CHAPTER I

INTRODUCTION

The heartland of Europe which has been engaged in the most successful experiment in regional integration in human history witnessed some spectacular events in the 1980s and the 1990s, which not only took the Europeans by surprise but also left the entire world in a state of amazement. Historically, European integration has been built around and identified with post-war Franco-German reconciliation. The success of the Franco-German relationship over the past decades is a record of determination to accommodate divergent interests through positive political action, to explain or tolerate differences and to minimize their impact.

HISTORICAL BACKGROUND

The end of the Second World War witnessed for the first time in modern European history, the shifting of gravitational centre of global power from the European heartland to the periphery or outside of Europe.1 The Yalta and Potsdam Conference in 1945 divided the vanquished Germany into three parts, one each to be administered by the United Kingdom (UK), the United States (US) and the Soviet Union. On Churchill's insistence, France was given a portion out of the zone belonging to the US and the UK and was also admitted as member of the Allied Control Council for Germany. Despite being included in

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the Allied Military Command for Germany and accorded a permanent membership of the United Nations Security Council, France was relegated to the status of a medium power, contrary to the erstwhile French desire of being a world power, especially after Charles de Gaulle relinquished the French Presidency in 1946. Under the Fourth Republic (1946-58), France remained constantly under fear and uncertainty of Germany securing a prominent position in the North Atlantic Alliance. With the Communist rule in Czechoslovakia and Hungary and the outbreak of the Korean War, the US and the UK favoured the rearmament of Germany and its admission in the Western defence apparatus against Soviet expansionism. Since the late 1940s, France has been an uneasy ally of the Western bloc, due to the insufficient support extended by the Anglo-Saxon powers to the French colonial involvements in North Africa and Indo-China. However, the US and the UK sought to placate the French by encouraging them to pool up their industrial resources with those of the German within the framework of the European Defence Community (EDC) in the hope that these two powers would serve as a repository of the North Atlantic Treaty Organization (NATO). The EDC foundered as it could not survive the negative vote in the French National Assembly on 30 August 1954 due to French apprehension lest their armed forces should get into the European command which they feared could be dominated

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by the Germans. In other words there was the fear lurking in the French minds of a possible 'Germanisation' of European defence.\(^4\) On further analysis, another reason why the French National Assembly failed to ratify the EDC Treaty was the emergence of the Gaullist Rassemblement du Peuple Francais (RPF), with anti-European stance.\(^5\) Contrary to the German phobia of the RPF, French Foreign Minister Robert Schuman, who was the chief architect of the European Coal and Steel Community (ECSC), had announced in a schematic sense an exchange of French coal against German steel in May 1950. The Schuman Plan which laid the foundations of the unification of Europe, culminated with the Treaty of Rome in 1957. In 1958, after the establishment of the European Economic Community (EEC) and the Euratom, concrete attempts in regard to European political unification were made by General Charles de Gaulle, who resumed French Presidency in mid 1958. President de Gaulle's idea of a European political union were outlined first to Konrad Adenauer, the first Chancellor of the FRG, in their bilateral meeting of July 1960 where they encapsulated the French aim of building a 'European Europe' capable of dealing with the US on an equal footing. The mystical communion between President de Gaulle and Chancellor Adenauer of


the FRG helped in the formation of the Fouchet/Cattani plans in 1961-62 with the object of setting up 'l' Europe des patries', which however, failed due to the opposition formed by the Benelux countries who feared the emergence of the Franco German axis. The Fouchet Plan provided a model for European collaboration in foreign policy, in deliberate contrast to the Atlantic collaboration encapsulated in NATO. French perception of its foreign policy, of its association with nationhood, national pride and status made its relationship with the US peculiarly complex. As a dominant military and economic power in the international system, the US provided the standard against which to measure French status, the foil for French efforts to demonstrate that status and the most immediately visible threat to the independence and autonomy which de Gaulle considered intrinsic to the preservation of French power and status.  

