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THE ROLE OF THE FRENCH-GERMAN COUPLE IN EUROPEAN INTEGRATION IN THE NINETEENNINETIES: DISRUPTION OR CONTINUITY

This paper is to explore a number of hypotheses concerning **THE ROLE OF THE FRENCH-GERMAN COUPLE IN EUROPEAN INTEGRATION IN THE NINETEENNINETIES**. In utilizing different theoretical approaches to do this, it will hopefully be able to contribute also to the evolution of theory.

First the state of European Integration will be analysed insofar as it defines the place, the relevance/importance, and the *marge de manoeuvre* of the two states and governments in the Community process. This state-of-integration will be the point of departure.

Secondly, we ask, which are the factors influencing and conditioning the present and future role of the two countries and the two national governments in European integration and especially in system-evolution and change in the European Community, in the current decade? This question must be answered in reference to theories and analyses of Integration.

And in the third part we will address some main issues of European integration in the nineties, in monetary and in foreign policy.

For European Integration, the period we are looking at, will largely be identical with the ratification, the step-by-step implementation, and the beginning revision of the Treaty on European Union, the so-called Maastricht treaty. This will have to take place in the same time as Community enlargement. And Germany has been dramatically enlarged and changed as one important, and many say 'hegemonic' actor. How will the EC live this?

For Germany, there will be decade dominated by the difficult and crisis-prone process of reunification in the economic and social sense.

For France, finally, there is no specific challenge ahead, if it not be the implementation of the dramatic shift in internal political majorities, come about in march 1993. In party-political terms, this is indeed a sea-change, away from a decade of 'socialism'. But in reality 'socialism' was nothing much more than rhetoric for the last eight years, combined with a pragmatic and relatively orthodox economic and financial policy. Thus the real changes ahead will in reality be 'more of the same', with the eternal aim of 'modernization'.

The Community, together with its members France and Germany, has to face, and react to, challenges on a pan-european and a global scale, and of economic, social, environmental and security nature. Within this frame, which affects the EC-countries more or less differently, the Maastricht-process, German unification, and the eternal French 'modernization' will have to be carried forward.

1. The point of departure: national states in integration after Maastricht

The integration-process has reached a certain status quo with Maastricht, which we can take as a point of departure (if it be fully implemented or not). Our first point of reference for this state-of-European-integration will be the sovereignty of NATIONAL GOVERNMENTS in deciding on European Community issues, sovereignty seen in a very classical way, *internally* vis-à-vis social forces and their representations at the national level, *externally* in the European Community, vis-à-vis (and as part of) a Community executing binding treaty obligations, vis-à-vis the European Parliament and the European Commission in future European lawmaking, vis-à-vis the other member governments in future European lawmaking. Why this interest for remaining sovereignty? Well, a strengthening of truly federal procedures in EC decisionmaking would render the French-German relationship in the longer run superfluous for the dynamics of European community-building. At the same time, it would empty them of their most important topics.

The reform-process of the EC, beginning at the end of the seventies with the EMS, continuing over the eighties with SEA, internal market and Schengen, and terminated provisionally with the Treaty on European Union, signed at Maastricht in february 1992, has (in the case of ratification of this treaty) enormously enlarged the field of European Community competencies, into central economic and monetary policy fields of the member states. By comparison, Common Foreign and Security Policy, and even more Cooperation in some main issues of Internal Security, although included in the treaty as well, have brought no real progress in integration, except of putting the obligation for treaty revision in 1996 and possibly deepening in these fields explicitly on the Community agenda.

internally vis-à-vis social forces and their representations at the national level:

In these fields, the internal sovereignty of governments has clearly been increased by moving competencies out of the full purview of the national legislation, into the purview of treaty-constrained Community negotiations of national governments, in which national parliaments have but very little influence.

Paradoxically, it is also because of this, that popular resistance has been seen to crop up with unexpected force, threatening even the ratification of the European Union treaty itself. Member governments felt constrained to concede special clauses of exception to those member states exhibiting the strongest repugnance towards more supranationalism. And there has been a contradicting movement to increase national parliamentary control over their EC-lawmaking, to accept limits to its reach via the institute of subsidiarity (and in Germany to accept a clearly increased role of the Länder). In sum, this has led to a certain renationalization of Community-decisionmaking, especially where Community-competencies have not yet been clearly established.

Only time and experience will tell whether and to which degree the new counterbalancing potential can be implemented; up to then the reality of governments' increase of sovereignty will make itself felt.

Externally in the European Community:

vis-à-vis, and as part of, a Community executing binding treaty obligations:

In the decisive new fields, like that of monetary politics, integration in treaty terms has clearly been deepened amongst the member states, concerning especially the not yet definitely circumscribed group of member states who will implement the Currency Union. Their sovereignty has been reduced. They are bound to execute, or to cooperate faithfully in the implementation of, these new treaty obligations; powerful linkages are installed towards even more deepening.

vis-à-vis the European Parliament and the European Commission in future European lawmaking:

By contrast, *Community parliamentary* control did not keep step with this progress of executive powers.

An everincreasing role accrues to the *Commission*,

- whose constant political dialogue with all governments, over the whole breadth of Community issues, makes it the only EC institution to be able to pretend to real intelligence about the state of EC-wide consensus on any one issue,
- and whose constant 'lobbying' of transnational interest groups and of national central bureaucracies enables it to form coalitions on this important middle ground.

Both factors make it an almost indispensable partner for national governments active in EC-lawmaking, and for every Council presidency.

vis-à-vis the other member governments in future European lawmaking:

In questions of the internal market and of common economic and monetary policies, governments have seen their sovereignty reduced under the treaties by an increased

constraint to go along with the majorities, in consequence of the large-scale use of majority-voting in the Council of Ministers.

In most other fields, in institutional terms, the intergovernmental principle continues to reign Community decisionmaking. Consensus is required for important decisions; governments may refuse to go along and veto progress. But for individual governments, this intergovernmental principle finds its field and possibilities of application nevertheless clearly reduced, because of their decreasing ability to assess correctly the complicated negotiating situations constantly evolving among the 12, and the full immediate and subsequent repercussions of such an act on their own interest. To complicate matters for them further, an everincreasing role is given to the phase of pre-decision, with the participation of innumerable expert councils convoked by the EC-authorities from the national administrations and from the world of nongovernmental organizations and pressure groups. In the end then, governments will more and more hesitate to use, or even openly to threaten with, their veto.

Thus, within the bounds of a more constraining EC-decisionmaking process there is also a clear increase of the discretionary power of national executives in representing and negotiating national interest at the Community decisionmaking level. In the exercise of these competencies they are freer of parliamentary control than formerly. *As all national governments increase their role as competent and unchallenged brokers of national interest in a more powerful and more constraining Community process after Maastricht, this is true for France and Germany as well. (In sum, this state of affairs is closer to the affirmed European 'model' and interests of France than of Germany.)*

Their respective engagement continues to be required even to keep up the Community's day-to-day business. But it is only for decisions of greater importance, or for system change, that their explicit search for understanding or even cooperation appears to remain indispensable.

In the logic of this remark, it would be important for us to have a guess at whether, and how much, political voluntarism and discretion will still be required in implementing the Maastricht treaty. Because it is only then, that French and German initiatives and special cooperation become or stay important for Community building.

Two scenarios fit this requirement: in one the Maastricht process would very quickly transform itself from treaty implementation to treaty reform and further system change, requiring special political engagement. In the second the Maastricht process would show itself to be no 'day to day, routine' task at all, but so difficult as to require the continuing and fullest engagement of the principal countries. But in this second case the reaction of the two countries might very well be also resignation to the constraints, renunciation of full treaty implementation and a reorientation to more specifically national concerns and non-EC coalition building if need be. Only if they wanted additional systems change towards more integration badly enough, we could count on them entering into special political activity in that direction.

But do they still want a strengthened Europe? And what pushes them in that direction? Is it material interests and their functional linkages with national and Community decision-making? Or is it political voluntarism of governments calculating in a (neo)realist logic?

This question is in certain ways comparable to the one of Scheingold and Lindberg in the late 1960ies. They had asked about the forces pushing toward more integration in their time and come up with a basically pessimistic answer. This pessimism was based on two assumptions (amongst others):

- the process of functional linkage, or at least its spill-over-potential, will stop at a certain point in time;
- the political elites have the power of definition over the 'political consequences' of functional spill-over, there are no autonomous or uncontrollable issues of legitimation.

Both these assumptions seem to me to have been proven wrong for their time: first, powerful functional linkage has continued to build up pressure in different important fields spilling over into the creation of the internal market and monetary integration; and secondly, political legitimation has shown itself to be an unavoidable and autonomous factor pushing for more institutional integration. If political elites in the Sixties and the first half of the Seventies, did for a historical moment appear

unwilling to proceed with system change, and able to impose this refusal on the EC-process, they had later to give in to the mounting pressures of linkage.

