

6 The Era of Development, 1984–1992

The Single European Act

The *ad hoc* Committee on Further Development of European Institutions and Cooperation, appointed by the European Council in Fontainebleau, took up its work on 28 September 1984. It consisted in equal parts of the state secretaries of the foreign or Europe ministries of the Ten and independent figures holding no governmental office at the time. Given that Ireland had in the meantime assumed the Council presidency, Irish Senator and former Foreign Minister James Dooge was chosen as chairman. In the vaguest of terms, the committee's task was "to put forward proposals for the better functioning of European cooperation in the Community area as well as in the area of Political Cooperation and in other areas." The proposals were to have a function similar to that of the Spaak Report for the development of the Treaties of Rome. In the appointment of this body, there was explicit reference to the Spaak Committee.¹

In its work, the Dooge Committee could lean upon a draft "Treaty on European Union," which the European Parliament had passed on 14 February 1984. This document traced its origins to Altiero Spinelli, who had given up his attempt to win more political authority for the Commission in May of 1976; now as a member of the European Parliament, elected on the slate of the Italian Communists, he was seeking to convince his colleagues to support a fundamental reform initiative from Parliament. He met with success too, given that members of Parliament were still dissatisfied with the relationship between the amount of effort they put into their positions and their actual influence over Europe policy. In July of 1981, there was a decision to work out a draft treaty that would replace the existing Community treaties. The resulting document, on which the Institutional Committee had labored for over a year, was approved by an overwhelming majority of Parliament: 237 to 31, with 43 abstentions.

There was an awareness of Spinelli's role in developing the draft, and so it later gained the reputation of paying homage to federalist maximal positions. In fact, it differed little from what in the Tindemans Report had already been regarded as capable of achieving a consensus. The draft retained the existing division between the Community realm and intergovernmental cooperation; it only envisioned that, "after consultation with the Commission and with the approval of Parliament," the European Council was to have the right to transfer further political areas into the realm of "common action." Decision-making in the

¹ *Jahrbuch der Europäischen Integration 1984*, pp. 436ff.

Council of Ministers was to be by qualified majority; during a transition period of ten years, however, member states were to have the right to demand deferral of a decision by reference to the “vital interest of a state”; such a motion was to be granted if the Commission confirmed such an interest. Parliament was to have equal status with the Council of Ministers in regard to participation in legislative and budgetary proceedings. The draft also gave the Commission president the power to put together the Commission after consultation with the Council. If Parliament passed a motion of no-confidence in the Commission, then the latter would need to resign; in that case, the European Council would then name a new Commission president.

The only really new feature of the draft treaty of the European Parliament was the process envisioned for its implementation: It was not addressed to the European Council or the Council of Ministers but rather directly to the national governments. They were to bring about its ratification after the requisite process in each country. As soon as the treaty had been approved “by a majority of the member states whose populations equal two-thirds of the total population of the Community,” a government conference of the involved states was to be called and a process and date of implementation were to be decided—and there was also to be a decision “on relations with the member states that had not yet ratified it.” This meant that efforts to block it by countries opposed to reform, such as Britain or Denmark, were ruled out, as was any dilution of the draft by a government conference that was dependent on consensus among all member states.²

For their part, the governments were clearly not prepared to give up control over a decision about going forward without Britain or Denmark or probably Greece either. Contrary to what Spinelli had hoped, they were not pressured into doing so by the national parliaments either. Only the Italian Chamber of Deputies—by a large majority—demanded that its government embrace the draft treaty of the European Parliament. In the other parliaments, similar motions either found no majority or were not introduced at all. In a speech before the Strasbourg parliament on 24 May 1984, Mitterrand, who was then serving as Council president, did speak out in principle for a new treaty and let it be known that he was willing to draw inspiration from Parliament’s draft. He appointed Maurice Faure as the French non-governmental representative on the Dooge Committee; Faure had played a decisive role in the negotiations on the Treaties of Rome in 1956–57 while serving as state secretary.

² Text in: Lipgens, *45 Jahre*, pp. 711–736; preliminary drafts, *ibid.*, pp. 654–710. Cf. Daniela Preda, “L’action de Spinelli au Parlement européen et le projet de Traité d’Union européenne (1979–1984),” in: Wilfried Loth (ed.), *La gouvernance supranationale dans la construction européenne*, Brussels: Émile Bruylant, 2005, pp. 185–203.

Given that preparation, the Dooge Committee also came to the conclusion that a new treaty should be made, one that codified the expansion of Community activities and provided “more effective democratic institutions.” In doing so, the committee was guided by a report that Faure had introduced into the deliberations. As a means of achieving such a treaty, it was proposed that a government conference be called in accordance with Article 236 of the EEC Treaty. In terms of content, the basis of the negotiations was to be provided by “the *acquis communautaire*, this report, and the Solemn Declaration of Stuttgart”; it was also explicitly stated that “inspiration should come from the spirit and method of the draft treaty passed by the European Parliament.” The Dooge Committee made recommendations very similar to those of Parliament regarding the tasks of the European Union, majority voting in the Council of Ministers, co-decision-making by Parliament, and the strengthening of the Commission.³

Of course, these were in part the positions of the majority. Representatives of Britain, Denmark, and Greece made clear in annotations at various places that they were of a different opinion. This was especially the case regarding majority-voting by the Council of Ministers and to an extent for the rights of Parliament as well. The minority went on record saying that consultations among the governments should take place before a decision was made to call a government conference. Right at the beginning of the Brussels Council meeting of 29 and 30 March 1985, the heads of state and of government then opted to postpone a decision on the Dooge Report until the next gathering, scheduled for late June in Milan.

The Thatcher government argued that what in its view constituted the heart of the matter—strengthening foreign-policy cooperation and completing the internal market—could be achieved without treaty amendments. At a meeting of the Council of Ministers on 10 June in Stresa, Foreign Secretary Geoffrey Howe presented a plan for committing to a “gentlemen’s agreement” as a means of avoiding a logjam on the internal market. In the event of conflict, dissenting members ought simply to abstain. Beyond this, an agreement on Political Cooperation ought to be reached. There was no mention of new institutions in this plan, only talk of closer cooperation under the leadership of the European Council. As Helmut Kohl commented, it was “an agreement not to go very far.”⁴

In order to avoid having their initiative for institutional reform get bogged down in this way, Kohl and François Mitterrand had a “Draft Treaty on European Union” prepared in haste a few days before the gathering in Milan. This document focused wholly on the expansion of foreign and defense policy. The

³ *Europa-Archiv* 40 (1985), pp. D240–D253.