With the failure of the Fouchet Plans and President Kennedy's Independence Day Speech in July 1962 (calling for a Europe which included Britain as a loyal partner of the US), the perceived necessities of British dependence on the US made France reconfirm British preference for the Atlantic over the European connections. There followed, in quick succession, the French veto on British entry to the European Community (EC) the Franco-German Treaty of June 1963 and

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the Bundestag's addition to that treaty of a preamble which explicitly rejected the French model of transatlantic relations and reaffirmed the German commitment to the US.

**COOPERATION AND COMPETITION**

Unlike France, whose primary objective was to regain status and prestige, the Federal Republic was concerned with the recovery of international acceptance and recognition. Therefore its approach to international and European issues were dominated by its twin concerns for security and for the maintenance of the principle of a united Germany. Unavoidably, therefore relations with the US was paramount.\(^8\) The FRG needed US protection against Soviet threat and support for reunification. Relations with the US became a constant preoccupation for the two Member States of the EC. On the crucial relationship with the US, Germany occupied a position between the confident partnership to which the British declared their commitment and combative competitiveness of the French.\(^9\) The French need to bridge the gap between their broad foreign policy objectives and relative weakness of economies and industrial base required them to find like-minded partners. The Treaty of Rome of 1957, amongst other things, successfully harnessed German economic resources to French

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political objectives in Africa through the creation of the European Development Fund. The FRG appeared more easily available as a partner because of its limited international acceptance and its consequently confined foreign policy objectives made it a potential auxiliary to France rather than a rival.

The Franco-German Treaty of 1963 was primarily concerned with foreign policy collaboration --- with defence collaboration in accordance with the French strategic view. The French pursuit of reconciliation with Germany included a refusal to support German long-term aims of reunification with staunch and explicit support for the German position on Berlin, earning the reputation in Germany of a reliable though difficult ally as reconciliation and co-operation in other fields advanced in parallel. After the Elysee Treaty (Franco-German Treaty of Friendship) of 1963, it had been universally self-evident that the Franco-German link had become intrinsically closer. The relationship was not necessarily a proof against serious differences on policy or shifts in international environment. The German government opposed the French withdrawal from the integrated NATO structure in 1966, just as it had opposed the French government during the quarrel on the structure and financing of the EEC in 1965. On this, as on a range of Community issues, the EEC Member States regularly split, with Germany or the Netherlands leading the opposition to French proposals. When Britain renewed its application to join the EC in 1967,
the German government offered its support against French resistance.\(^\text{10}\)
Throughout the 1960s and the early 1970s, marked disparities in their respective economic and political aims and structures often hindered effective co-operation, resulting rather in division and frequent conflicts of interest, counteracting the aspirations of the treaty between them.\(^\text{11}\)
Structurally, France and Germany are very different. A highly centralised and legislative administrative system in France\(^\text{12}\) contrasts with the devolution of many powers to the separate Laender in the FRG's constitution.\(^\text{13}\) Centralization in France has generally been accompanied by a preference for dirigisme exemplified by the post-war Commissariat du Plan (Planning Commission), whereas the leaders of the FRG favoured an alternative path embodied in Chancellor Ludwig Erhard's free market economy. On the social level, differences in class structures and ideology remain far more apparent in France where deep cleavages amongst separate political parties and the rival Communist, Socialist and Catholic Trade Union groups striking for the homogeneity of its people and their aims, most vividly demonstrated in the consensus

\(^{10}\) W. Wallace, "Introduction: The Shaping of Close Relationships", in Morgan and Gray, (ed.), n.7, p.1

\(^{11}\) For a closer analysis of these factors in the past, see Robert Piche (ed.), Deutschland-Frankreich-Europa: Bilanz einer schwierigen Partnerschaft (Munich: Piper, 1978) pp.19-239.


between workers and management.  

