



THE PARIS-BERLIN AXIS: STRENGTH OR UNKNOWN FACTOR IN THE CRISIS PHASE?

The French political and economic and intellectual scenario is permeated by a rich and articulate debate on the current economic crisis and the repercussions it is having on the internal balance of the European Union and the repercussions that it is going to have on its future developmental dynamics. The very high number of contributions and their often original character do not prevent the articulation of an analysis that seems to lead the debate back to its basically unitary nature. In this effort of synthesis we can identify two major questions.

On the one hand, the current economic situation is described and interpreted as a fully-fledged “unveiling effect” of all the failings and the errors that have distinguished the latest phases of European integration, from Maastricht onwards. Corollary to this reading is the conviction of finding ourselves at a real point of no return in the integration process sixty years after the symbolic founding act of the Schuman Declaration.

On the other, the European scenario, already crossed by the crisis, seems further shaken by the by now constant (at least in the last year) Franco-German incomprehension. Without, however, attributing excessive importance to the personal dimension of the relations between the Élysée and the German Chancellery, attention has been paid to the “fundamentals” of the Franco-German axis. Well, the so-called locomotive of Europe seems to be going round in circles and even on this front the common impression, at least in the quality transalpine opinion-making press, is that some issues have started to come to the surface (1). Even in this case the economic crisis seems to be “lifting the veil” of the appearances and put the finger in the wound of an alliance “by necessity,” less and less obvious since the fall of the Wall onwards. Whilst not questioning the need for or in any case its permanence, the debate has focused on the current contradictions inside the “couple,” which on the “European” response to provide for the crisis has appeared in all evidence.

Seeing the urgency of the moment, the absolute need for the Franco-German axis remains. But its collapse before the internal contradictions ends up triggering off an explosive cocktail for the future of the integration process. In

brief, the diagnosis is worrying, but the medicine used so far for the cure does not let us rest easily.

1. A gesture of pride to exit the stalemate and to rectify the original sins

Most of the analysts and opinion-makers have insisted on the historical turning-point represented by the current crisis. According to this “broad” and “global” vision the Greek crisis is just an episode, a triggering and revealing event. The signal of a stalemate that can be understood only by sewing together the strands of the European integration path. In its first phase, the “heroic” one dominated by the anxiety of “redemption” after the two World Wars, the integration process used the economy as an instrument capable of generating solidarity. It was during its second phase, the one starting after the fall of the Wall (but in actual fact elaborated in the 1970s-1980s, when the bipolar world was showing the first signs of collapsing), that the European construction made the economy its load-bearing axis, with the single market and its most spectacular creation, the Euro (2). After a short period of Euro-enthusiasm, the weak economic dynamism and the slowness of the road to political cooperation ended up blocking the second phase of the Community evolution. It is one of the leading players of this second act of the integration path, Jacques Delors, who admitted what he called the EU’s “original sin”: i.e. the conviction that a common currency could be managed solely by means of balance of payments instruments (moreover bland) and not having completed the creation of the economic and financial union as well (3). In short, the Euro that had been created to put an end to disorderly exchange policies, which generated instability in intra-European relation, has certainly been a success. But alongside this virtuous element, the unfolding of divergent economic policies has subjected the system to increasingly complicated tensions to be maintained without institutional instruments capable of endowing it with its own internal and external coherence (4). Today we have come to the point of no return. If with the failure of the French referendum on 29th May 2005 Europe had shown the whole world it was sick, the crisis that broke out in 2008 and that got worse at the European level between 2009 and 2010, risks wielding the final blow. According to the historian and leading opinion-maker of “Le Nouvel Observateur” Jacques Julliard the hypocrisy is over.

The "European ghost ship," that is an economy left unto itself, without institutions, has shown all of its weaknesses and incoherence (5).