⁴ Attali, *Verbatim I*, p. 1241. The draft of the Agreement on Political Cooperation was again presented at Milan; text in: *Europa-Archiv* 40 (1985), pp. D 446–D449.

development of a common foreign policy, including the political and economic aspects of defense, was to be promoted by establishing a general secretariat of the European Council. The continued presence of the Commission at the sessions of the Council was to be stipulated in the treaty, likewise regular consultation of Parliament. The draft was announced by Kohl in the Bundestag on 27 June, one day before the beginning of the Milan conference. The text became available to participants only a few hours before the opening of the meeting.⁵

Nowhere in the eleven paragraphs of the draft treaty was there any mention of reforming the decision-making procedures within the existing Community. This gave rise to the suspicion, not only among the representatives of Italy and the Benelux states, that here was another attempt by the Franco-German duo to subordinate the Community to the *diktat* of the governments. Jacques Delors, who had succeeded Gaston Thorn as Commission president at the beginning of the year, met with Kohl and Mitterrand on the sidelines of the Council meeting in Fontainebleau and voiced such misgivings to both leaders. The two quickly realized that tactically they had gotten on the wrong track. Mitterrand suddenly began speaking of nothing more than a “mere work instrument.” On the second working day, West German Foreign Minister Hans-Dietrich Genscher presented a new work instrument: a paper that embraced the recommendations of the Dooge Committee on the whole and especially emphasized the necessity of summoning a government conference for reforming the Treaties of Rome. After the foreign ministers’ dinner, he did some thinking and dictated his ideas the next morning while shaving.⁶

As expected, Thatcher and her Greek colleague Andreas Papandreou along with Danish Prime Minister Poul Schlüter offered opposition to the new West German proposal. During a pause in the talks, the advocates of a government conference discussed whether it should be called by majority decision. Italian Prime Minister Bettino Craxi and Foreign Minister Giulio Andreotti were immediately in favor of such a move, as were Kohl and Genscher. For his part, Luxembourg Foreign Minister Jacques Poos cautioned against splitting the Community. Then, however, Mitterrand was persuaded by Genscher to support a majority decision. As could already be seen in the run-up to the Council meeting of Fontainebleau,

⁵ *Europa-Archiv* 40 (1985), pp. D449–D451. Cf. Ulrich Lappenküper, “Die deutsche Europapolitik zwischen der ‘Genscher-Colombo-Initiative’ und der Verabschiedung der Einheitlichen Europäischen Akte (1981–1986),” in: *Historisch-Politische Mitteilungen* 10 (2003), pp. 275–294; also on the following.

⁶ Jacques Delors, *Erinnerungen eines Europäers*, Berlin: Parthas, 2004, pp. 257–261; Genscher, *Erinnerungen*, p. 373.

the French president too believed that, if in doubt, it was more important to make progress on Europe policy than to have Britain come along.⁷

The results of the Milan Council meeting were thereby determined. When the plenary session resumed, Craxi—who was serving as Council president in the first half of 1985—put the German proposal up for a vote, which was a complete surprise to Thatcher. It was adopted by a margin of seven to three. This had been the first use of majority voting in the European Council. When the opponents of a government conference protested, they were told that this was only a vote on a procedural matter; it was thus not possible to resort to claims of vital national interests. By applying a procedural rule of the Council of Ministers, Craxi had in fact made it clear that in the end the European Community itself could decide whether it wanted to take up treaty revision.⁸

Thatcher was absolutely furious about that. With an eye toward her own goals regarding the internal market and foreign policy, however, she could not bring herself to torpedo the government conference that had now been decided upon. Instead, following the counsel of her staff, she quickly concentrated on representing her interests to the Council. By approving the “Conclusions” of the Council, Papandreu and Schlüter also signaled their willingness to participate in the government conference. By the time of the next Council meeting in December in Luxembourg, the conference was to present a draft treaty on common foreign and defense policy as well as proposals for reforming the EEC Treaty and regulations for the new fields of activity.

The Milan Council meeting also approved the report on the “Europe of the Citizens,” which had been worked out by the second *ad hoc* committee under the chairmanship of the former Italian MEP Pietro Adonnino. It contained an abundance of proposals for establishing the free movement of people and goods in the Community, simplifying residency and employment in other member states, organizing economic areas that extended beyond borders, recognizing the equivalency of educational degrees and certificates, promoting the establishment of partner cities and student exchanges, simplifying dealings with European authorities, introducing a European passport, and using the European flag. The European Council accepted all the proposals and directed the Commission and the member states “to take the necessary measures for implementation.”⁹ A decision by the Council of Ministers made the banner with twelve stars on a blue

⁷ *Ibid.*

⁸ C. Luuk van Middelaar, *Le passage à l'Europe. Histoire d'un commencement*, Paris: Gallimard, 2012, pp. 171–182.

⁹ “Schlussfolgerungen des Europäischen Rates von Mailand 28./29.6.1985,” *Jahrbuch der Europäischen Integration 1985*, pp. 425–429; the Adonnino Report, *ibid.*, pp. 423–425.

ground, originally used by the Council of Europe, the official flag of the European Communities on 29 May 1986.

Lastly, the Council in Milan also approved a “White Paper for Completing the Internal Market,” which had been commissioned from Delors and had been presented on 14 June. This document embraced demands that Étienne Davignon as commissioner for enterprise and industry and especially Karl-Heinz Narjes as commissioner for economic and financial affairs had made but that had always been defeated in the Council of Ministers during Thorn’s presidency due to opposition arising from national interests. These demands related not only to the elimination of technical and legal hindrances to trade that had still not been abolished with the completion of the Customs Union in 1968 but also to the many direct and indirect subsidies, administrative rules, and tax advantages that the governments had implemented in order to protect national production in the face of the oil shocks of 1973 and 1979. In the meantime, all this constituted a great danger to economic growth: Entrepreneurs and corporations viewed the Common Market as coming under increasing threat and consequently were hesitating to continue investing in Europe. In the process, competitiveness fell *vis-à-vis* the US and Japan, both of which—in contrast to the Europeans—were again experiencing considerable rates of growth. Year by year, the memoranda in which the Thorn Commission called for measures to complete the internal market had become more urgent; the recommendations by the European Council stemming from these documents remained largely without effect. At the Council meeting in Fontainebleau, a memorandum of 7 June 1984 that listed over one hundred distinct measures necessary for establishing complete market freedom within two years had not even been acknowledged due to the focus on resolving budgetary issues.

After thorough consultations with government heads and having been influenced by demands from industry, Delors now decided to make the internal-market project the central theme of his presidency. He gained Thatcher as an ally: She took seriously the elimination of hindrances to trade in the European Community as a parallel to the liberalization of the British market and was supported by British entrepreneurs as well as the City in her fight for genuine competition in the European market. Delors gave responsibility for economic affairs on the Commission to Lord Francis Arthur Cockfield, a confidant of Thatcher with experience in politics as well as the business world; he directed the operationalization of the internal-market project with great professionalism. Delors then consciously went public with his effort, and beginning with his inaugural address before the European Parliament on 14 January 1985, he promoted a date for completion of the project—by 1992. Lastly, the Commission presented in the white paper a precise timeline for implementing some 282 individual steps and legal acts that

in the meantime were regarded as necessary for actually completing the internal market. By not only approving the document in principle but also its timeline, the European Council in Milan gave Delors a means by which to bring pressure on the governments.¹⁰