Differences between the two countries foreign policy aims and freedom of action were often no less marked during this period. Gaullist stress on national sovereignty and hostility to the 'apatrides' of Brussels stood fundamentally at odds with much more integrationist feeling in Bonn. Changes in the government in both France and Germany in 1969-70 led to significant changes in the orientation of their domestic and European policies. The pursuit of Ostpolitik turned the FRG in the perception of the French political elites, from a reliable junior partner to an 'unreliable' and independent ally, competing for influence in Moscow. It reopened French fears of Germany with a resurgent economy facing an economically shaky France, and the old spectre of Germany 'turning towards the East'. Mistrust of German motives was strong in France and this was further strengthened by the poor personal relations between Brandt and Pompidou. During this period, French shift towards Britain became a necessary counterbalance to the Franco-German relation as a certain convergence of British and French approaches to the trans-atlantic relationship and to the Middle

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East relations assisted the entente that was necessary for them.\textsuperscript{16} Chancellor Brandt's Ostpolitik drew little enthusiasm and kindled the fear of an economically powerful and politically liberated Germany, perhaps marching to unification and these became significant factors in French acceptance of British membership of the EC.\textsuperscript{17}

A factor which paved the way for renewed Franco-German rapport in Europe came from the more relaxed stance towards the EC under French President Valery Giscard d'Estaing and German Chancellor Helmut Schmidt, both of whom had shared experience as fellow Finance Minister in the early 1970s. Despite the constraints imposed by the nationalist leanings of the Gaullists and Communists alike, French European policy was placed on a more pragmatic surface, which falling short of more federalist feeling in Germany, had nonetheless come to put less stress on national independence and moved away from the legalistic formulas and strict demarcation between supranationality and inter-governmentalism. Significantly President Giscard accepted the creation of a directly elected European

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\textsuperscript{16} A considerable evidence to indicate the effect of German economic strength on French attitude towards British membership in the EC dates back to the Bonn IMF Conference of November 1968 and the Soames Affair of 1969. The latter which involved de Gaulle and the British Ambassador in Paris, Sir Christopher Soames focussed on the future of Atlantic Alliance and the need to forge a closer tie between a weakened France and Britain to help maintain a balance in Europe with Germany. In this context see, Le Monde, 11 March 1969 and Sulzberger's interview with de Gaulle in International Herald Tribune, 11 November 1970.
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\textsuperscript{17} For a more detailed examination of the motives surrounding the French desire for enlargement see, Vincent Berger, Pompidou and the Construction of Europe (translated), (Paris: University of Droit, 1973).
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Council.\textsuperscript{18} The Council may be seen as of evident Gaullian lineage, preserving the de facto power of each head of government to veto policies not deemed compatible with the national interest. But at the same time it may also be seen as constituting the European executive and providing the driving force behind any progress in the EC.\textsuperscript{19}

Ever since France and Germany began to play a crucial role in the process of European integration, no major initiative within the European Community is possible without their cooperation. This became particularly evident after Giscard d'Estaing's election to the Presidency in May 1974. Declaring his interest in closer cooperation with the FRG and improving relations with the US over the Atlantic Alliance, he also brought about new dimensions to economic policies by initiating stricter control over the EC budget. President Giscard's more favourable attitude to the US, which stemmed from an awareness of interdependence and less strict observance of the Gaullist doctrine of multipolarity, brought some convergence between France and Germany vis-a-vis the US. A greater European role in world affairs remained significant of Giscard's presidential platform, yet it no longer presented with a competitive edge towards the US as in the past. During his July 1980 state visit to Germany, President Giscard remarked that his desire for European independence did not imply independence 'from' anyone but rather an independent existence "in itself" which was not

\textsuperscript{18} For the development of the European Council, see, Annette Morgan, \textit{From Summit to Council: Evolution in the EEC} (London: Chatham House, 1976).

\textsuperscript{19} \textit{Le Monde}, 7 December 1978.
incompatible with the Alliance.\textsuperscript{20} On other international issues, French policy in Africa and the Middle East met with approval in the FRG.

French and German economic interests also came to overlap in the late 1970s, pushing the two countries closer. The replacement of Finance Minister Jacques Chirac, a Gaullist, by Raymond Barre, a former Vice President of the European Commission, in France to a certain extent helped foster French economic policy on Modell Deutschland. Although this did not prove entirely successful, it nevertheless indicated recognition of the need to modify thinking by removing price controls and reducing the government's role in the industry.\textsuperscript{21} After the meeting in February 1977 in the framework of the Franco-German Treaty, a joint declaration by Giscard d'Estaing and Helmut Schmidt stated the hope that the EC might "renew in 1978, progress towards economic and monetary union, an obligatory passage-way on the road towards the union, of Europe".\textsuperscript{22} In December 1977, the European Council heard the Commission's proposal on the European Monetary System (EMS). It was after March 1978 elections in France, after fears of dividing further Presidential parties over European policy were dispelled (after the defeat of the Socialist Union),

\textsuperscript{20} \textit{The Times}, 12 July 1980.