This Europe with its back to the wall (6), this Europe that, as Delors liked to remember, is like a bicycle and if it doesn't go forward it will fall over, has in any case tried to flap its wings. Its main leaders (national, rather than Community) (7) have launched the great Greek rescue plan, accompanied by the go-ahead to the European Central Bank to allow it to purchase the public deficit bonds of the European countries in troubled waters. With the decisions taken on 7th and 9th May the European Union certainly deployed an unprecedented "mobilisation." There are people who have spoken of "shock treatment" (8) and others of a "divine surprise" (9). The response, perhaps belated, to the Greek chaos is still a "big test" for the Community organisation (10). As authoritative political personalities have recalled (amongst others the former French and Spanish Prime Ministers Balladur and Aznar) the sinking of the Euro would mean, both from the symbolic point of view and the concrete one, the final act of the integration process (11). As soon as the euphoria for a response that finally came to the crisis situation and as soon as a deeper analysis started into the decisions taken by Brussels, the scepticism and the doubt reared their heads. On the one hand, the very vague nature of the proposal launched by the French President Sarkozy in regard to a preventative control of each single national balance of payments by the Member Countries did not pass unobserved. In other words, the idea that the famous "economic government" can start from a reciprocal control of public accounts. What is being questioned is not only the proposal itself, but also its actual enforceability (control by 27 or 16? Unanimous vote or qualified majority?), not to mention the implications at the level of democratic deficit: How can the national Parliaments be stripped of the sovereignty prerogatives on the subject of balance of payments (12)?

On the other, however, the belated effort to respond to the economic and financial crisis as again put at the top of the agenda the complicated working of the Franco- German axis. And on this point a debate has been focused that deserves a thorough and specific analysis.

2. France and Germany: "sisters" of reason, but not of the heart (13)

If in the recent past the French Minister of the Economy Christine Lagarde had not hesitated to criticise the "much praised German model," based on competitiveness and saving, which favours exports to the detriment of domestic demand and by so doing indirectly (but not even too much) penalises the European neighbours, this time even Berlin has not pushed itself to an unequivocal stance. In particular, there have been three signals of annoyance launched by Berlin to the French ally. One week after Sarkozy's umpteenth attempt to outline his project for the "economic government" of Europe (this time advancing the proposal of a forum of the Heads of State and Government of the Euro zone, also equipped with its own Permanent Secretary), Merkel responded with two unequivocal signals. She has launched a plan of cuts aimed at the most orthodox saving (80 billion Euros over four years, without tax rises), accentuating implicitly, but clearly, that austerity and rigour will be the by-word in the next few years in the Old Continent. Then she stressed her distance from Paris by postponing the expected summit with the occupant of the Élysée by one week (14). Alongside these two "calculated rude gestures" we should remember the by now daily attacks that the President of the German Central Bank is sending to his colleague Trichet, in particular deploring the choice of Frankfurt in regard to the possibility to purchase the public deficit bonds of the Euro area countries in troubled waters (15).

Moreover, behind the formal courtesy, even the press conference at the end of the Berlin summit between Merkel and Sarkozy (which finally took place on 14th June) confirmed the German Chancellor's firmness. The coordination of the economic policies, if it does take place, will have to be between the 27 and not just limited to the 16 Euro countries. The creation of new *ad hoc* institutions to deal with the crisis is excluded and above all, once more, the major emphasis is on the need for rigour and stability (16).

In actual fact, beyond the misunderstandings more or less dictated by the complicated political and economic situation that the two countries are going through, the current phase of objective difficulties in relations between the two sides of the Rhine has a structural dimension and a situational ones as well. In regard to the former, the point is a long-term one and it would be necessary to go back to the evolution of post-War united Germany, its identity crisis, its

difficulty in overcoming the syndrome of “economic giant and political dwarf” (17), but also investigating deeply the French malaise, in particular after the shifting of Europe’s geopolitical barycentre towards the east. In regard to the economic situation, whilst being very complicated, it is easier to photograph. “Economic Government” of Europe (in the French sense) and “concertation between economic policies” (German style) do not mean the same thing. same thing. In actual fact, the Élysée thinks of a hard core made up of just the Euro area countries, controlled by Paris, and on which to be able to impose, starting from an intergovernmental logic, its own conception of economic policy made up of a moderate attention to public account, but also a concomitant stimulus to growth. On the contrary, Berlin preaches rigour and the need to conform to its model, the winning one, the “virtuous north,” to be juxtaposed to the “lackadaisical south” (18). There is no doubt that Paris dislikes Berlin’s “top of the class” attitude. On a number of occasions the French press has underlined, using vitriolic comments, the “false virtues” of the German system, an austerity and a rigour that not only risk having particularly deleterious effects on the whole of the Old Continent, but also a system that can afford minimum wages and a price level at the limit of deflation because the rest of Europe guarantees the great success of German exports (19). In short, a Germany and its Chancellor that seem to have forgotten how a position of economic and political leadership must also be accompanied by the duties of a common belonging to a collective organisation. Across the Alps it is accepted that Berlin has not yet overcome the trauma of the hyperinflation of the Weimar Republic (a sad prelude to Nazism’s taking of power), but it is unlikely that Paris will be able to accept the fact that Berlin is imposing stagnation and unemployment upon the rest of the EU (20).