Are there --in the nineteenineties-- as good or better reasons than for Lindberg/Scheingold in the nineteenseventies, to proclaim a (temporary?) stop to the Communities' spill-overs, in narrow functional, and in wider legitimation terms? In the face of an apparent integration-stalemate embodied in the Maastricht treaty, in which the maximum of integration progress seems to have been achieved by the Communities' contracting parties for the present decade, many would answer in the affirmative.

Depending on the answer to this question, there will be very different future trajectories for the Community. Within them, the acquired positions of national governments, as we have tried to sketch them out, can be exploited very differently, can serve very different purposes, or will have greatly different significance. This is true for France as well as for Germany. The relative strength of specific national view and strategies, as compared to Community loyalty, ought to vary according to these trajectories. We will come back to this question in the third part of the analysis.

To the questions concerning Germany and France in the Maastricht-process, three tentative answers may be given:

- the Maastricht-process does indeed transform into a treaty-reform-process;
- even its implementation does require fullest engagement of the member governments;
- France and Germany conserve strong interest to proceed in integration.

2. Determining factors for integration policy. Theoretical approaches

Do the factors influencing and conditioning the role of the two countries obey a neofunctionalist, or a neorealist logic? Before retrying (after so many others) an answer to this question, it is in order to collect some arguments in support of one or the other.

Neofunctionalism's explanatory power has increased relative to neorealism's and to the earlier decades of integration

inside Western European national states and societies, in consequence of

- a growth of materialist values, and of increasing rationality of political choices, in the two countries concerned. Functional logic has gained in public and political legitimacy. This is especially true for France.
- Social forces less and less accept liberalization pure and simple (what integration students liked to call 'negative integration') as a prime instrument of social change. It encounters more and more obstacles in Western European societies. They continue to demand positive action from the state, in areas as new and diverse as protection of the environment, or control of migration inside, immigration into, the Community.
- In comparison, the legitimacy of high-politics issues has decreased, they cannot any more serve as that behaviour-guiding principle, which overrides all others. This is again especially true for France.
- Nevertheless an important difference remains between Germany and France. The relative importance of 'national' issues and values in the political process is liable to remain greater in France. The most important reason for this is that in Germany there are more intermediary layers of legitimation and identification, and political organization, in territorial and in social terms, between the individual citizen and the national government with its national issues. In France there are relatively less; the *national reference* remains more important for the working of the state in a very general sense.

The national and political coordination and decision of issues of European/Community relevance, in a concrete institutional sense, is more important in France than in Germany as

well. All in all, a neorealist logic of political choices continues to have a relatively greater material basis.

- But in sum, both national governments have less power than in the earlier decades to organize their societies nationally, to interpret internal and external challenges in national or nationalistic terms and to impose these interpretations in politics. Social forces can and do preempt and force the hand of national decisionmakers in a larger domain. Functional linkage finds, thus, a broader and more independent transmission into politics than formerly.

In reducing the leeway for differentiated growth cycles within the European Community, its own regulations or EC-centered policies like competitive monetary stabilization or even revaluation have in addition reduced the possibility for those economies experiencing stagnation or crisis, of encouraging their growth via exports to neighbor-economies in better shape. The answer will have to be a new compromise between growth and employment on the one, and stability policy on the other hand, in the whole Community.

outside these national Western European nations/societies

- The liberalizing logic of the Common Market enterprise, implemented to its fullest in the large internal market, has increasingly led to an interdiction of all unilateral government action liable to distort competition in the Community's internal market. When governments want to follow citizens' demands for new politics, i.e. for new regulation in important fields, this, together with the growing body of EC-legislation, forces them to channel these intentions from the beginning into EC-legislation and -coalition-building procedures inherent to the neofunctionalist logic. The same is obviously true for other new policies.

- an ever more rapid process of inter/transnationalization of economic interrelationships, of financing, production, marketing at the European and the global level, robs the national governments of growing parts of their organizing power over decisive economic, financial and social parameters.

- Take international monetary relations of a European national state, in the face of the gigantic volume of global financial transactions.

- Or take national industrial policy in the face of multilayered and -directional industrial alliancebuilding at European, and at global levels,

- An important systemic reason for neofunctionalism's success in the West was without any doubt the strong relativization of issues of specific national resonance/value, during the Cold War, a period in which the East-West-confrontation reduced their mutual leeway for autonomous action, and increased their motivation to see and appreciate their commonness,

- in the face of a bi-/tripolar world order on the one hand,

- with a basically different and menacing external enemy on the eastern confines,

- in which the bigger European states still seemed to be of acceptably comparable size, and power,

- in which there seemed to be uninterrupted economic growth towards one shared postindustrial future,

- in which finally there was the undisputed pervasive hegemony of one, the American, socio-cultural model based on the real economic-strategic dominance of the United States.

- And there was time, and clear geographical limits, given and pre-set to European Integration. Political actors had to, and did, count with the duration of the cold-war-division of Europe, within which important changes could take place only slowly and incrementally. This allowed the possibility to put a premium on economic and social policy instruments to reach long-range aims of European Community building within the frame set by (realist) security politics.

To be sure, as the bloc-confrontation had also made high-politics a powerful counterforce to functional logic, high politics would always prevail in alliance-related questions. Since 1990, this

has changed. (There is a comparable point to be made for the role of reunification policy in West Germany).

But Neorealism has perhaps not yet lost the battle for legitimating national political behaviour, and therefore for ex-post explanatory power. It is easy to see that some of the systemic pre-conditions of neofunctionalism's success had never really come into their own or are waning away. The change of 1989-90 has been so often described since 1990, that it suffices to sketch out some main points.

- The second enlargement, englobing the Western and Southern fringe of Western Europe, was clearly politically motivated, in a (neo-)realist spirit of stabilizing Europe's marches. Increasingly we have seen the introduction of a geographical divide as to the political consequences resulting out of certain functional linkages. Where these could lead, in a given case, to further-reaching liberalization measures and quicker adaptation in the North of the Community, the answer to the same challenge might be the demand for increasing financial transfers from the North to the South, in the latino-grecian members. The Community's logic was stabilization and not functional linkage; and the North could and did pay for this.
- After 1989/90, the world has become multipolar, to say the least. New groupings of states have cropped up. Potentially, the number of possible coalition partners and thus foreign policy coalitions for all European states has increased. This is especially true for Germany, with respect of Central and Eastern Europe, but also in the West.
- The unifying threat in Europe has not completely vanished, but diminished, and differentiated its face. As also the nuclear threat has been dramatically reduced, the limited use of military power has again become a part of accepted policy options, even inside Europe, for which states have to prepare.
- The cold-war-imposed political/military limits on Western Europe's territory, and thereby on the geographical extent of European integration, have been lifted. Economic and social policy instruments do not suffice any more to indirectly legitimate identity and outer boundaries of this European Union. Direct political engagement appears necessary.
- Germany has increased its population by about 30%, its territory by about 40%. And its potential foreign policy leeway has increased most, compared to its neighbours. France has, in comparison, seen a devaluation of its power assets (victor power, nuclear status). Power differences, and thus power-based motivations for coalitions inside Europe and even the EC, have increased again.
- Postindustrial future does not seem to be for all, in roughly equal measure, neither the growth leading up to it. This re-increases temptations to bet on other than economic and social policy means to influence relations structure between European states.
- The economic dominance, and so the socio-cultural hegemony of the United States have diminished, traditional national differences have got a new lease on legitimacy in Europe.
- Finally, there is new urgency resulting out of the crisis of Central and Eastern Europe. This puts the classic models of diplomatic behaviour and maneuvering back into their own again. Economic and social policy instruments have again to accept a relative downmarking because of their dependency on stable situations.

3. France and Germany in European integration; Hegemony, Bigemony, or what else?

Why should the French and the Germans be interested to cooperate in a special way inside the EC?

For the sake of saving space we will not talk about the historical reasons often advanced for explaining the special German-French partnership in Europe; anyhow, historical motivations tend to fade away with time But structural reasons seem to remain. One of the most important appears to be the following. In the complicated and intergouvernemental decisionmaking-processes of the Community of the 12, in the Nineties, an important and dynamic actor continues to need at least one other big member country at its side, which it knows well in its reflexes and its EC-policies, in the engagements of

which it can have confidence, in a material and in a political sense, and which, finally, will bring an appreciable vote in Council majority voting.

In a Community of diverse structures and traditions and in which a qualitative majority vote has to carry 54 votes (including eight member governments when the Council decides without a proposition of the Commission), this partner ought to be not one whom one can take for granted anyhow, or close to one's own orientation, but isolated. Rather, it should be one who is representative enough of the most frequent counter-propositions to one's own intentions, and who can swing along with himself some others of its own conviction.