\textsuperscript{21} The theme 'German Model' came to dominate political debate in France. Both the Gaullists and the Communists dealt with growing vehemence on the President's alleged subordination to German interests as the Gaullists developing the argument that Giscard was preparing the 'subservience' of France to Germany. Cf Jonathan Story, "The Franco-German Alliance", \textit{The World Today}, vol.36, no.6, June 1980, p.214.

\textsuperscript{22} \textit{Le Monde}, 6-7 February 1977, cited in Story, n.21, p.212.
that intense consultation between Germany and France were initiated on monetary policy, and the EMS was announced in July 1978. In September 1978, the French government presented to the National Assembly its new macro-economic and industrial policies overtly modelled on the FRG.

As France sought to align domestic policies on the FRG, the latter distanced itself from the US. French foreign policy towards the US came to influence German attitudes towards the United States. At the core of German-American differences lay President Carter's 'dollar-and-defence-policy'. The one affected FRG's economic policies adversely, the other threatened to introduce undesirable incalculability into German-Soviet relations. Both contributed in bringing France and the FRG closer.

As global politics helped to shift West German foreign policy on a more regional focus, French European policies began to transform the political landscape in France. Both France and West Germany realised that the fall of the Mediterranean dictatorships implied an eventual enlargement of the EC to include Portugal, Spain and Greece. Both perceived parallel but different domestic costs and rewards; the West German unions feared the implications of the Mediterranean


membership on free access to the domestic labour market of workers from the three candidates, while French farm organizations opposed Spain's request for membership for fear of competition from Spanish wine products. Conversely, Giscard d'Estaing's support for direct elections to the European Assembly stemmed from his long-term desire to meet long-standing West German requests for a more democratic community and also out of anticipation that the communist parties would be in a strong minority in a directly elected European Assembly.25

Notwithstanding the mutual relations of cooperation and adjustments, there still existed another aspect of French uncertainty vis-à-vis Germany. A less active role of the US in Europe or German disillusionment with the US enticements from the Soviet Union, hinting perhaps at improved relations with East Germany were treated in France as potential motives for a German drift to the East. These were all the more reasons for France to adopt a more community-minded stance to avoid estranging its partner, and to cooperate with FRG in order to guarantee its links with Western Europe. Principally, there were still constraints on French European policy and on closer co-operation with the FRG, with regard to the integrationist-attitude of the FRG and the intergovernmentalist-minded France over European unification. On the wider question of Europe's position in the world,

the French Presidents were obliged to conform to the broad lines set out by Charles de Gaulle. Although improved relations between France and the FRG meant that France no longer needed to confront the FRG with the bare choice between France and the US, French calls for restoring greater Europe's power and influence required a delicate handling by the FRG as one of the Chancellor's aides quoted, "America is our most important ally. France is our closest ally." Thus, while internal factors complicated French European policy, the FRG's exposed position and continuing dependence on the US for its security implied that German policy-makers were still obliged to shape their actions with broader considerations in mind.

Despite the divergences in their respective political aims, economic structure and philosophy, it was the cooperation between France and West Germany that paved the way for enlargement, EMS and the settlement of the dispute over the budgetary contribution. The agreement on the British budgetary issue represented a traditional Community package involving British concessions to France over lamb and farm prices and to the FRG on fishing, the latter in particular accepted a very large increase in its contribution to the EC budget. On enlargement, the role of France and Germany had not been collaborative so much as independent with the FRG being the most ardent supporter of new membership within the Nine, and France alternating between favouring and opposing the claims of the three

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candidates i.e. Greece, Spain and Portugal.