Roughly speaking, there were two factions in the government conference that began with the session of the Council of Ministers on 9 and 10 September in Luxembourg: those who sought to implement as much as possible of the institutional reform program of Parliament and of the Dooge Committee—Italy, Ireland, and the Benelux states; and those who wanted to embrace as little as possible of that program—Britain, Denmark, and Greece. That a new logjam did not develop was partly thanks to the close cooperation between Genscher and French Foreign Minister Roland Dumas, who decisively focused the negotiations on what was achievable. After Claude Cheysson had rejoined the Brussels Commission at the beginning of the year, Dumas had returned to the foreign ministry and was now at pains to ensure an even closer coordination between Paris and Bonn. Moreover, the Commission supplied the conference with well-formulated proposed texts on the spot; and Delors was indefatigable in justifying them by reference to the requirements of the internal market. In terms of procedure, he was supported in this by Luxembourg Council President Jacques Santer and his foreign minister, Jacques Poos; the trio quickly became known in the sessions of the Council of Ministers as “the three Jacques.”¹¹

Regarding the practice of majority voting, Delors succeeded in having it apply for all relevant areas of the internal market, though with the important exceptions of tax policy, free movement of persons, and employee rights. Whereas in accordance with the terms of the EEC Treaty more than two thirds of the measures proposed in the white paper would have required unanimity, it would now be only one quarter. Unanimity was necessary for bringing new policy areas into the Community realm, but as soon as they were introduced, majority voting would apply here as well.

Regarding the rights of Parliament, the maximalists were supported by the Germans and the minimalists by the French. Following a proposal from the Commission, the result was a “Process of Cooperation,” which accorded Parliament limited right of participation in those areas in which the Council of Ministers decided by majority vote. Amendments made by Parliament to Council decisions, if approved by the Commission, could now only be rejected by unanimous vote of

¹⁰ “Completing the Internal Market. White Paper from the Commission to the European Council,” COM (85), 310 final. On Delors’ strategy, cf. Helen Drake, *Jacques Delors. Perspectives on a European Leader*, London and New York: Routledge, 2000, pp. 78–112.

¹¹ Delors, *Erinnerungen*, p. 269.

the Council of Ministers. Nevertheless, there were some areas in which this right of participation would not apply despite majority voting in the Council: in determining foreign-trade tariffs, in granting free movement of services and capital, as well as in transportation and agricultural policy. Additionally, future treaties for the accession of new members and association agreements were to require approval by an absolute majority of Parliament. Also, the status of Parliament was conceptually raised to a certain extent: Whereas up to this point the French government especially had placed emphasis on speaking only of a “Parliamentary Assembly” (in accordance with the formulation in the Treaties of Rome), the new treaty made use of the term “European Parliament,” the name that the body had given itself in 1962.

The concern for efficiency in implementing the internal-market project as reflected in these regulations also led to an expansion of the executive responsibilities of the Commission: It was empowered to issue regulations to implement guidelines for harmonizing legal provisions and ensuring competition. Nevertheless, the governments retained the right to take on implementation themselves in “special cases” if the Council of Ministers unanimously decided on this. Beyond that, “regulatory committees” were established by which the governments would oversee implementation. Delors failed in his attempt to have these committees granted merely advisory functions.

In regard to foreign and defense policy, it was essentially the case that the old system was retained. More precisely, the practice up to that point was now put into treaty form. Dumas and Genscher wanted to strengthen it by establishing a general secretariat of the European Council, as had been envisioned in the Franco-German draft of a Union Treaty. However, this did not gain support from the small states, which feared that the Commission would fall under tutelage, or from the British, who—in contrast to the era of Edward Heath—now did not want any new structures for foreign or security policy. The institutional augmentation that the European Council received was limited to a small administrative secretariat in Brussels, to which some officials of the prior, the current, and the next Council president would belong. Furthermore, the Communities and Political Cooperation were now incorporated into a common treaty text, while the European Council was anchored in the treaty as the overarching institution; however, their integration still did not go beyond the presence of the Commission at all gatherings of the Council, of the foreign ministers, and of their directors. Because neither Denmark nor Britain wanted a European Union, the term “Act of the European Union” could not be approved for the new treaty. As a minimal compromise, there remained the qualification of the act as “single,” which emphasized the link between the Communities and Cooperation.

The treaty anchored and provided specifications regarding social policy, regional policy, research policy, and environmental policy. The program for a “European Social Space” was not as greatly expanded as Mitterrand had demanded at the beginning of his presidency and as was now also being advocated by the Danish government (which, being a minority government, was dependent on approval from the opposition Social Democrats). Yet, directives for occupational safety and health protection were transferred into the realm of majority decision-making; and the Commission was assigned the task of promoting collective treaties among the social partners on the European level. The Regional Fund was embedded in a program for promoting “economic and social cohesion,” which amounted to increased resources for the fund and introduced majority voting on regulations related to implementation. Regarding research and technology policy, the practice of the multi-year Framework Programs for Research that had been implemented by the Commission in 1984 was now institutionalized. At the same time, measures were taken to help these policy areas become more effective by means of majority voting and cooperation with national and international research programs. Lastly, environmental protection was declared to be a goal of the Community. Due to opposition from the less-developed states, this did not go beyond very general stipulations; financing remained the responsibility of individual member states, aside from measures with a Community character.

Despite the program’s varied offerings to less-developed and less socially-progressive member states, Delors had to accept some curtailments of his internal-market program. Demands for retention of the veto right had originally extended beyond tax policy, free movement of persons, and employee rights. By this means, Britain and Ireland had wanted to retain oversight of health; Ireland had additionally wanted to retain control over insurance and banking affairs. In general, the free movement of persons ended up being threatened by a situation in which the concept of a “space without internal borders” would be replaced by a market concept. Delors was only able to avoid that by personally requesting help from Mitterrand and Kohl. At the “conclave” of the foreign ministers shortly before the Council meeting in Luxembourg on 2 and 3 December, Dumas and Genscher presented a joint draft that saved the essential provisions of the internal-market program. True, the announcement on realizing the “space without internal boundaries” by 31 December 1992 did not have any legally-binding character. To what extent the resistance of individual states to its achievement could actually be overcome was thus left open.

Delors achieved still less in regard to the completion of the monetary union. In his view, it was a logical counterpart to the free movement of capital and, in the final analysis, also an element of the unified market regulations. He thus wanted

to include in the act the stipulation that the European Monetary Fund that was envisioned in the European Monetary System could be created by unanimous decision of the Council. However, the British as well as the Germans and Dutch opposed this. For her part, Thatcher simply could not imagine giving up British sovereignty over the currency; and Kohl heeded warnings from the *Bundesbank* and Finance Minister Gerhard Stoltenberg about renewed adverse effects on the West German stability course. At a meeting in London on 27 November, both leaders agreed that the project of a monetary union should not be mentioned at all in the treaty.

In a bilateral meeting during the Luxembourg Council, Mitterrand threatened Kohl by saying that if the monetary union were not included in the treaty, France would not approve the internal-market program; the chancellor then backed away from the commitment he had made in London. He accepted a formulation from Delors by which the signatories would in regard to economic policy cooperation commit themselves to “take into consideration experiences gained in cooperation in the framework of the European Monetary System (EMS) and the development of the ECU.” Acting at the urging of Stoltenberg’s State Secretary Hans Tietmeyer, Kohl also insisted that institutional reforms in monetary policy be regarded as treaty amendments and also that before any decision-making, “the Monetary Committee and the Committee of the Central Bank Governors” were to be consulted. This was still far too much for Thatcher. Feeling betrayed once again, she threatened to veto these provisions. Only after her staff had made it clear to her that in essence what was meant was only the continuance of current practice regarding monetary policy cooperation did she back off.