These are and remain forceful reasons for Germans and French to try to uphold their specially confident and intensive cooperation on Community issues. Both stay highly interested in upholding this Community and in grading it up far enough to take care of issues they consider vital for their future in Europe.

By the way, the existence of the Community, with its obligations and its continuing evolution, constitutes at the same time the most important subject matter for the talks and negotiations of the French-German couple, but also its most serious barrier as to the realization of bilateral projects, be it in a purely bilateral sense, but even if they are conceived to create a spur for Community progress.

Why should it be the French and the Germans whose cooperation is specially useful in finding compromises and building coalitions around them, in the European Community?

The two countries remain by their size and dynamism the principal 'representatives' of the specific political and economic cultures which mark the two 'camps' of Europe, united in the EC: Germany for the protestant, liberal, egalitarian and non-étatist North, France for the catholic, dirigist and etatist, latin or Mediterranean part; the anglosaxon political and economic culture plays only a marginal role on the continent. Because of this position, each one of the two countries would be indispensable for the construction of any alternative structure of cooperation in Europe, a 'Northern' or a 'Mediterranean' one, or even geographically durable coalitions inside the Community.

But both of them are not as pure in their 'northern' or 'mediterranean' identity, as Great Britain, or Italy and Spain are. Just one indicator for this is the important role of catholics in Germany, and of protestants in France. And they have become much closer to each other in their economic development and social structure than each of them is to the other two big EC member countries. Therefore both countries have important inbuilt 'bridges' to each other. And because of their size and dynamism they have also become the biggest and well-nigh indispensable economic partners of each other.

Thus they cannot act durably as leaders of opposing camps inside or outside of the EC. And because of their differences, their compromises about contentious EC-issues often can serve as models for all others.

What are the effects on the Community's power structure?

Traditionally, integration has been important to the smaller EC-member countries, because they were the first to suffer from conflicts between their bigger neighbors, and because their economies and societies depend most on securely functioning free international economic exchange. Therefore they also welcome the understanding of France and Germany as precondition of the EC's functioning and development. But they understand well the risks of the inherent dilemma. And this leads directly to the question of intra-EC power structures in an institutional and political sense.

If French-German understanding about Community affairs became too pervasive and permanent; in this intergouvernemental community of the states, this would in fact come very close to a bigemony over the rest of the members. Therefore the small states have always spoken out against all tendencies to strengthen beyond measure the French-German 'axis' by adding up the attributes of exclusivity, and against a predominance of intergouvernemental decisionmaking structures which would lend themselves better than others to the imposition of this bigemony.

There is no doubt today that France and Germany can together create bilateral coalitions in EC councils with very high political influence. But they cannot impose their favorite solutions in the

majority voting mode, and they are even unable to block opposing ones. In situations of unanimity mode, one state alone might be pressured into accepting a solution against his will; this cannot arrive to the two, to be sure.

But most important of all, permanence and pervasiveness of understanding have not marked the French-German special relationship in the EC up to now. They were too different in their own system and their expectations concerning EC. This has left many windows of opportunity for the smaller and medium states to make their voices heard in EC decisionmaking. We will see how this difference evolves in the Nineties.

In the sense of functional linkage power, France and Germany could certainly find policy solutions together which by their pure size, exercise an enormous functional 'pull' on all others. They can create very powerful *faits accomplis* by going forward bilaterally in fields not yet covered by the Community competencies. But the more traditional concern in the EC is not about such a material *bilateral* hegemony, its object has rather been the predominance of Germany alone, in mainly economic, but also in more general terms. So much has been said on this in the past (including by myself), that we will not bother about it here, except of one important point: Within a Community which had mainly succeeded in creating a customs union with reasonably open borders to the outside world, the Germans had resigned themselves since the middle of the Sixties to a status-quo-power little interested to force German initiatives on the others which would necessitate an investment of 'power'. France was always more interested to adapt the EC to its more dirigist and etatist order and thus conducted a more activist EC policy. Thus it needed a dependable EC-partner more than Germany. In such cases, most of the time, this followed and supported French initiatives and made German interests felt in this process, as we already tried to show.

As for Germany alone, it was mainly the implicit power of

- the size of the German market,
 - the dynamism, size and competitiveness of its firms,
 - its constant structural surplus position in Europe,
 - the stability and growing international weight of its currency,
 - the attraction of those institutional models and basic socio-economic compromises which seemed to be at the origin of these strengths,
- which exercised themselves to Germany's commercial and political advantage in the open market and society of the Community.
- On the other hand, German financial resources and high contributions to the EC-budget served to keep the need for net contributions of other members relatively low and to contribute strongly to the transfers necessitated by the entry of less developed countries on the Southern and Western fringe of Europe. In sum, this dominating position enabled Germany also to handle rules in a benign manner inside EC and to accept a measure of free riding by other partners.

This combination of factors and interests unraveled since the end of the 1970ies. The ensuing successful imitation of the German stability model by France, in what the French called 'competitive disinflation', also endangered a basic European factor of Germany's model of export-led growth. A final spurt of change came in 1989-90. Since then Germany's comfortable position in the Community has been considerably reduced, even though reunification has increased its size; and the Community's situation in Europe and the world has changed in such a way as to make impossible the limitation to the mere status of a common market. Both processes have forced Germany to re-engage herself much more in the further consolidation and reform of the Community than during the last two decades.

As to France, it has clearly improved its relative position, by its own change to the better as well as by that of Germany to the worse. The Community being what it is, and considering the reduced power of Germany, its need for France will increase in the Nineties in a measure which will at long last, and for some time, approach the two countries in their capacities and their interests to improve the Community's power of action.

All in all, the reduction of German financial power, the increase of vital, pressing challenges to the Community, and the reemerging conscience that the logic of integration necessitates further steps towards political union today, has also forced EC's leading powers to reappraise other issues of

integration in comparison to these vital questions and to take a new look at the true sources of the EC's vitality. In doing this, the positive functional relations among the old core countries of the Community gain new appreciation, whereas the more politically motivated relations to the countries acceded to EC during the first and second enlargement, are more severely examined whether they stand up to the load by themselves, and without constant alimentation from the core.

In this context, bigemony does not only become more possible, it also becomes more necessary than formerly to keep the CE functioning, and to give it the chances to adapt to its new surroundings.

Two questions arise. The first one is how the EC integration process will be affected by (provisionally?) losing the kind of 'hegemony' --call it what you will-- which Germany offered. This is a very acute question in the field of monetary integration, where it gives rise to the painful awareness, that a lack of hegemonic potential as for example superior monetary stability, has its great disadvantages for the working of monetary integration. It gives pause to reconsider the habitual negatively tainted interpretation of German dominance or hegemony in the EC in a more positive light.

But the bigger question of the Nineties is, whether the interests of all members, and especially of Germany and France, in the Maastricht-process, will be able to accelerate the integration process strongly enough to overtake, or keep up with, the new urgencies which favor integration status quo and the preservation of national freedom of manoeuvre in facing the new challenges. This second alternative might not lead to full renationalization. But it could reduce the acquis of integration and create new state coalitions next to it, born out of specific needs and interests, and liable to become powerful mechanisms of competition with, and desolidarisation within, the Community.

4. Intermediate result

(as to

- the point of departure for further Community-building in 1993,
- the role of the national states and governments in this process,
- and the 'logics' within which governments are liable to act, concerning especially France and Germany.)

Our intermediate result would be that there is no alternative choice to be made between the two most important theoretical approaches used to explain European integration, neofunctionalism and realism or neo-realism. It appears much more sensible to accept a coexistence and even competition of neofunctionalist and (neo-)realist logics in the evolution of the Community, in which one or the other prevail in given historic situations. This reasoning itself already implies, that in the last account, neofunctionalism comes out to be the more powerful theory.

The contradictions show in reviewing our first two sections. On the one hand, under the national and the European Community 'constitutions' and institutional set-ups, governments continue to be responsible and sovereign actors. Europe-wide post-cold-war developments strengthen this logic. This role, they play in defending and improving to the best of their ability, their respective nation-state's position (or welfare) in relation to its neighbors; but they do so in large part inside, and taking advantage of, the institutions of the European Community, and with the aim and result to transfer parts of their sovereign competencies.

At the same time they are bound by a treaty,

- to implement policies which were in part decided upon against them, and which imply the transfers of further parts of their sovereign competencies towards Community institutions,
- to obey and to make obey by their citizens a growing body of EC-law.