The modifications of the Common Agricultural Policy (CAP) and the restructuring of the Community budget also required the involvement of France and Germany. Despite Giscard's more liberal stance towards the EC, the agricultural policy was (and continues to be) a sensitive area for the French, while Chancellor Schmidt emphasised at the Venice Summit of 1980, his desire for action on the budget and an unwillingness to accept an increase in the one percent VAT contribution. This led to a co-ordinated demand by France and the FRG for maximum cuts in non-farm items in the Commission's 1981 draft budget -- a stance not entirely favoured by some Member States.

In 1979-80 and in 1980-82, France was again preoccupied with the 'German problem' and with 'the threat of a new Rapallo' - of the FRG turning to the East and preferring the prospect of reunification to the maintenance of western solidarity less well-established understandings between the new Mitterrand administration and its German counterparts led to a short-lived crisis in Franco-German relations after the imposition of martial law in Poland in December 1981. French attacks on the FRG for its failure to support the US firmly under conditions of East-West tension, repeated from 1981 to the change of German government in 1983. This reflected the perceived dependence of France on Germany for their security and cooperation. Such tensions indicated that not only their remained considerable differences of approach to foreign policy between the two countries and
to the respective roles that they should play in trans-Atlantic and East-West relations, but also that the sense of mutual dependence -- of the necessity of maintaining the closest possible relations with Germany was the first priority of French foreign policy. French willingness to reopen a dialogue on defence policy between the two countries in 1982 and President Mitterrand's vigorous and politically valuable support for Chancellor Schmidt on the need to accept US intermediate nuclear missiles in Germany, were indicative of French adjustment to a more assertive and self confident Germany. A German government which was no longer subservient either to American or French pressures required a more vigorous and viable demonstration of French support for shared interests in order to maintain German support for the vital interests of France. 27

THE EIGHTIES

By the early 1980s, Germany emerged a self-confident nation which stemmed from its economic strength and political respectability. There was an acceptance within the German elite that it was still convenient to follow France in European initiatives, although not in Eastern Europe or on transatlantic relations.

From the outset, West German leaders favoured integration, while at the same time eschewing a unilateral leadership role. They tend to accept their role as the paymasters of the EC. Bonn's European policy often appeared contradictory because the management of the EC

27 Wallace, n.10, p.6.
business was highly fragmented at the level of the central government and within the Laender.\textsuperscript{28}

The premise and practice of Germany's partnership in the EC revolved around its relationship to France. The EMS, the decisive proposals for political union and the expansion of the EC'S international profile were all attributed to the Franco-German friendship which Chancellor Kohl declared in 1987, "the dynamic force in the process of European integration".\textsuperscript{29} Beyond the Franco-German axis lay certain economic and political goals of Germany's European policy. Germany's economic goals with respect to the EC related to its pursuit of economic liberalism and growth, a social market economy and internal stability. By the beginning of the 1980s, Germany had established a pattern of balancing contradictory pragmatic needs, resulting from different domestic, political and economic pressures.\textsuperscript{30}

As far as its political goals were concerned, Chancellor Schmidt had already rejected the common dual perception of Germany as an

\textsuperscript{28} Though the reform of the CAP was a major German goal in the 1980s, yet Ignaz Kiechle, the German Agriculture Minister, used the veto to block the agreement on cereal prices on the eve of the Milan European Council Meeting in 1985. The needs of the Bavarian cereal producers took precedence over the Community's concerns. See, G. Hendricks, "Germany and CAP: National Interest and the EC", International Affairs, vol.65, 1988/89, pp.75-87.


economic giant and political dwarf. Germany moved beyond economic sphere to shape the framework of European Political Cooperation (EPC), that was the most viable demonstration that the EC was more than a Common Market and Custom's Union. The Genscher-Colombo Initiative of 1981, the Stuttgart Solemn Declaration of 1983 on the EC and the Kohl - Mitterrand proposals of 1985 all contributed to the conclusion of the Single European Act of 1986 which set the EC's agenda for the 1990s reiterating the commitment to political union. Germany's active pursuit of EPC and political union reflected the dual goals of national political and economic interests satisfied through an "internally coherent and externally assertive EC, and an idealistic conviction based on German history, that the EC represented an antidote to excessive nationalism". The idea of the EC as an international actor presupposed a separate European identity different from other international actors. The EC was viewed by German officials as a way to retain their own cultural identity as _Kulturnation_ or _Staatnation_, and to develop loyalties that went beyond the nation.