The Single European Act (SEA), as it emerged after more than thirty hours of discussion in the European Council,¹² was thus far from the clear structure that had characterized the draft treaty of the European Parliament. Spinelli, who as reporting secretary of the Institutional Committee had been informed of the course of the negotiations on an ongoing basis, spoke with deep disappointment of the “wretched little mouse” to which the government conference had given birth.¹³ It was clearly the case that a more coherent and far-reaching reform was hardly to be expected if one wanted to bring the minimalists further along

12 Text in *Europa-Archiv* 41 (1986), pp. D163–D182; on the course of the government conference and the Luxembourg Council meeting, Jean de Ruyt, *L’Acte unique européen. Commentaire*, Brussels: Édition de l’Université de Bruxelles, 1987; Ken Endo, *The Presidency of the European Commission under Jacques Delors. The Politics of Shared Leadership*, London and New York: Palgrave Macmillan, 1999, pp. 140–151; Dietrich Rometsch, *Die Rolle und Funktionsweise der Europäischen Kommission in der Ära Delors*, Frankfurt am Main: Peter Lang, 1999, pp. 112–130.

13 Speech before the Institutional Committee of the European Parliament on 4 Feb. 1986, Altiero Spinelli, *Discorsi al Parlamento europeo 1976–1986*, Bologna: Il Mulino, 1987, p. 370.

toward a European Union. However, a break with them was only a second-best solution in the eyes of Kohl and Mitterrand; and they were happy that Thatcher helped them avoid such an outcome by offering a partial accommodation.¹⁴ In this regard, Delors' internal-market project proved to be functional in a double sense: On the one hand, it evoked memories of the most important challenge that had faced the Community in the middle of the 1980s and thereby made a break with Britain seem particularly inappropriate. On the other hand, it served to make Thatcher somewhat more willing to offer concessions regarding supranational regulations, to an extent far beyond what could be reconciled with her ideological premises. In fact, after years of stagnation, the Single European Act was to make possible a far-reaching attainment of the internal market and thereby also unleash a new dynamic in other areas of integration. Spinelli's harsh judgment was a significant exaggeration.

When on 16 and 17 December the Council of Ministers was in the final debate on the draft treaty, the foreign ministers of Italy and Denmark both withheld their final position—Andreotti doing so because the draft did not go far enough in acceding to the demands of the European Parliament and his Danish colleague doing so because the concessions to Parliament went too far. After the Single European Act had been rejected by the Danish Parliament on 2 January 1986, a referendum had to be organized in the country. This meant that at the signing of the act by the foreign ministers in Luxembourg on 17 February 1986, only nine states were represented, among them the new members Spain and Portugal, which even before their entry had participated in the government conference. The Greek government opted to await the outcome of the referendum in Denmark. One day after the positive outcome of the vote on 27 February (with some 56.2 percent in favor), the foreign ministers of Denmark, Greece, and Italy signed the treaty. After the Supreme Court of Ireland likewise ordered a referendum, the treaty went into force on 1 July 1987.

The Internal-Market Project

Even before regular use of majority voting in the Council of Ministers had significantly accelerated the elimination of non-tariff hindrances to trade, Delors took further steps that were to strengthen the consensus regarding the internal-market

14 Andrew Moravcsik, "Negotiating the Single European Act: National Interests and Conventional Statecraft in the European Community," in: *International Organization* 45 (1991), pp. 19–56; he presents "all three major states" (*ibid.*, p. 49) schematically as concerned in the same way about the preservation of sovereignty and thereby brushes aside these fundamental facts.

project and in the final analysis thus also promote the cohesion of the Community. Among these were measures that he explained to the Strasbourg parliament on 18 February 1987: a substantial reform of the Common Agricultural Policy, better provisioning of the structural funds and of the new Community policies as well as another expansion of the Community budget, combined with a strengthening of budgetary discipline. This program stemmed from thoughts that the Commission had been developing since the middle of 1986. It gained momentum from another sounding-out that Delors had been able to undertake among all the heads of state and of government in early 1987, and it was presented under the suggestive title “Making a Success of the ‘Single European Act.’” It was quickly dubbed the “Delors Package” by the public.

Its passage did not happen as quickly as Delors had hoped. It was the case that the General Council, the Finance Ministers Council, and the Agricultural Ministers Council all approved the major outlines of the project. When the European Council was to make concrete decisions on 4 and 5 December 1987, however, the debate got bogged down in the various details of the program. Margaret Thatcher once again wanted to bring about decisions on reducing the agricultural budget, while rejecting the other aspects of the program. At the next Council meeting on 11 and 12 February 1988 in Brussels, it required the energy and negotiation skill of Kohl—holding the new West German Council presidency—to have a decision reached that was only a little less than what the Commission had been seeking.¹⁵

In order to contain overproduction and the exorbitant costs of agriculture, it was first of all decided that expenditures over the next few years would not be allowed to increase at more than eighty percent of the growth in gross domestic product. Thus, upper limits were set on annual price adjustments and incentives created to produce in conformity with the market to a greater extent. The quantitative limits on guarantee prices were extended to grains and vegetable oils. At the same time, removal of approximately ten to fifteen percent of total agricultural land from production was promoted; smaller agricultural enterprises were accorded direct income subsidies. Lastly, a currency reserve was amassed that would make agricultural sales on the world market independent of fluctuations in the dollar. At the same time, the Community thereby undertook initial efforts to be able to engage in the upcoming Uruguay Round of the GATT negotiations.

Regarding the Structural Fund, the Council in Brussels agreed to no less than a doubling of its resources—not for the year 1993 as demanded by the Commission but for 1994. In so doing, the goals of the Structural Fund were made more precise: assisting regions that were lagging in development, supporting the struc-

¹⁵ Delors, *Erinnerungen*, pp. 285–297; the conclusions of the Brussels Council meeting in *Jahrbuch der Europäischen Integration 1987/88*, pp. 438–458.

tural transformation of industrial regions in decline, battling long-term unemployment, promoting integration of young people into the workforce, modernizing agricultural production, and promoting rural development. Support from the Structural Fund was made contingent on simultaneous allocation of certain percentages of national resources. It was still the case that loans from the European Investment Bank would augment assistance funding, the bank acting in close coordination with the Commission on individual projects. Taken together, these measures were to ensure that the elimination of hindrances to competitiveness would not further exacerbate inequalities but on the contrary open up additional productive potential.

In order to finance the Structural Fund, the research program, and the other Community tasks, the budget for 1988 was raised to 1.15 percent of the cumulative gross national product of the member states; up to 1992, it was to rise incrementally to 1.2 percent. For 1988, this corresponded to an increase of twenty percent—to some forty-five billion ECUs. To the extent that this amount was not taken in from tariffs, levies, and the designated percentage of the value-added tax (1.4 percent), contributions from member states would be added as a fourth source of income, in accordance with each one's share of the cumulative gross domestic product. The Council of Ministers and the Commission were empowered to reach an agreement with Parliament on a five-year "Financial Projection" that structured income and expenditure in advance at the designated levels, thus reducing wearisome and unproductive disagreements over individual budget lines.