- And they do all this to the best of their ability as well organized national states, with efficient national bureaucracies, in short, in wielding the instruments of sovereignty.¹

The very real transnationalization of economic and social transactions increases enormously the social media and interfaces generating, transporting and transmitting functional linkage pressures between societies or transnational segments of these societies on the one, and national governments on the other hand.

In this process, important parts of the political elites and bureaucracies, elected, educated, operating in the spirit of (neo-)realism, in reacting to pervasive functional linkage pressures, constantly try to instrumentalize or simply misadapt to them to make their accustomed logic prevail. In so doing, power relationships will naturally be used if possible. And the ambiguity often inherent in functional linkage, where more than one solution to a problem is functionally acceptable, lends itself well to this game.

5. Focal issues of coming integration, and the French-German role

In the following three focal issues inherent in the process toward European Union will be addressed to see how these mechanisms and logics may affect the French-German couple and its European role in the nineties. Will there be linkage and spill over, or rather (neo-)realist power play?

One point concerning the Maastricht-process has to be stressed beforehand: The very principle of different speeds, and degrees of non-participation, which the Maastricht treaty permits in all three important issue fields, makes a more important group out of those who can and who want to put all of the important provisions of the treaty in effect together. They will frequently be forced to behave like a core-coalition within the councils of the twelve, and on the most crucial issues. There are very good reasons to think that France and Germany, and the Benelux states, will belong to this group, and that the other big member states, together with smaller ones, will stay outside for the time being.

The Maastricht treaty provides as yet untried institutional 'interfaces' between the fast and the slower track of 'European Union'. And for the rest, it institutes the 'acquis' of the Twelve as the central object and aim of the Union and makes them the custodian of this object and the supreme arbitrator between the interests of the slow and the fast-track-member countries. Via the Union, the most unwilling members could thus dictate the speed of further integration-deepening. This construction will not be able to contain the resulting tensions; political conflicts between the slower and the faster track will become more possible.

5a. Monetary Questions

Monetary integration has since the end of the seventies been a prime field of integration-deepening, and of following, and creating in its turn, powerful functional linkage and spill-over. Past development shows the pressures building up over exchange-rate-uncertainties as a factor of serious liability for the Customs Union and more so for the Internal Market of 1993. It also shows the growing insufficiency of the EMS arrangements reached --outside the EC-frame proper-- first in 1979, and then in the so-called 'new EMS' after 1986/7, to handle this problem.

Three crises have struck EMS, on the eve of starting the Maastricht process towards EMU. One concerns the inability to preserve fixed exchange rates between countries with long-run inflation differentials, the second the loss of an unquestioned stability anchor, the third the growing incalculability of the financial transactions affecting the intra-EC parities, due to the magnitude and the speculative driving forces of the international financial transactions at the beginning of the 90ies.

For our analysis of the French-German role in the integration-process, the second of the three crises mentioned, the one concerning the stability anchor, carries the greatest meaning. The stability anchor

¹ Italy shows that, without a good functioning state, there is no good integration either

cannot be envisaged without the ensemble of anchorage, in which the anchor is grounded, linked to the ship by the anchorchain. Let us define the seabed as the German economic fundamentals, the anchor as the Bundesbank and its monetary policy, the anchor chain as the rules and the institutional set-up of the EMS, and the ship as the French --or other West European-- central banks, in their turn bound up with their national fundamentals by their own monetary policy. And the sea? May we envisage it as the totality of the European and worldwide financial transactions?

In the 1980ies, the uncertainties and the reform of existing institutions concerned mainly the 'chain' and the 'ship', that is the EMS and (for our case) the French monetary system. Since the end of the 1980ies and after the German reunification, the whole ensemble, including anchorage, and anchor, and their relationship to the sea, are in question. In both phases, functional linkage on the one hand, and attempts at its political instrumentalization in a (neo-)realist logic have been at work.

Phase one, from 1983 to around 1990/2, was marked by the switch of the most important EMS-partner of Germany, France, to a policy of rigour and monetary stability. The French governments have clearly changed their own hierarchy of preference between growth/employment and currency stability in favor of the second. For this there have been sound economic reasons: keep the price of imports under control, if their volume could not be compressed, especially in times of growth, and secondly, reap the benefits of competitive stabilization in more general terms.

This maybe imputed to the pressure of functional linkage. And its effects on the principal export market of the Germans imply secondary linkage effects as well for West German growth strategies and their insertion into European growth. Functional spill-over played an important role in France's attempt to protect this new policy of rigour and stability on the flank of the franc's parity, by a certain hardening of the EMS, and in the German assent to this strategy in 1987.

But neorealist instrumentalization was clearly evident as well. The enlistment --together with France-- of the whole weak-currency group of the EMS, who did not at all take the same stability course, into this hardening-enterprise was an important indicator. And indeed the main result of this process seemed to be political: a power shift between the maker and the takers of monetary politics in the EMS. In the original EMS of 1979ff., a state whose currency arrived at the lower borderline of the corridor, had to intervene in its favor in the money market, and only then enjoyed the obligatory intervention of its EMS-partners. Under these conditions, the point was quickly reached where its reserves and its credit in strong currencies were exhausted and it had to ask its partners for permission to devalue. Then these partners could, and would, dictate their economic and financial policy conditions to the devaluing party before agreeing to the new rate and to supporting it in the markets. The dominating partner would be Germany and the Bundesbank.

The so-called 'new EMS' created after 1985, basically widened and reinforced the claim of the threatened currency to support in the markets by the central banks of the strong currencies, already before the lower border line of the corridor was touched, and in granting a larger volume of help. Thereby, to make a long, complicated story shorter and simpler, it engaged the strong-currency-central banks, and thus especially the Bundesbank, earlier and to a much higher degree in defending the weak currencies. In the same logic, parity changes in the EMS were increasingly stigmatized by a French integration discourse, which proved difficult to counter by the Germans and the Bundesbank. This placed an added load on the Bundesbank, which had to increase the German money supply in a dysfunctional manner, and to accept a freezing or even gradual worsening of German terms of trade in Europe at the same time. On the other hand, the added credibility of EMS-exchange rates after 1987 brought an important additional benefit to weak-currency central banks: it allowed them to lower their interest-rate-differential vis-à-vis the German mark, thus reducing the pressure for timely parity-adaptation even more.

In consequence, in respect to power relations, Germany as well became a demandeur to change parities, or the system of EMS, and would have to listen to the conditions which the others --and mainly the French-- put to her and take them into account.

And finally, concerning the starting positions for EMU, the established parity grid could serve as the postament upon which the Monetary Union would be erected. The more untouchable it appeared, the stronger was the monetary negotiating position of France and the others in the runup to implement the Union.

Phase Two, 1990/2 and the coming decade, is in its beginning marked by a veritable 'seaquake' affecting and destabilizing anchorage and anchor of our stability anchor system. There is the huge capital need of East German reconstruction, which drives the German government into gigantic budget deficits and long term public debt on the one hand, and into accepting high capital imports via relatively elevated interest rates in the German money market, on the other. Government has not been able between 1990 and 1993 to curtail expenses enough to control the public debt-increase. Thus the Bundesbank had to jump into the breach. In its worries about DM-stability, it has contributed to the rise, and has since braked the ensuing downward trend, of German interest rates. Both facts have contributed, in an open West European financial market, to keeping interest rates high in those countries that want to preserve their parity to the Deutsche Mark. But as long as they do not reduce the creation of new liquidity in Germany, they will not reestablish the beneficial stability anchor function of the German currency, while at the same time creating the inconvenience of pushing European interest rates up.

So it is an internal distribution conflict and government's inability to resolve it, which resulted in preventing the Bundesbank from implementing the existing marges of interest rate reduction in Germany and thereby finding an implicit growth/employment-plus-stability compromise also with the monetary authorities of other West European countries. In addition, investment in East Germany, and in the West, is more expensive than the authorities would like. In addition, the pervasive economic slump of the early nineties has also forcefully affected Germany with layoffs and stagnation/recession. It creates contradictory intra-German pressures on the Bundesbank to give up in its stabilization efforts.

Thus, the value of 'seabed and anchor' for European monetary stabilization is seriously reduced for the time being. On the other hand, both in quantitative and institutional terms, the other Europeans will have to live with it and its almost hegemonic weight, for the foreseeable future.

The 'ship' of French economy and monetary policy, and that of other West European countries, is rocked also by the worldwide economic slump. It leads first to stagnation and then in 1993 to recession, and drives unemployment to levels which threaten to destabilize French society profoundly and to enforce a renunciation of the monetary and budgetary stability. High real interest rates especially in the short range, transmitted from Germany over the open financial markets of the Internal European market, the link of the Franc to the DM in EMS, and the credibility gap of French stability, appear to block the remaining or reappearing possibilities of cheapening French credit without in reality endangering stability.