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UNIFICATION OF GERMANY

With the unification of Germany, its relation with the EC showed signs of alternation. Until 1989, Germany's national unity was connected to its EC focus. Since 1990, with Chancellor Kohl's reaffirmation of Europe "as every German's future" and the EC's acceptance of unification, the two have become intensely interlined. When Germany was divided some EC issues had special German dimension; with unified Germany, almost every topic of EC's agenda became Germany specific. 35

German unification required Germany to anew its commitment to universal values and democratic principles. For the other Member States of the EC, German unification accelerated the process of European integration. For Germany, however, it was an absolute priority. Germany's thrust during discussion over the Maastricht Treaty for a federal Europe, for increased supranationalism through a strong Parliament and Commission reflected Germany's will to blend self-interest with a larger vision. Through political union, Germany sought an enshrinement of its post-war ideals of muted national power and the opportunity to exert international influence. 36 During the negotiations of the Maastricht Treaty, German emphasis on federalism, 'subsidiarity' and a Committee of Regions enhanced the role of the German Laender.

35 Feldman, n.33, p.33.
Consequently, Germany also expanded and institutionalised the participation of the Laender in the EC policy, ensuring the public concern that their interests and regional identities not be lost in the process of integration.\textsuperscript{37}

The disintegration of the Soviet Union synchronised with the unification of Germany and brought with it old and new questions about the German factor in the Central European equation. With the political upheavals in the Central East European Countries (CEEC), Germany's Ostpolitik gained a new dimension and greater momentum. This was largely due to the fact that Germany being the closest Western neighbour of the volatile East was most vulnerable to any social, political and economic upheaval of that region. High unemployment, rising inflation and nationalist excesses led to a wave of migration from CEEC to Germany in the post Cold War era.\textsuperscript{38} Germany's geopolitical and economic ties with the CEEC makes it indispensable for Germany to shoulder most of its financial aid and assistance to the CEEC. As the pivotal nation located in the heart of Europe, Germany is geared to use the next few years to prepare the EU for a decisive phase of enlargement.

Two other important objectives for the German Government seems to be revolving around narrowing the gap between the East and


West, and to make Germany a more effective proponent of European integration.\textsuperscript{39} To quote, Helmut Kohl: "It is neither in Germany's interest nor in Europe's interest that the Western border of Poland remains the Eastern border of the EC".\textsuperscript{40}

Unification of Germany led other Member States to fear the rise of a Mitteleuropa which would drift to the East in search of markets. But German interest in an economically vibrant European economy has not been undermined by unification. The FRG's experience of federation with a diffusion of power throughout the political system, makes it less sensitive concerning sovereignty than its partners like France with strong unitary political systems. Although there were inevitable fears of a resurgent German nationalism, there was considerable persuasive power in the assertion that Germany would cooperate with France to further integration.

**FRENCH RESPONSE TO GERMAN UNIFICATION**

The unification of Germany beneath the roof of EC brought new dimensions and controversies to European integration. In the post-Second World War era, it was felt by the West Europeans that Germany is safe when weak and divided. The special position that France enjoyed in a divided Europe built on a divided Germany in the post-Second World War period was severely challenged by the upheavals of 1989. Its political ascendancy over the truncated Germany, its status as

\textsuperscript{39} Financial Times, 14 October 1994.

\textsuperscript{40} International Herald Tribune, 24 November 1994.
a permanent member of the UN Security Council and its possession of a nuclear deterrent seemed to lose credibility with the changes in the European landscape. The dramatic shift in French foreign policy came with the unification of Germany. When the limited sovereignty of the FRG, hitherto a counterbalance to its economic strength, was replaced by a fully sovereign united Germany, France sought to bolster European integration as a necessary step to bind a unified Germany to European framework. In the Bastille Day Speech in 1990, President Mitterrand said:

It is to turn the whole Europe into one space,... a single and vast market and at the same time constant and structural links established among all the European countries. This is why I have talked about a confederation... I would like the community of the twelve to strive for its own economic, monetary and political entity ...