In an attempt to lower the really high temperature, authoritative ‘firemen’ have entered the field of play. The former President Valéry Giscard d’Estaing has recalled the decisive character of the Franc-German agreement for the future of integration (21) and has even dusted off the “couple” of the 1970s with the former Chancellor Helmut Schmidt, in an editorial in the weekly “Le Point” in defence of the besieged Euro (22). Water on fire has also been poured by the former European Affairs Minister Jean-Pierre Jouyet (23) and by Mitterrand’s collaborator and Jospin’s Foreign Minister, Hubert Védrine (24). The latter, along with Jacques Delors, did not limit himself to being the “messenger of peace”

between Paris and Berlin. Védrine has reminded Merkel how important it is to leave the idea that Germany can export its model made of stability and productivity to the rest of Europe. Delors has polemically reminded us that the current bad situation is mostly due to the slowness of European intervention, several times slowed down by the "girl from the East." Now, concludes Delors, it is time for the "architects" of integration to come back into play and with them the Community method, obscured in the last phase by the intergovernmental (25). It's a shame that precisely the intergovernmental method is today one of the points of agreement between the occupant of the Élysée and the *Bundeskanzlerin*.

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- (2) T. Chopin-J.-F. Jamet, *Il faut surmonter la crise de sens qui frappe l'Union*, Le Monde, 29-05-10.
- (3) J. Delors, *On paie le vice de construction*, Le Nouvel Observateur, 13-05-10.
- (4) J. Peyrelevade, *Le drame européen*, Le Figaro, 06-06-10.
- (5) J. Julliard, *Sauver l'Europe à deux*, le Nouvel Observateur, 06-05-10.
- (6) C. Imbert, *L'Europe au pied du mur*, Le Point, 06-05-10
- (7) J.-D. Giuliani, *On attend toujours le président de l'Europe*, Ouest-France, 28-06-10.
- (8) *Un traitement de choc qui ne guérit pas tout*, Le Monde, 11-05-10.
- (9) A.-G. Slama, *La "divine surprise" de Bruxelles*, Le Figaro, 12-05-10.
- (10) G. de Capèle, *Europe: le grand test*, Le Figaro, 10-05-10.
- (11) *Balladur: sans l'euro l'Europe sortirait de l'Histoire*, Le Figaro, 19-05-10; P. Rousselin (interview a J.M. Aznar), *"Une faillite de l'Espagne, la fin de l'euro"*, Le Figaro, 03-06-10
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- (13) M. Van Renterghem, *France et Allemagne, sœurs de raison*, Le Monde, 17-06-10.
- (14) L. Marchand, *Incompréhensions franco-allemandes*, Ouest-France, 09-06-10.
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- (16) www.elysee.fr
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- (19) P. Rousselin, *Rigueur allemande*, Le Figaro, 08-06-10; Y. de Kerdrel, *Angela Merkel über alles*, Le Figaro, 15-06-10; *Les fausses vertus de l'exemplarité allemande*, Le Monde, 15-06-10.

- (20) A. Grjebine, *En condamnant l'Europe à l'austérité, l'Allemagne se fragilise elle-même*, Le Monde, 17-06-10.
- (21) A. Faujas-M. de Vergès (interview with V. Giscard d'Estaing), *"Si l'on veut avancer en Europe, il faut retrouver l'intimité franco-allemande"*, Le Monde, 02-06-10.
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- (23) J.-P. Jouyet, *L'Union européenne est à la croisée des chemins*, Libération, 19-06-10.
- (24) H. Védrine, *France-Allemagne, le malaise*, Le Monde, 29-06-10.
- (25) P. Rousselin (interview with J. Delors), *"L'Europe attend les architectes"*, Le Figaro, 16-06-10