Finally, in the fall of 1992 and winter 1992-3, the acquis of French European monetary policy, the hardened EMS collapsed to a large extent, confirming powerfully the force of functional linkage and spill-over in confronting structures which had at least partly been conceived in a (neo-)realist spirit of counterbalancing the dominance of the Bundesbank in Europe -- in this case resulting in a spill-back in a first step. We will not here enter into the reasons for this débâcle. Of the Twelve, by march 1993 three had left EMS temporarily to float, three had devalued within the EMS, partly more than once, and a seventh, Denmark, had declared herself unwilling to agree now and here to participate in Monetary Union later in the decade. Of the large EC-member countries, only France herself had the economic and monetary stability, and the credibility, to preserve its currency in its established relation to the Deutsche Mark, with the active support of the Deutsche Bundesbank.

France thus finds itself left with only one big and overpowering, and three small, partners, Germany and the Benelux-states, willing and credibly able to continue the march towards EMU on the basis of the 'new EMS', and to belong to the founding group of a European Central Bank System.

And the 'sea'? To be sure, the growing irrationality or at least unpredictability of market parities between the European currencies showed themselves a growing and functionally relevant policy problem.

Germany, France and the Maastricht process of monetary union

After the loss of the semi-fixed parities under the 'new EMS' and in awaiting the introduction of the one European money at the end of the decade, this stability of parities can only be realized by a

convergence of fundamentals between the large economies, and by ensuring high credibility to the national monetary authorities concerned; that this convergence will not be broken. And: this convergence has in fact only been reached between a restricted number of EC member countries, Germany and France plus three-four others; it is only among this group that we may count on its survival with some certainty.

The point of departure stays the same and is shared by Germany and France: both countries' enormous economic interest in preserving parity stability inside the EMS and especially vis-a-vis each other. It is an important condition for preserving mutual openness and full freedom of economic and financial transactions. But the new situation changes the strategic possibilities for the two big economies France and Germany, and especially for France, to reach this aim. Because it had been France who had relied more than Germany on the existence and on its strong position in the external European frame that was the large, 'new' EMS, to stabilize its money's parity. Now France finds that she has to guarantee the required credibility more than expected by quick adaptations of her own internal institutional system. And if she wants external props for stabilization, she has to negotiate them practically à deux, alone with Germany.

There is still a clear difference of preference hierarchies as concerns inflation and growth/employment, between Germany and other West and South European countries, including France, and there is another clear difference in the separate institutional representation of the stability-preference, being much stronger in Germany, than in any of the other big European countries. This separate institutional representation constitutes also an asset for functional linkage processes and a brake to any neorealist logic of politics.

Even if political elites in France would like to preserve a central bank within which the state has the last word on the price of credit, they had to recognize the growing contradiction between this aim on the one hand, and that of preserving public credibility of French policy of the stable Franc on the other. This argument has been reinforced by the obligation accepted in the Treaty of European Union, to render central banks of potential members independent. The pressure had therefore been mounting for some time within France, to give this independence also to the Banque de France. The new center-right government of Edouard Balladur, clearly spurred on by the credibility-crisis of the Franc manifest during the currency crisis of 1992/3 and the clamour of French banks, seems decided to realize this aim in the very near future. To the degree that this is also a clear step of treaty-observance and European political harmonization, it would seem also one more case of neofunctional spill-over.

Is there unilateral exercise of power, of hegemonic power, from Germany in this development? We would tend to say 'no', even if we have to concede that the formal and institutional expression of the conditions to which the French had to obey, that the forms they chose for their institutional change, were strongly influenced by Germany. There are elements of the US Federal Reserve as well. But the motives for entering into this adaptation flowed out of an internal change of French strategy, to position France differently and better in the internationalized economy of today.

In fact, the French position in its relation to Germany has not deteriorated as much as some did think. Because, as we said already, Germany too needs stability of parities within the European market, even more than before in its period of weakness. In a Europe where every country is trying to engage in competitive disinflation, in the logic of the treaty of Union, it has more reasons than before at least to exclude excesses of this policy, leading to a cumulative beggar-thy-neighbor effect, and even to search for a certain coordination of macroeconomic pump-priming if necessary. And France now remains the one big partner remaining and disposed to enter into this kind of engagement. The German Bundesbank followed this logic when she supported the French Franc staunchly in the recent currency crisis. Will the contradictions of German monetary politics durably prevent the finding of a common approach with other European countries? Not necessarily if the distribution conflict between East and West in Germany could be solved with less inflation in the coming years. The other solution would be a reinvigoration of world economic activity opening more export-led growth to the other EC-countries.

What effects on the Maastricht process, out of this change in Franco-German relationship in the context of system change in the EMS?

In sum, it may well be that the Franco-German special relationship proves necessary to save the foundations on which to construct EMU. But it contains also the potential to deform seriously and/or to accelerate the Maastricht process in doing this.

There is enough interest and substance left, to bring a central group of say France plus Germany plus Benelux together in a first step, to create a EMU even on the shambles of EMS. A new compromise between growth and monetary stability appears at least theoretically attainable between these countries, which takes account of the changed situation in Germany as well as of the growth interests in the other member countries. And the problem of the new proportions between reunited Germany and its neighbors appears still best neutralized by being embedded in the European Union structure.

If this group comes into being according to the Maastricht rules and timetable after 1996, there is little problem. The very principle of different speed of attainment further on, either it would rest an affair of the Five, or it would grow by further entries under the treaty. More important will be whether decisive progress in the other central issues of Community-building can also be concentrated in this group, so as to make it --in every sense-- a true core of the Community, which will, with the given limitations in membership, realize the principal aim of the European Union. But we will have to keep in mind the contradiction between having Maastricht among the 12, and real progress towards political-economic union inside a smaller group.

French-German initiatives become important to the degree that political voluntarism and discretion determine this outcome. The more Maastricht can run its normal course, the less will this be the case; the more difficulties it meets on its way, the greater the importance of voluntarism and bilateral leadership. This is already true in normal Maastricht-procedures, although the treaty leaves relatively the smallest leeway for this in the monetary field. But even there, the political appreciation of the European Central Bank membership-criteria will be a point in which differences of opinion may be expected. Treaty making and ratification having in this field already 'exhausted' the resources of French-German cooperation, we may expect France to demand a less stringent application of the criteria, especially pleading for Spanish and British membership, and Germany's government, pushed by the Bundestag, pleading for very strict application of the treaty's membership criteria.

But the real question poses itself between 1993 and the years 1997-9. Between these two dates, new monetary unrest and destabilization might ensue which could still undo the link between French Franc and Deutsche Mark, link considered economically sensible, and the basis on which the French want to erect their membership in ECB. Thus the new French government continues the political effort of its predecessor, to forge a monetary axis between Paris and Frankfurt(-Bonn), including if need be Amsterdam, Brussels and Luxembourg, which will stabilize this link FF-DM, already before both currencies enter into the ECB-bond under Maastricht. This effort would have to result:

- either in an accelerated ECB between the five (?) potential candidates,
- or in a political agreement between France and Germany, including possibly others, which would reform the EMS, especially by reinforcing the 'monetary anchor' which was formerly the DM, via the addition of the French Franc and possibly the Benelux currencies.

- While the *first of these alternatives* would run at the first glance directly counter to the obligations taken under Maastricht, and therefore could risk a head-on clash with the other co-signatories of that treaty, it would give to the Germans that degree of certainty for a common and stability-minded monetary policy which they might think acceptable.

- The *second alternative* would likely run a lesser risk of antagonizing the co-signatories, but even so it would also require an important change in the statutes of the EMS, which would have to be accepted by its members.

To fulfill its function, this construction would have to give the French the assurance that every currency will be supported early, in a dependable and irrevocable manner by the stronger currencies, in any upcoming currency crisis. But France would, under this construction, not yet want to fully share the competence of its own national monetary policy with the Germans or others in a reciprocal manner. To the degree that this solution did not create, for all participants, a clear, equal and dependable obligation to carry on a true stability-policy, the Germans would likely not see their basic condition fulfilled, which made them already refuse the earlier proposition of a European Monetary Institute which was to be entrusted with real monetary policy competencies.

So again there will be room for the conflict where, within the general urgency of a commonly felt functional linkage, (neo-)realist strategists will try their hand at distributing the obligations and the claims between the two main parties concerned in a manner reflecting unequal power positions and unequal hierarchies of interest.

5b. Questions of Foreign Policy

The removal of the Iron Curtain has not only opened Central and Eastern Europe to Western influence, but has also bared Western Europe's eastern flank to challenges and dangers coming from the East. These will affect the states of Western Europe in different ways and will result in diverging positions and actions.