This reflected a long-term time view of the concentric circles of French policy for Europe --- the Community within the confederation and the Franco-German axis at the centre. As in the decade prior to 1989, France was still a critical part of the equation for Germany in the years after 1989, as Foreign Minister Klaus Kinkel has noted,

Our future lies in a European Union that is close to the people and open to the world... together with our closest friend and partner, France, we will continue to be the driving force for European unification.

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TREATY ON EUROPEAN UNION

In April 1990, the Kohl-Mitterrand initiative to revive momentum towards the political union was followed by the Treaty on European Union which heralded a giant leap from the Community to the Union.\textsuperscript{44}

The major objective of France was to create the Economic and Monetary Union (EMU) which was viewed as an attempt to curb the "predominance of the Bundesbank and the Deutschemark". Equally, the Common Foreign and Security Policy (CFSP) would also make it possible to channel the German dominance into the EC. Despite differences over the strength of the European Parliament, the independence of the Central Bank and the speed and scope of East European countries integration with the EC, France and Germany demonstrated the capacity for compromises necessary to propel the EC. The major examples were the 1990 initiatives an political union, the 1991 plans on CFSP, creation of the Franco-German corps, the joint attempt to support the ERM after 1991 and the combined effort after the French referendum on the Maastricht Treaty to make the integration process more democratic and transparent.\textsuperscript{45}

Franco-German determination to seek solutions and improvise the somewhat intractable problems within the EC has made the

\textsuperscript{44} See, L. Kellanway, "Kohl backs Mitterrand in support for Union", Financial Times, 23 November 1989; The Economist, 4 November 1989, p.58.

relationship the motor of European integration. Most alliances are made to advance or protect common interests. France and Germany has an alliance which not only seeks to find common interests but also reflect their political priorities and tries to ensure that the treaty outcomes are as close as possible to their interests. This is indicative of the on-going process of competition and cooperation between the two major forces of European integration. The agreement on monetary union and common defence policy during the Maastricht negotiations involved a concession and a bargain between France and Germany. The central advance at Maastricht for the French was the agreement on monetary union. By accepting a Single European Currency in 1999, Germany sacrificed the Deutschemark at the altar of Europeanism. Secondly, on agreeing with Germany to an integrated military command pledged to the West European Union, French obsession with maintaining a strict national defence was also sacrificed. The bargain amounted to German sacrifice of monetary sovereignty for French sacrifice of military sovereignty.

After more than 40 years, the Franco-German tandem which has been the basic ingredient in European integration is undergoing perceptible changes. The generational change between the Member States came with French reluctance to embrace the Germanic design which proposed a federal framework for the European Commission

during the German Presidency in 1994. This design proposed that the EC should quickly embrace the CEEC, give real powers to the European Parliament and turn the European Commission into a federal government. The internal reform needed to prepare the EU for further enlargement has proved divisive. While former German Defence Minister, Volker Ruehe declared that the "nation state is dead", former French Prime Minister Edouard Balladur announced,

France is the oldest nation in Europe... and has given the rest of the world the concept of the nation and of liberty whose combination underlines our notion of democracy.\(^{47}\)

The northern enlargement of the European Union (EU) in 1995 and prospects of future eastward enlargement is already proving decisive in shifting the weight and strength of the EU to Germany. Germany has already exhibited its overwhelming interest in expanding the EU eastward. To avoid being marginalised by EU's eastward expansion or in other words to counter Germany's domineering influence, France has redressed the balance by securing trade concessions for its erstwhile colonies in the southern fringes.\(^{48}\)

Unlike some of the other Member States, Germany considers 'deepening' and 'widening' as compatible with one another. Regardless of how problematic an intensification of the EU might be in view of the

\(^{47}\) The Economist, 3 December 1994, p.60.