In order to increase the pressure on the governments, Delors commissioned a comprehensive scholarly study on "The Cost of Non-Europe" and had the findings made public in late March of 1988. Under the leadership of the Italian economist Paolo Cecchini, the authors expected that completion of the internal market would result in an increase in gross domestic product of approximately five percent. Consumer prices were to drop by an average of six percent, unemployment to be significantly reduced, government budgets to see a gain in income of 2.2 percent of GNP on average, and the foreign-trade balance to improve by approximately one percent of the gross domestic product. The authors emphasized however that these results could only be achieved if systematic elimination of non-tariff barriers to trade were accompanied by targeted economic assistance, strengthened competitiveness policy, and a continuance of the stability course in monetary policy. Beyond that, firms would need to take advantage of the chance offered them to pursue an active investment policy.¹⁶ As with all economic prognoses, this report was of course open to challenge. However, given that the upward

¹⁶ Paolo Cecchini, *et al.*, *Europa '92. Der Vorteil des Binnenmarktes*, Baden-Baden: Nomos, 1988.

movement of the world economy in the second half of the 1980s was gradually sweeping over the countries of the European Community, the report enjoyed an overwhelmingly positive reception. Entrepreneurs began making investments in anticipation of the internal market and in turn put pressure on the governments to bring it about.

The spirit of optimism that the Commission generated with its measures and announcements did indeed help overcome the opposition of various lobbies to individual elements of the internal-market project. By the end of 1988, the Council of Ministers had passed 109 of the 279 proposals made in the white paper of 1985. By the deadline of 31 December 1992, some 264 Commission proposals had become directives of the Council of Ministers, which allowed the European Council in Edinburgh on 11 and 12 December 1992 to determine that the goals of the white paper had essentially been achieved or at least initiated. Admittedly, only forty-five percent of the directives had become national law in all member states by that time. The rate of fulfillment was lowest in Greece with 70.4 percent and highest in Denmark with 88.7 percent. With some seventy-seven percent each, France and the Federal Republic had the same rate of non-compliance.¹⁷ Hence, the internal-market project proved to be a long-term endeavor, one that would be a subject of European politics into the twenty-first century.

The Commission achieved the most progress in the elimination of the so-called “technical” hindrances to trade in the form of differing national regulations and technical norms. This was aided by a case-law ruling of the European Court in February of 1979: A ground-breaking decision was handed down in favor of the West German Rewe Trade Group against the ban on importing black-currant liquor of the “Cassis de Dijon” brand. West German officials had justified the ban with reference to the fact that “Cassis de Dijon” was not at least twenty-five percent alcohol by volume, as the FRG’s brandy-monopoly law stipulated. The court argued against that position by stating that “every product produced legally in a member state and offered for sale” should also be able to be sold “in the other member states in principle”—insofar as public health and consumer protections as well as the honesty of the trade could be ensured. According to the principle of mutual recognition of national provisions stemming from this decision and additional ones on food products over the following years, the Commission and Council could content themselves with establishing minimal standards for safety, health, and consumer protection. Thus, the replacement of national norms by common European norms in accordance with Article 100 of the EEC Treaty lost

¹⁷ Hans-Eckart Scharrer, “Binnenmarktpolitik,” in: *Jahrbuch der Europäischen Integration 1988/89*, pp. 132–142; *ibid.*, 1992/93, pp. 139–150.

urgency; it could be left to European committees on norms with which national committees cooperated.¹⁸

In a similar way, the guidelines for mutual recognition of university diplomas, which the Council had passed in January of 1989, represented significant progress on the free exercise of professions in the common economic area. There followed guidelines for professional qualifications, for eliminating administrative hurdles in the practice of free academic professions, and for opening public service to citizens of other member states. It was the case however that there were delays in incorporating all this into national law, especially in regard to employment in public service. On 1 July 1992, freedom of residency was extended to those citizens of member states who were not employed: students, pensioners, others of independent means, and their relatives. However, approval for residency was contingent on their not being an economic burden on the country. Additionally, the Commission made some efforts to encourage the mobility of scholars and students. It was especially the Erasmus Program for promoting academic exchanges, initiated in 1987, that quickly gained great significance.

Thanks to the transition to majority voting, the Commission was also successful in eliminating hindrances to competition stemming from different forms of national policy on competition and cartels. With the 1989 “Merger Regulation,” which the Commission had already proposed in 1973, it finally gained sole right to approve or reject mergers and financial stakes of Community-wide significance. With reference to the need to guarantee competition on the national level, this prohibited bans on capital contributions from other member states; at the same time, mergers that seemed appropriate for strengthening the competitiveness of European firms on the world market were made easier. On 1 July 1990, the movement of capital was freed within the Community; however, member states reserved the right to limit it again for a maximum of six months if needed to support their currencies. Likewise, on 1 January 1993, banks gained the right to operate in all member states. In accordance with the principle of mutual recognition, the regulation of banking remained with the land of origin.

Conversely, it proved difficult to grant the same freedom of movement for insurance due to the complexity of the subject matter. From 1990, however, insurance firms were able to offer a portion of their services across the whole Community. Likewise, it proved difficult to open public procurement to competition. Procurement orders above a certain size issued by state agencies did need to be advertised in the *Official Journal* of the Community, and a series of further provisions was made for guaranteeing competition in issuing procurement contracts

¹⁸ On this and the following, Gerbet, *Construction*, pp. 359–363; Franz Knipping, *Rom, 25. März 1957. Die Einigung Europas*, Munich: Deutscher Taschenbuch-Verlag, 2004, pp. 234–238.

by state agencies. However, the member states retained many exceptional regulations, especially in the field of energy supply. There were also many violations of these stipulations, and it took a long time for an attitudinal change to set in.

Regarding the harmonization of tax rates on goods, services, and investment income, only a certain amount of convergence was possible. In October of 1992, the governments agreed to equalize their value-added tax rates within a period of four years. Fifteen percent was set as the “lowest normal rate,” and the normal level for reduced tax rates was to be five percent. Likewise, minimum rates were established for the various special taxes on alcohol, tobacco, mineral oil, and so forth. The Commission was given authority to propose “objective tax rates” in regard to Community goals on health, energy, transportation, and environmental policy; member states were to use them as guidelines in harmonization. It was not at all possible to achieve a harmonization of taxes on investment income that would be necessary to prevent tax avoidance via countries with low taxes or none at all. The Commission proposed a uniform withholding tax of fifteen percent, which corresponded to the average of the taxes on investment income in the member states. Britain and Luxembourg, which profited the most from low tax rates, bridled at this. They claimed that if there were a uniform tax, capital would then flee the European Community altogether.

Free movement of goods within the Community was made easier in 1988 by a standardization of shipping documents, and on 1 January 1993, these were eliminated altogether. The paperwork that arose from differing value-added tax rates was no longer taken care of when borders were crossed but would instead be left to the particular finance office responsible. Likewise, checking of animals and plants at borders was eliminated and replaced by harmonization of national norms under the oversight of the Commission.