We said, that French-German initiatives become important to the degree that political voluntarism and discretion determine this outcome. Well, as to Foreign Policy, there is no 'normal course' charted for Maastricht, rather there is, even within the treaty, much leeway for voluntarism and discretion. To be sure, the treaty gives the express possibility to improve substantially on its own level of foreign-policy integration, at the occasion of the 1996 revision-conference and in implementing early on and extending the field of, the 'common actions'. But up to now, pessimism seems to be in order, concerning this kind of incremental expansion of the application of real 'common' foreign policy. And under the treaty text, there is no binding legal obligation to move further ahead with CFSP. We will come back to the basic alternatives this poses.

Whereas in internal Common Market developments the leeway left to the French and German actors is limited by situations and interests which are in large parts the emanation of their own socio-economic development, subject to strong unifying functional linkage pressures, and to their sovereign political action, the contrary seems to be the case in foreign policy.

This is not only the case because of the often described fact, that in foreign politics, and especially security policy, the legitimacy and efficiency of the central organizing institutions of the national states remain relatively high, vis-à-vis society and its differentiated interests. These central organizing institutions also find themselves confronted with dramatically changed structures outside their own control, which tendentially increases their need for quick reappraisal and discretionary action.

In addition, the Western European governments remain democratically elected and answerable, in facing decisions which entail grave potential risks for certain of their citizens, and in a situation in which there is neither a clear-cut alternative to decide, nor a clear hierarchy of leadership amongst the partners; in other words, they find it extraordinarily difficult to advance from words to actions. This slowness seems also due, beside the reasons already named, to the fact that they do not face these developments alone, but as members of a community which eschews autonomous action of the members, and lacks the means to arrive at joint action. This would not appear an ideal frame to follow the logic of neorealism. Do the concrete developments of the nineties, on the basis of these new structures, create different or convergent foreign policy pressures and interests for Germany, France and the Community?

The challenge of the East and Germany

They will be a challenge to Germany in particular, in the present and future. This is due to its geographic location, its immediate exposure to developments east of its borders, and the presence of important groups of Central and Eastern European peoples in the Federal Republic. The crisis in Yugoslavia was an example of this.

In a wider sense, Germany has found itself, ever since the opening of Central and Eastern Europe, contiguous to a completely new political theater, which, as opposed to its Western environment, is not governed by stability, treaties and consensus. Instead, it has its own, extraordinary dynamics. The new generation of decisionmakers is in quest of a new identity. They are contemplating new diplomatic and economic relationships with the West, and are seeking political and economic commitment on the part of Germany in particular.

Of all EC-member countries, only Germany is so clearly cast into a political arena where its economic importance, indeed its power, makes itself felt and can be effectively applied in a totally different way than in the West. Germany's -- and by extension the EC's -- most pressing question is whether the contradiction with the Western European situation inherent to this new challenge can be dissolved without jeopardizing what has already been achieved in Western Europe.

The crisis in Yugoslavia has shown that this question will be difficult to answer. Among EC member nations, Germany will be the first and the most resolute in taking action in this region, not only diplomatically, but also in terms of cooperation and aid. With this in mind, Germany will, in the near future, work for the assent and participation of the countries of the EC, so as to distribute the burden and to avoid endangering political relations with its partners. Ultimately, however, German policy aims to include a dynamic East in the orderly, stabilized environment of the West, in order to neutralize the potential contradictions between the political challenges in the West and East. Both lines of action are clearly recognizable, the first in its Yugoslavian policy, the second farther reaching one, in the combination of its own Ostpolitik with the EC's policy of association and enlargement.

The challenge of the South and France

The dramatic change on the Eastern flank of the Community, which is in large measure also a change of the German situation, is matched on the Southern flank by a far less dramatic and abrupt, but comparably evident change from a situation of, relative, political stability between the North and the South of the Mediterranean, to one which contains at least as many elements of instability and potential threat than the one on Western Europe's Eastern flank. The Gulf-war of 1991 seen together with its enormously popular anti-European and anti-American resonance in the whole North of Africa, demonstrated a part of this new threat.

Now whereas the new Eastern risks seemed to weigh mainly on Germany and less on those EC states situated more in the West like France, the new Southern risks implicate France, but also Spain and Italy, very strongly at present already and more so in the future. This is true for the whole range of problems, from ecological risks, over low-cost agricultural and industrial competition, to mass-migration, and in the end the possibility of isolated long-range terrorist attacks with uncontrolled arms of mass-destruction.

This differentiation in the direct external exposure of certain groups of member countries of the EC, could lead us to think, that here is still possibility and good reason to think real integration of foreign policy among the EC states impossible for a long time. Much rather we could imagine an efficient division of labor, in which France widens its already exceptional African orientation to become a leader of an intra-Community coalition for Southern Questions, and Germany does likewise for the Eastern flank issues, with the two coalitions acting in mutual agreement. But if we look closer, two impressions emerge: Firstly, even that kind of construction would not be equal to the new challenges. But more important is that it is hardly likely to come about, because contrary to the first impression there is no such clear division of interest.

In fact, there is more parallelism of interest than one might have thought, and it increases. But the more identical the areas of interest are, the greater are also the risks of confrontation or conflict. As to the adaptations in order for the Community's future CFSP, our first rough hypothesis would be, that there will inevitably have to be either a move back from the exaggerated rhetoric obligations spelled out for the new CFSP in the Union treaty, or a clear step forward to their institutional concretization. Is there any evidence pointing in the one or the other direction?

Well, there are also clearly visible mechanisms of functional linkage in this area which may conduct France and Germany to a more common vision of the problems first, and force them into significant steps of further integration secondly. This becomes clear, when we realize how closely the 'threats' from the two flanks, and their treatment, are intertwined with, and dependent upon, social and economic developments, and on assistance from Western Europe.

External economic relations

We said that parallelism of interest (even if it is not identical with convergence) exists and that this implies the possibility of competition. In fact, Central and Eastern Europe is today for all the big member states of the Community the one most important contiguous region with an imminent threat potential, but also with a *positive* perspective. This is clearly visible in the concentration of the foreign

policy discourse in all member countries on this region, in the debate about the economic and social perspectives in the East, which invariably, and in all European countries, have a basically positive tenor, and last but not least in the financial and industrial engagement of all EC-member-economies in that region, the dynamism of which surpasses by far that in Southern direction.

The South, Africa and the Near East, to all practical intents as far as Europe is concerned, has still a strong rhetorical presence, especially in France, and also in Spain and Italy. But in looking closer, one sees that at the beginning of the Nineties, the development chances in that area are being judged almost without exception in a deeply pessimistic vein. There is no real improvement envisaged, not to mention the perspective of a real gain to be gotten out of any help or capital invested there. No, what is hoped for is either the mere stabilization of the situation as it is today, or the limitation of the worst threats like migration 'waves' or terrorist attacks which dominate all reasoning and action. This is very true for France, and it is especially visible since the Gulf war. On the level of economic exchanges, the data corroborate this finding. To be sure, French and Italian economic interests remain engaged in substantial measure. But for them, as for the others, Africa is constantly sliding back in relative and absolute terms of investment, commercial and financial engagement, whereas there is a dynamic upward curve for all activities vis-à-vis the East.

Additional conflict potential results out of the different intensity of economic interests. Germany is far ahead of all other Community member economies in the East, in all terms of financial aid, and almost everywhere in terms of commercial presence and of direct investment. There are exceptions for certain Community countries like Italy, which has quickly built a very strong position in direct investment in? or France, which enjoys (if that's the word for it) a specially strong position in Rumania. But overall Germany is the first.

At the same time, Germany seems to be the first to demand EC market opening to Eastern Europe. This would seem only logical because a large part of direct investment in the East will only pay, if the resulting plants can export into the hard-currency markets of Western Europe. This makes its West European competitors think that German investors and creditors in the East, will profit most of such an opening, at the expense of their own economies. That is one of the reasons for the frequent concern voiced by French media about the German economic activity in the East.

But in sum, the scenarios of conflict are little likely to become reality. Because the conflict over the divergence of engagement in the East is in the end not as great as the fields of convergence. There is convergence about the overwhelming Western European interest in stabilizing and reconstructing economic and social structures in the East along the lines of social market economies; there is convergence about their desperate need for Western aid and investment as well as for exportmarkets in Western Europe. In Germany and France there is a more, and a less important minority of economic actors which in fact engages itself and invests strongly in Central and Eastern Europe; and in both there are those numerous firms who want to export into the East. This does create a minority coalition of economic interests in each country which strongly supports the general pro-Eastern line just presented. Finally, French and German trade interests remain in their overwhelming proportion dependent upon assured market access in Western Europe, making the search for their common denominator in sum more important than insisting on their own competitive economic aid policy vis-à-vis the East.

