their commitment to overcoming the euro crisis and announced proposals to boost employment and competitiveness in Europe. But Nicolas Sarkozy was unable to pursue the policy he had initiated with the German Chancellor.

Despite receiving support from Angela Merkel in May 2012, Nicolas Sarkozy lost the presidential election to [François Hollande](#), who became the new President of the French Republic on 15 May.

A [new Franco-German duo](#) emerged and had to deal with a number of European issues: limiting the spread of the financial and economic crisis in the euro zone, fighting to save the euro and boosting growth and employment in Europe, to name but a few. The two partners explored new ways of reviving the European economy, and although the German Chancellor had invested a great deal in Nicolas Sarkozy’s re-election, she had to find common ground with the new French President so that France and Germany could continue to play a driving role in the European integration process. The new Franco-German duo [did not get off to a smooth start](#), with [deep divergences](#) as to best path to economic recovery in the EU (Hollande advocated a pooling of debt and the introduction of [euro bonds](#), whereas Germany emphasised the importance of structural reforms and deficit reduction) and the [cooperation](#) between both countries is confronted to some ups and downs. For many observers, relations between Paris and Berlin were [tenser](#) than they had been for 60 years. This mutual distrust led to speculation about whether Hollande and Merkel would be able to create an effective ‘tandem’, and about the driving role the duo could play in Europe. It is in the interest of both France and Germany to [maintain good relations](#) between the two countries, and Franco-German entente is vital if the European integration process is to make progress and find a way out of its current crisis.