In contrast, the checking of persons when crossing borders, the most obvious characteristic of a truly common market, could not be abolished everywhere; nor could progress in this area be very quickly realized. It presupposed uniform regulation of immigration, of crime fighting, and of the art and antiquity trade, which could not be achieved without great effort. Moreover, many countries, especially Britain, did not want it at all. Initially, an agreement was reached only among the Federal Republic, France, and the three Benelux states; it was signed in the Luxembourg border village of Schengen on 14 June 1985. It called for lifting controls on persons in 1990 as an extension of an agreement reached between France and the Federal Republic in 1984. Implementation had to be postponed twice, initially to 1993 and then to 1 July 1995. In the meantime, Spain and Portugal had joined the agreement, so that free movement of persons, along with common entry and asylum regulations as well as cooperation in crime fighting, now encompassed seven states.

With the abolition of national regulations in favor of European framework guidelines and the accompanying development of new political fields, the citizens of the Community got “more Europe.” Initially, the Council of Ministers had consisted of only four different specialized formations after the Treaties of Rome came into effect and had grown to twelve distinct formations by 1975. By 1990, however, the total number of Council formations had risen to no less than twenty-two. Almost every ministry in national governments, with the exception of defense, now had a corresponding body at the European level in which ministers from specific fields cooperated and also often made decisions. The number of legal acts issued by the Council of Ministers had already nearly doubled during the 1970s (from 375 in 1970 to 627 in 1980) and grew still further to 724 in 1986. The total number of civil servants working for the Commission rose from approximately five thousand at the end of the 1960s to nearly thirteen thousand in 1990. Likewise, the number of special-interest groups and non-governmental organizations that saw fit to have their own representatives in Brussels grew to over two thousand.¹⁹

After development toward the internal market had gotten underway, Delors devoted increased efforts to expanding the social dimension of the Community. According to his understanding, the elimination of protectionist regulations at the national level, necessary for the realization of the internal market, should not lead to the unleashing of unhindered capitalistic competition but should be cushioned by the establishment of regulations via partnerships at the European level; this was important to him due to his long connection to the Christian labor movement in France. In light of workers’ great fear of the consequences of deregulation, Delors called for “sending a strong political signal in this area” during the Council meeting in Hannover on 27 and 28 June 1988.²⁰ Shortly thereafter, having just been nominated for a second term as Commission president, he spoke before the European Parliament and called for a further expansion of the Community: In ten years, “80 per cent of the laws affecting the economy and social policy would be passed at a European and not a national level.” To achieve this, he let it be known to the deputies—and indirectly to the national governments—that a further strengthening of European institutions would be necessary: “We are not going to manage to take all the decisions needed between now and 1995 unless we see the beginnings of a European government.”²¹

¹⁹ Wolfgang Wessels, *Die Öffnung des Staates. Modelle und Wirklichkeit grenzüberschreitender Verwaltungspraxis 1960–1995*, Opladen: Leske und Budrich, 2000, pp. 195–260.

²⁰ Delors, *Erinnerungen*, pp. 383ff.

²¹ Speech of 6 July 1988, *Verhandlungen des Europäischen Parlaments*, 2–367/156–157.

This message was understood by the representatives of workers' organizations. The British trade unions, which in light of the simultaneity of British entry into the Community and economic crisis had mostly been in the camp of the EC opponents, now celebrated Delors as nothing less than a savior from the impudence of Thatcherism. When the Commission president spoke at their annual congress in Bournemouth on 7 September 1988 and promised he would advocate for an "internal market beneficial to all" and that "one day Europe-wide conditions secured by treaty" would be achieved, the enthusiastic delegates joined together in singing "Frère Jacques." Chairman Clive Jenkins, who had advocated an exit from the Community during the 1975 referendum, openly admitted that "I got it wrong."²²

In Margaret Thatcher's eyes, this forcing of regulation at the European level meant that Delors had mutated from an ally in the struggle for the internal market to a megalomaniacal champion of an all-powerful Brussels bureaucracy. She did not realize that with her own engagement for the internal market, she had to a goodly extent contributed to the strengthening of the Community, underestimating the supranational implications of her concessions in the process. She became all the angrier at what she perceived as the creeping transfer to Brussels of responsibilities not covered by treaties. Firmly resolved to halt this tendency, she made use of a speech that she had promised to give to the College of Europe in Bruges in order to present her interpretation of the internal-market program with unmistakable clarity: As she said to the students and professors of this cadre-training school for the European movement, "We have not successfully rolled back the frontiers of the state in Britain only to see them re-imposed at a European level, with a European super-state exercising a new dominance from Brussels." In the heat of the moment, she uttered a general renunciation of the supranational principle—the principle to which British governments, including her own, had committed themselves in the form of treaties. Instead, she conjured up the ideal of "willing and active cooperation between independent sovereign states."²³

The Foreign Office had seen to it that some particularly provocative passages inserted into the draft of the speech by Thatcher's foreign-policy advisor Charles Powell were stricken—for example, the prideful pronouncement that Britain alone had freed Europe from "Prussian domination" as well as the appeal to "forget" the goal of a United States of Europe. Nevertheless, the long, emotionally-charged speech worked like a beacon. She spoke from the soul to conservatives

²² Clive Jenkins, *All against the Collar*, London: Methuen Publishing, 1990, pp. 130, 137–140; Delors, *Erinnerungen*, pp. 368ff.

²³ Text in: www.margaretthatcher.org/archive; on the origins and reaction, Young, *Blessed Plot*, pp. 346–351.

plagued by feelings of uncertainty, and she contributed much to popularizing the distorted image of a Brussels “superstate” in Britain. At the same time, however, pragmatic Europeans in the government, such as Foreign Minister Geoffrey Howe and Chancellor of the Exchequer Nigel Lawson, began to turn away from the prime minister. The speech could do nothing against the dynamic that the internal-market project had developed. Instead, Thatcher’s words contributed over the long term to her fall in November of 1990.

The Project for an Economic and Monetary Union

The economic upswing and political optimism were furthered by the fact that monetary-policy cooperation was making progress. After the *volte-face* in French economic policy in March of 1983, all member states of the European Monetary System were now without exception prioritizing the fight against inflation. As a consequence, inflation rates edged closer to the low Dutch and West German levels, and monetary re-alignments were more seldom needed. Only Italy and Ireland had to endure significant devaluations: The lira lost six percent of its value in July of 1985, and the Irish pound eight percent in August of 1986. Underperforming countries prevented flight from their currencies by having their central banks purchase marks when their currencies were strong; when their own currencies were threatened with weakening, they then made use of these holdings before the intervention thresholds had been reached. The mark therefore developed more and more into a second reserve currency alongside the dollar and also into the anchor currency of the EMS. Orientation on the mark helped the stabilization efforts of the governments gain vigor and credibility.