The chance thus remains that the resulting degree of market opening will in the end be determined more by common Western European concern for economic and social development in Eastern Europe, than by a battle between the different national economic interests in the East. The whole import and aid question is anyhow treated by Community policies: the common foreign trade policy of the internal market, and the European Agreements concluded with the Central and East European states. So, even if the role of Germany and France in defining a Community attitude to this development does not need to be explicitly cooperative and constructive, there is no reason that it could not become so.

Immigration

If economic relations with the East seem to hold out at least an ambivalent perspective, in which the attractive prospect of gain lies close to the mere hope of averting the dangers resulting for Western Europe out of the complete economic and social collapse of the Eastern part, the migration problem does not seem to hold out anything positive. Pessimism and a strongly defensive attitude prevail all over Western Europe, reinforced by the current economic slump and the high unemployment it

engenders. High unemployment increases still more the basic problem of immigration: to overcome the deeply ingrained attitudes of insecurity, refusal or open hostility of the populations concerning the presence --especially the constantly increasing presence-- of foreigners amongst them.

Social unrest, rise of racist and fascist political movements, attacks against foreigners, are the results of the inability of the governments to overcome this problem. Therefore, the immigration is today for the governments of Western Europe one of the major, if not the single most important, problem of their relations with the outside world. East and South offer this perspective of high emigration towards Western Europe, the East on much shorter notice, and across long land borders, the South for a much longer period and in much larger dimensions, but in confronting a much bigger barrier, the Mediterranean.

For the European Community of the Nineties, this perspective of strong and unwanted immigration creates strong functional linkages in the direction of more cooperation in two respects directly linked with the Maastricht process. One hesitates to say so, but in many respects the logic resembles to that of foreign trade and is therefore well known.

On the one hand the internal market project, itself the core of the European Union project, proclaims the free and unimpeded circulation of people between the different member states of the Community, allowing migrants, once they are inside the EC, to move freely without facing border checks any more. But for the time being, rules and treaty arrangements of member countries regulating immigration and granting of asylum are still very different, allowing different quantities of foreigners from different third countries the entry to national territory under very different conditions. I just mention the question of Poles or Turks in Germany compared to that of Algerians or black Africans in France.

If free internal circulation is to come about, as foreseen by the Union treaty, and as already practised within certain limits, following the agreements of Schengen and Dublin, among others, the differences between the conditions of residence in Community territory for foreigners will have to be reduced. The Union treaty speaks, in its third part, of the necessary cooperation between national police and migration authorities, and a measure of harmonization of the laws governing residence of foreigners, their immigration and their naturalization to be brought about in the coming years. In each member country this implies a strong effort of overcoming very old and deeply ingrained national traditions concerning citizenship, liberties, privileged relations with extra-EC partners like former colonial dependencies far enough, to permit this harmonization of access. If it comes about, it will be an enormous step forward in approaching national identities to each other.

Between Germany and France, the two biggest member countries with the strongest mutual trade and the longest land border with no natural barriers, this harmonization is the most urgent to achieve, especially considering that they open themselves, out of the geographical and historical reasons which we already mentioned, to very different kinds of immigrants, on the two principal European flanks of the Community, on the East and on the South.

But there is also the external aspect. Harmonizing immigration means also, that the Community countries have to find a common attitude and rule vis-a-vis third country citizens who want to enter its territory via one of its different national borders with the surrounding countries. And this presumes negotiating new or modifying the old, bilateral treaties, which most of the Community countries have with third countries to regulate the conditions of access for their nationals. In the end, these will have to become Community treaties.

Migrants do not only flee from economic and social deprivation or political persecution in their countries and regions of origin, they are also driven by political unrest and war in Central and Eastern Europe as Yugoslavia shows. Germany has increased its efforts to open EC's borders for refugees from this war, and to divide the load constituted by these refugees amongst all EC countries. To this, France and Great Britain have up to the beginning of 1993 reacted by pointing out their ancient special load of black immigration out of colonies and Commonwealth. But it will prove impossible to uphold this kind of attitude, and searching a common policy towards war refugees from neighbouring Yugoslavia will inevitably force to a more common appreciation of the war and possible reaction to it as well, at least among a coalition of EC-states.

For some time already, multilateral efforts between Western and Eastern European countries are underway, resulting for instance in the agreement of the Schengen-group with Poland of 1991, aside of the bilateral treaties and agreements being negotiated between some of them, to find a minimum of common rules for dealing with East-West migration. For the moment the bilateral option proves easier to realize. But if and when the Community, or at least the Schengen-group within it, succeeds in ratifying and implementing its harmonization of internal rules and laws concerning immigration and residence of third-country nationals, it will have to participate in these efforts to negotiate with its neighbours on the basis of this common position.

Summing this point up, the strong and unavoidable link between EC's union, and internal market project, and one of the major internal and social problems of the EC countries, has become clearly evident. If one accepts the fact, that migration policy vis-a-vis the East and the South, and negotiating this policy with the countries of those regions, is already an eminent part of the EC's diplomacy and will increasingly and in a more direct way be so in the future, if one accepts that it will be more tightly linked to the whole EC activities of development aid and economic exchanges vis-a-vis these countries, then its primordial role in evolving EC foreign policy vis-a-vis these countries becomes evident as well.

We started by pointing out the prominent 'natural' roles occupied in the Community by Germany and France, in confronting the issues of the East and the South. In the EC, for their immediate neighbours, both are born coalition leaders for cooperative handling of the challenges emanating from these areas. They will have to, and up to now they do lead, the common answer to the challenges of migration, and they will thereby lead the way into more common foreign policy on the two most important geographical flanks of the EC of the nineties.

Let us not forget an important realist motive for this: both countries face very uncomfortable negotiations with their most immediate neighbors to the East and the South over their (changing) attitude towards migrants from them. These negotiations could be easier to conduct, pressures easier to resist, when negotiating as the EC, than bilaterally.

Challenges of Security Policy

If trade, aid and migration would appear to push in the direction of more harmonization of EC foreign policy vis-a-vis the East and the South, we see that traditional and persisting structures in which security policy issues and instruments are collectively treated among European states (NATO, UN), together with the pressure of Central and Eastern European governments to find access to them and reinvigorate them at the same time, create a frame of action which hinders EC-countries in converging on a common security policy. Four elements may be pointed out.

- The appearance of at least fourteen new states in Central and Eastern Europe, with enormously increased security problems internally, externally vis-a-vis each other, and most of them in common vis-a-vis the biggest amongst them, Russia; these security problems are not theoretical as Yugoslavia or Berg-Karabach prove; all of them search frantically for credible new European security arrangements to accommodate these security problems;
- the Western European states who see their basic security problem of nuclear war in Europe removed and for whom in their majority the risk of military conflict threatening their soil or their vital interests in Europe appears drastically reduced; they were rather looking out and taking their time, for the proper transformation and adaptation of their own existing security arrangements;
- the departure of the intra-european hegemon that were the USA in cold war, the changed distribution of power inside Europe after German reunification and the explosion of the Soviet Union;
- the provisional survival and creeping delegitimization of the old Atlantic mould of Western European security, NATO, and the all too hesitant creation of a new European Community mould into which to cast a new European defense policy.

The result is a twosided process which is in itself contradictory but the two sides of which do not have to be mutually exclusive. On the one hand the scramble of the Central and Eastern European newcomers to get quickly into an already functioning new security arrangement. Some would accept to

enter EC as a solution. But this possibility being barred for the time being, all look for American protection and search quick membership in NATO. This and the urgency of the security problems in this region, both reinvigorate a insufficiently reformed NATO, and push its Western European members to fall into step again, possibly for some time to come.

On the other hand the delegitimization of *this old* NATO continues nevertheless amongst its Western European members who need their time to create a new European defense policy mould, be it within a surviving NATO, out of a completely revamped European pillar standing in a much more balanced Atlantic relationship, or in pursuing the way of WEU plus European Union sketched out in the Union treaty.

Whereas neo-realist logic seems to reign in the first strand of this process, neo-functional logic appears to have at least an important part in the second one. In a certain sense, a race is going on between these two, about which part-development will be the first to reach that degree of new credibility and institutionalization, which robs the other one, for the time being, of its chances of realization. In 1992-3, this race seems to be decided in favor of the first of the two options. This opens the perspective of a new transatlantic and paneuropean arena of security policy, dominated by the United Nations and NATO, and thus the USA, into which EC member states insert themselves in varying coalitions depending on the case. Certain of these coalitions might also solidify; the French-German one with Euro-Corps at its center is a good case in point.