\(^{48}\) Chancellor Kohl's decision to invite CEEC at the Essen Summit in December 1994 raised hopes for a German led strategy to build a wider Europe. To counter this, France aimed at balancing the priorities by allocating ECU 5.5 billion to the Mediterranean states and embrace North Africa and Middle East in a free trade zone. See, Financial Times, 12 December 1994.
growing heterogeneity which would automatically accompany accession by new members, the simultaneous performance of both goals are important for Germany. Traditionally closed to the idea of an enlarged EU, France is apprehensive of the fact that subsequent expansion of the EU will run the risk of reducing the internal cohesion of the Union and convert it into nothing more than a free-market area. French advocacy of the EMU and supporting the political union in the IGC, 1996 stemmed from a commitment to strengthen the EU institutions before any further enlargements.

Prior to the commencement of the Inter-Governmental Conference (IGC) of 1996, Germany and France devised measures and offered proposals for reactivating European integration. In 1994, Germany's ruling Christian Democratic Coalition released a policy paper outlining a strategy aiming to create a 'hard-core' of European states around a Franco-German axis that would move towards deeper integration.\textsuperscript{49} The CDU also came with proposals for a new structure which would not allow any country to block integration by those who choose to go ahead,\textsuperscript{50} outlining a vision of a 'multi-speed' Europe thereby setting off fears in Britain and Italy of a Franco-German domination of the EU. Strains in Franco-German relations arose with respect to Germany's concerns over the EU budget and French sensitiveness over the CAP. Unified Germany's economic environment

\textsuperscript{49} For text see, "Agence Europe", \textit{Europe Documents}, no.1895/96, 7 September 1994.

\textsuperscript{50} The \textit{Times} (London), 2 September 1994.
has noticeably affected its EU policies over the budget. Previous German concerns about being the main pay-master of the EU was demonstrated in Germany's opposition to the Delors II package to finance the Maastricht goals. The discrepancy between contributions and payments still exists. Germany contributed 25 per cent of the total budget in 1990 and received 12.9 per cent. The reality that the federal budget would increase by less than 3 per cent has rendered the EU's proposed budget of 10 per cent annual increase practically untenable and the suggestion of a ECU 6 billion increase in Germany's contribution between 1992 and 1997 politically impossible.51

While the Single Market has opened France to foreign investments, the EU has made it difficult to continue with its policies of state-subsidies and anti-competitive regulation. For all the modifications it has undergone, CAP still requires more reforms in EU's farm policy and farm prices in view of future enlargement to Eastern Europe. Ever since the EU accepted the idea that farming should be subject to world trade arrangements, there are continuous pressures for implementing further price cuts. Any efforts for the reform of the CAP is likely to meet with disagreements in an agriculture-sensitive France which has always had reservations concerning farm support and CAP budget. Germany, on the other hand, proposed reform of the CAP which has been taking away more than half of EU budget and seeks to

ensure a strict budgetary discipline and fairer fiscal burden-sharing.

The road to EMU has generated some divisive tensions for France and Germany. Faced with soaring unemployment and budget deficits, France has begun to realise the shortcomings of being inside a currency-zone designed and likely to run along the lines of the Bundesbank. France is liable to suffer from more unemployment dislocation and restricted market-access than Germany.

**CONCLUSION**

Any study of the Franco-German cooperation should be identified with the impact of personality and political leadership as continuing factors for shaping and reshaping the constraints under which governments operate as they interact. Chancellor Adenauer and President de Gaulle, Giscard d'Estaing and Helmut Schmidt, Francois Mitterrand and Helmut Kohl stand out as examples of personalities between heads of governments which altered the configuration of relations. Other less successful personal links like Pompidou and Brandt with their suspicion and misunderstandings altered prevailing patterns of rapprochement.

Franco-German cooperation was based on the premise of French recognition of the necessity of harnessing German economic strength to French objectives. This was matched by German tolerance of French activism and awareness that French initiatives could also be harnessed to German ends.  

52 Wallace, n.10, p.217.
Member States could present a restraining influence on Franco-German collaborations, both the countries are aware of the friction that could be caused by too blatant an impression of hegemony. Italy's preoccupation with domestic matters and Britain's undecided and unclear role in Europe leave with no alternative but to continuing the unhindered pre-eminence of France and Germany in the EU. Nevertheless, the Franco-German axis as the motor of EU would have been shortlived without the agreement of the other EU Member States, indicating the acceptance of the situation as it is and asserting rights of those left out. \footnote{The Times, 13 August 1980.}