With the consolidation of the EMS, its further development into a monetary union came onto the agenda once again. François Mitterrand became a particularly strong advocate of such a move after having decided over the course of 1983 to make the expansion of the European Union into a central theme of his presidency. A memorandum produced by Roland Dumas with support from the Quai d’Orsay and the French Finance Ministry was presented on 1 June 1984. It emphasized the necessity of increased co-ordination of monetary policy and the development of common economic framework planning so as to safeguard stability and growth. Private use of the ECU was still to be promoted. Lastly, the European Monetary Cooperation Fund ought to be expanded into a European Monetary Fund with which the European currencies could be defended against

the dollar. In this way, a genuine European and international currency should be developed out of the ECU.²⁴

The resumption of plans for a monetary union was justified in the Dumas Memorandum primarily by citing the necessity of overcoming subordination to swings in the dollar exchange rate and American interest-rate policy. With the growing self-commitment to the mark there was a second motive: one-sided subordination to the dollar policy and interest-rate policy of the West German *Bundesbank*. This was all the more difficult to bear because the *Bundesbank* was contributing far less to preserving the parities than the central banks of the weaker countries; this was due to the prevalence of preventative unilateral intervention before the intervention threshold had been reached. The “deviation threshold” on an ECU basis, at which the *Bundesbank* too would be forced to intervene, was seldom reached; and over time, this instrument for balanced promotion of convergence was practically forgotten.²⁵

Along with the comfortable position that the *Bundesbank* had attained through this development, there also grew the opposition to mutualizing monetary reserves or monetary policy. Indeed, *Bundesbank* President Karl Otto Pöhl did guard against appearing as the principle opponent of a European Monetary Union. However, by demanding that before any individual reform measures were taken, a definitive institutional design for this union be agreed upon, he did consciously raise the hurdles for realizing such a plan. Kohl was not able to reduce them very easily because Finance Minister Stoltenberg, who worked closely with the *Bundesbank*, was increasingly gaining popularity and soon constituted a potential rival of the chancellor. In principle, Kohl was already in favor of the monetary union; he regarded it as self-evidently belonging to his vision of a unified Europe. He had to be careful however to succeed with it in consensus with West German politics or at least with those of his party, and that led him to hesitate to embrace the French initiatives. The concessions that he found himself willing to make during the formulation of the Single European Act did not go nearly as far as Mitterrand had hoped.

A first breach in the West German defensive front came in the winter of 1986–87, when a dramatic drop in the dollar put the French franc under devaluation pressure and also put pressure on the mark to rise. Jacques Chirac, who had been prime minister under Mitterrand ever since the Gaullists’ victory in the parliamentary elections of March 1986, blamed this on the hike in money-market

²⁴ Reported in Kenneth Dyson and Kevin Featherstone, *The Road to Maastricht. Negotiating Economic and Monetary Union*, Oxford: Oxford University Press, 1999, pp. 152ff.

²⁵ Horst Ungerer, *A concise history of European monetary integration: From EPU to EMU*, Westport: Quorum Books, CT, 1997, p. 163.

interest rates by the *Bundesbank*. Stoltenberg defended the *Bundesbank* against the public criticism from Paris. Internally, however, he had to acknowledge the legitimacy of the criticism and drew the conclusion that the monetary system had to be equipped with better mechanisms to protect against speculative pressure. The *Bundesbank* was in this way to be prompted to take a more flexible approach and at the same time be protected against further attacks. The Franco-German confrontation ended on 12 January 1987 with a decision of the finance ministers to raise the value of the mark and Dutch guilder by a modest three percent and the Belgian-Luxembourg franc by two percent. The demand for devaluing the French franc was dropped.

At the same time, the finance ministers commissioned the Monetary Committee and the Committee of the Central Bank Governors to develop a concept for strengthening the intervention mechanisms of the monetary system. This was passed by the central bank governors on 8 September 1987 in Basel and then confirmed without revision by the finance ministers in Nyborg in Denmark on 12 September. Notably, the Basel-Nyborg Agreement contained two concessions that the *Bundesbank* had rejected in a similar initiative by the European Commission in March of 1982: Very short-term EMS credits could in the future also be used for financing preventative “intra-marginal” interventions, and repayment of intervention credits could in the future be paid entirely in ECUs, not only half in ECUs as had been the case up to that point. Additionally, the central bank governors were to make increased efforts to call attention to cases of inconsistency in national monetary policies and also pursue interest-rate policy with the goal of preserving parities. Pöhl also succeeded in having his colleagues explicitly commit themselves to greater internal and external stability.²⁶

Foreign Minister Genscher was obviously not yet satisfied with the increased commitment of the *Bundesbank* to the goal of monetary union as contained in the Basel-Nyborg Agreement. For him, the valuation crisis of late 1986 and early 1987 had made it clear that monetary union needed to be put on Bonn’s agenda despite the temporizing opposition of the *Bundesbank*. Not only was he pressured by Dumas, to whom it was abundantly clear that a public initiative needed to come from the German side in order to succeed. Genscher moreover feared that the monetary system could not survive the continuance of the existing asymmetries much longer. The goal of Political Union would also be endangered by such a prospect—and at a point in time when it was needed more than ever, given the reform initiatives of Soviet General Secretary Mikhail Gorbachev.

²⁶ *Ibid.*, p. 180. On this and the following, cf. Dyson and Featherstone, *Road*, pp. 156–180 and 306–342.

The reforms in the Soviet Union and the efforts to overcome the Cold War being undertaken by Gorbachev gave the project of a European Monetary Union a wholly new urgency in Genscher's view: "The East-West rapprochement called for nothing less than an EC more capable of acting, one that worked closely together rather than drifting apart. Moreover, in light of the new developments, the German attitude on this was watched keenly not only in Paris: Would the Germans remain on board the European Union ship or would they again go their own way? As soon as German reunification became an issue, this question would heat up; there could be no uncertainties, no ambiguities, because these would have had devastating consequences."²⁷ Genscher clearly perceived that behind the growing pressure from the French side there also lay worries about an emancipation of the Germans from the European Community. These worries could only be countered by timely efforts for more strongly integrating the Germans.

The West German foreign minister therefore sought an opportunity for substantially reducing the *Bundesbank's* influence over Bonn's attitude toward the monetary-union project. He found it when in the national elections of January 1987 his FDP gained significantly and when Stoltenberg lost appreciable influence in the autumn and winter of 1987–88 due to the "Barschel Affair" in his political base of Schleswig-Holstein. After the German success in passing the "Delors Package" at the Brussels Council meeting of 11 and 12 February 1988 had further increased Genscher's esteem in the West German public as well as his European partners, he publicly presented a carefully-worked-out plan for creating a "European monetary area" on 26 February. This was intended to outmaneuver the opposition of the *Bundesbank* and to force the hand of the still-hesitant chancellor.