5c. Maastricht, Germany and France in the evolution of a foreign and security policy for EC

We said that the Maastricht treaty had brought only little progress beyond the declaration of fartherreaching intentions. The one decisive paragraph which indicates the perspective of real progress, concerns the conduct of "common actions" in certain limited areas and for a limited time. To these the European Council could empower the Council of Ministers, and the Council could then --in unanimity-- empower itself to proceed by the normal Community-procedure *without* the initiative of the Commission, and in using the qualified majority provided for in such cases.

The second sometimes overlooked clause with potential for change is the one which asks member-states of WEU to reinforce their mutual consultations in important NATO questions, so as to introduce WEU positions in NATO councils. This could become an important instrument to hold EC-members together in the perspective of a reinvigorated Atlantic Alliance.

The limitations on the EC's ability to act in common, have prevented and prevent the EC hitherto, and after Maastricht as well, from pursuing, as a community, a differentiated and pragmatic foreign policy based on clear and credible principles over a longer period of time with regard to a crisis. These limitations demonstrate that foreign policy efficiency still has to take second place compared to the primacy of the Community's internal *acquis*. The core of the EC consists of its internal rules and institutions. In confronting foreign policy challenges, the Community has to protect this core, its *acquis* and unity. In the case of the recognition of Macedonia, one of the successor-states of Yugoslavia, for instance, which memberstate Greece only wanted to accept after a change of its name, this core consisted in the consensual relations, as well as the material connection with the member-nation Greece. Logically, the EC could only pursue a common foreign policy that did not conflict with Greece's national stance.

The conclusion out of this could be that the realm of foreign policy remain open for Germany and other individual member states to conduct whatever national foreign policy they find appropriate; and that this foreign policy be conducted within the context of the broadest possible intra-EC coalition they can forge, and at best with the consent of all other EC states or in harmony with EC-sanctioned measures. (The Maastricht treaty itself provides for possibilities of opt-out out of the projected common security policy, or for 12-minus-x coalitions).

But this option of defaulting to national foreign policies was hitherto always equated with crisis and ineptitude in the foreign policy of the EC. Discredit has worsened with Maastricht, as the treaty of European Union elevated the rank of the common foreign and security policy by its spirit and its letter, and linked it explicitly with such Community values as the "spirit of loyalty and mutual solidarity".

National foreign policy can then be an "action that goes against the interests of the Union." (A. J. 1 of the treaty of European Union.)

On the one hand, common foreign and security policy will henceforth be increasingly and more deeply challenged by the developments in Central and Eastern Europe and by Germany's particular concerns in this area. Its ability to find internal consensus and to solve external problems will be under ever greater pressure. On the other hand, however, the Treaty of European Union has not brought about any significant institutional compulsion to work out a common foreign policy. Consensus and unanimity remain the basic preconditions.

And thus grows the risk that, with the growing number of serious foreign policy problems being brought before its ministerial councils, the Community will be unable to agree with itself and realize a "common foreign policy". Simultaneously, every failure, that is every default to a national foreign policy, is additionally discredited for its lack of Community solidarity and loyalty.

This potentially dangerous contradiction between means and aims of the treaty must be solved by compromise on one of the sides. As to the means, politics must work toward further reform, for this deficiency represents a serious risk to the internal unity of the Community and the realization of its values and interests.

But if and insofar the means to achieve a common foreign policy will not be strengthened in the foreseeable future, the compromise will have to be on the side of the aims. In that case the common foreign and security policy should become far more explicit in accepting EC member nations' options on unilateral and multilateral foreign policies as a direct consequence of their own convenantal limitations. It must provide itself with the possibility of agreeing to this option as a community. One model that could be developed further is the provision in the treaty governing overseas countries and national territories of individual member nations (in an attached declaration by the parties to the treaty).

Here, as in other fields, only relatively restrained intra-EC coalitions could bring the solution.

Germany and France

What is the place for Germany and France in this evolution of more common Foreign and Security Policy? The first impression conveys contradictory signals.

In a situation in which one important foreign-policy-actor in Europe, reunited Germany, experienced a far-reaching change in its internal and external situation, and in which this Germany had pushed for more constraining Community competence in CFSP, the treaty resulting out of these efforts

- in general only increases the moral and political impediments to any unilateral or non-Community action in foreign politics;

- and concedes only in the way of an exception, the new construct of 'Common Action'. The other big member countries of the EC, France, Great Britain and Italy, but also smaller ones like Danmark or Portugal and Ireland were already on record with their respective reserves.

The result is that France and Great Britain did not experience a noticeable reduction of their maneuvering room, compared to the old European Political Cooperation. But for Germany, only really interested in actively influencing the processes in the East, *this kind* of reform of CFSP does take on aspects of a kind of strait jacket prepared for her in the moment that she is finally regaining full liberty of foreign policy. In cases of importance to her, she is not supposed to act alone or in small coalitions, but neither can she constrain the Union to commonly devise another, any, policy. Why, if Maastricht could not create the kind of constraining Foreign Policy structure which the Germans did want, did the Community not agree on a new structure which would explicitly permit members a foreign policy in smaller and differentiated coalitions?

One is tempted to hold the British and the French responsible for this ambivalent and contradictory solution, because it suited their interests to reduce the autonomy of foreign policy action of newly sovereign Germany within a more dynamic Europe, without endangering the acquired liberty of their own foreign politics. Therefore, they could not accept a more constraining CFSP for the post-Maastricht-EC.

Evidently, German self-restraint concerning the use of its soldiers outside of the defense of its territory or of the NATO-alliance, adds an important element to this picture of German impotence in the face of military conflicts affecting Central and Eastern Europe. It also reduces the weight and hems the full assertion of its views in the security policy of the United Nations, today the principal international body to decide over cases of outside military intervention in the interest of collective security.

In comparison with Germany, France still preserves more voice (thanks to its permanent seat in the UN Security Council), more international legitimacy (thanks to its participation in WWII's anti-Nazi coalition and to its basically uncontested tradition of foreign armed intervention), more internal leeway (thanks to popular acceptance of foreign intervention), and more material resources (thanks to a -limited- power projection potential) to assert itself militarily in international crisis situations.

It has demonstrated this capacity in the Gulf war, and --in spite of its initial political misgivings-- in Yugoslavia, where its contingent is the biggest and present from the beginning of the UN intervention. By the way, it is also bigger than anything that France had in Africa during the last decade.

But based on this position of relative strength, France has also sought to create closer bonds between Germany and herself in security policy and to make them a base of further European evolution in this field. Together with Germany, it was at the origin of the EC-initiative to create a CFSP, in spring of 1990, and again in the fall of the same year. To be sure, this was important to tie Germany and reduce its freedom of movement. But the French government must know that this is not a solution for the longer term. It has too many inherent contradictions, and the Germans would not accept to be just hemmed in, without being able to influence their partners' action and participating in them.

Beside, the enlargement of the EC will further complicate the problems addressed here. On the one hand, some future members of the EC are just as directly and as strongly interested in the Central and Eastern European area as Germany. This is the case with Finland to the north, and Austria to the southwest of Germany. This will improve Germany's ability to form inner-Community coalitions with regard to Central and Eastern Europe, as long as the image of Germany going it alone is avoided.

On the other hand this will also strengthen certain foreign policy traditions and viewpoints in the EC, which are closer to the German view, inasmuch as they tend more toward neutrality and pacifism when it comes to world security and policy, as opposed to the interventionist tradition of France and Great Britain. This could also create a tendency toward actionism in Central and Eastern Europe, and playing hard to get when it comes to taking on crises in other parts of the world, which would make reaching a consensus even more difficult.

For these uncertainties, the positive answer consists of the short-medium-range project of the Eurocorps, and the long-range Maastricht-project of developing WEU into the armed fist of the European Union. But on the Community level of 1993, the Eurocorps seems to be the only already tangible nucleus, in which the will to act together in security matters, really materializes. For the Nineties, it could set the precedent for that 12-minus-x group of EC-states whom we still expect to share in a quicker march towards a more common security policy. And its construction permits it also to be reoriented to NATO, but in a common French-German accord, and not any more in following a German, or a French, order alone.

Trade, aid and especially migration, have the functional linkage potential to push EC member states to a more common foreign policy vis-a-vis its newly destabilized flanks in the East and the South. France and Germany would appear the natural coalition leaders within the Community of the 12, to transform this linkage push, in a bilateral effort, into more common foreign policy perceptions, and then positions, acceptable for the majority of members. This mechanism should help to make up for some of the deficiencies of Maastricht, and perhaps to reform them later.

The positions thus found would also influence strongly and determine the content and the space left for security policy proper. Here, by comparison, the construction plan looks much less definitive, and (neo-)realism has leeway left to dictate the rules. Even its most solid first new element has still the air of a multi-purpose instrument which can adapt to different outcomes. But it is a dynamic evolutionary element largely defined at its outset by France and Germany.