The memorandum was deliberately not coordinated within the government and therefore functioned as a personal statement by Genscher, not as an official declaration of the foreign minister. It took up the objectives for a monetary union that had been expressed by Pöhl and other representatives of the *Bundesbank* and combined them with a proposed procedure that aimed for realization in short order. The centerpiece of the monetary union was to be the establishment of a European Central Bank, which was to be as autonomous as the *Bundesbank* and likewise committed to the goal of price stability. In order to get this underway, the European Council was to create at its next meeting in June an "expert committee" with "professional and political authority"; within a year's time, this body was to determine the key points for creating a European economic space, to work out the statutes of the European Central Bank, and to develop plans for the transition

²⁷ Genscher, *Erinnerungen*, p. 387.

period up to the completion of the monetary union, which were to be guided by the principle of parallelism in economic and monetary integration.²⁸

It was now the case that the opponents of the currency union could only raise objections as to the process, and they did so immediately. On 15 March, Stoltenberg sent the State Secretary Committee for European Affairs and monetary committee of the EC Council of Ministers a counter-memorandum that had been developed in close cooperation with the *Bundesbank*. This document listed a whole series of preconditions to be fulfilled before a European Central Bank was established: further “augmentation” of monetary cooperation and orientation on the stability goal, irrevocable freedom of capital movement in the Community, increased convergence of economic development, unrestricted participation of all member states in the monetary system, guaranteed independence of the national central banks, and a substantial transfer of national sovereign rights to the Community level—a transfer that went beyond the field of monetary policy.²⁹ From this perspective, the monetary union remained a long-term goal that could be realized only if all member states had adjusted to German conditions, thus in keeping with the “crown theory” that was so beloved of German financial experts.

Genscher’s arguments made obvious sense to Kohl. However, in light of the now-public conflict within his government, the chancellor continued to lie low, awaiting further reactions to Genscher’s initiative. Only after representatives of industry and commerce had expressed themselves overwhelmingly positively and after Mitterrand had been re-elected on 7 May did the chancellor decide take up the proposal for creating a committee of experts. In order to ensure success, he insisted that the membership must include not only a group of independent personages but also the central bank governors. At the Franco-German summit of 2 June in Evian, Kohl proposed that Delors—with whom he was in the meantime working closely—be the chairman of the committee. At the same time, the chancellor asked that Mitterrand fulfill a precondition that was especially important to Stoltenberg: the free movement of capital in the Community.³⁰ After the French had acceded to this request and after the EC Council of Ministers on 24 June had decided that capital should move freely no later than 1 July 1990, the way was clear for Kohl to emerge at the next Council meeting as the initiator of the monetary union. Stoltenberg’s opposition could be neutralized by reference to the success in liberalizing capital movement.

²⁸ Henry Krägenau and Wolfgang Wetter, *Europäische Währungsunion. Vom Werner-Plan zum Vertrag von Maastricht. Analysen und Dokumentation*, Baden-Baden: Nomos, 1993, pp. 310–312.

²⁹ *Ibid.*, pp. 337ff.

³⁰ Noted in Jacques Attali, *Verbatim. Tome 3: Chronique des années 1988–1991*, Paris: Fayard, 1995, p. 32.

At the Council meeting in Hannover on 27 and 28 June, Kohl first sought to persuade Thatcher in a private conversation that she had nothing to fear from a committee that consisted essentially of orthodox central bankers. Then, just after the members of the Council had confirmed Delors for another term as Commission president, Kohl made the proposal at dinner that the Frenchman be appointed chairman of the committee. The entity was also to consist of all twelve central bank governors along with Frans Andriessen (as an additional member of the European Commission) as well as Miguel Boyer (president of the Foreign Trade Bank of Spain), Alexandre Lamfalussy (general director of the Bank of International Settlements), and Niels Thygesen (an economics professor in Copenhagen) as independent members. With this constellation, the proposal was accepted by one and all. Thatcher only insisted that the issue of creating a European Central Bank not be explicitly written into the committee's mandate. And Tietmeyer, who once again was part of the delegation as "watchdog" from the finance ministry, succeeded at the last moment in adding a provision that the central bank governors act only in their own names and not for their institutions. In the closing press conference, Kohl—then serving as Council president—stated that he was "ninety percent sure" that the European Central Bank would be realized by the year 2000.³¹

With the creation of a committee to develop a roadmap to monetary union, the transition to a common currency had in fact once again been put on the agenda of the Community; and with the inclusion of the central bank presidents, the opposition of the *Bundesbank* had been neutralized. Pöhl did complain that Delors was an unqualified politician and also sought to shift his committee assignment to another member of the *Bundesbank* directorate. In light of the participation of all the other central bank presidents, however, he could not in the end avoid the assignment. The only possibility remaining to him was to represent the position of the *Bundesbank* as aggressively as possible in the Delors Committee and so keep the hurdles high on the path to monetary union.

The Delors Committee met in Basel, following on the monthly sessions of the committee of the central bank presidents. It quickly became apparent that Pöhl had ended up on the defensive. In his reservations against accelerating the movement toward monetary union, it was true that he was for the most part supported by Danish Central Bank President Erik Hoffmeyer and his Dutch colleague Wim Duisenberg. On the other side, the Italian Carlo Ciampi, the Belgian Jean Godeaux, and the Frenchman Jacques de Larosière were zealous advocates of the monetary union; Boyer and Thygesen, as members of the "Committee for the Monetary Union of Europe" that had been created by Schmidt and Giscard

³¹ *Europa-Archiv* 43 (1988), pp. D443–D447; on the course of the meeting, also Delors, *Erinnerungen*, pp. 383–385.

in late 1986, were already focused on rapid progress on monetary unification. Yet, Delors concentrated on achieving a common answer among all the members regarding the path to monetary union. Hence, he did not insist further when Pöhl characterized certain demands as non-negotiable; and the chairman also strove for the utmost civility. When an exasperated Pöhl took off his headphones during Delors' French-language remarks, the undaunted chairman continued speaking in his poor English.

Delors' firm purposefulness and the mediation services repeatedly provided by Duisenberg worked to ensure that by 12 April 1989 a report had in fact been produced, one that was supported by all Committee members. It steered the course charted by Genscher but also contained some fuzziness, behind which lay ongoing differences of opinion. It followed the German input in describing the goal of an independent European Central Bank system, led by the directorate of the European Central Bank as well as the presidents of the national banks and committed to the goal of price stability. In this, Mitterrand had given de Larosière his blessing because he knew that the monetary union could not be achieved in any other way. In order to demonstrate the irrevocability of the setting of the exchange rates, there was also nominally to be a Community currency. In contrast, when it came to the parallel development of common economic and fiscal policy, which Delors regarded as necessary if the monetary union were to function over the long term, there was only vague talk of "macro-economic coordination, including binding rules in the budgetary field." The explicit mention of the "transfer of decision power" to the European level contained in an early draft was struck by Delors because he thought it would not be possible to gain approval for it.

Regarding the roadmap, Delors succeeded in winning approval for a process in three stages as well as the recommendation that right at the beginning of this process there be "a clear political commitment to the final stage." Regarding a timetable, as the Schmidt-Giscard Committee had demanded, there remained only the recommendation to let the first stage begin no later than when movement of capital was freed up on 1 July 1990. Aside from that, it was not clearly stated as to which conditions needed to be fulfilled in order to move from the first to the second stage or from the second to the third, nor were any time points specified for these transitions. In the first stage, convergence was to be further promoted by economic development and economic policy; and all member states were to join the exchange-rate mechanism of the EMS. Additionally, a treaty on economic and monetary union was to be worked out. After ratification of the treaty, the second stage was to be entered upon, in which the European Central Bank system was to organize the transition to full monetary union for the third stage.

As to organizing the transition in the second stage, the report of the Delors Commission likewise remained vague. Pöhl successfully fended off de Larosière's

demand for the establishment of a European Monetary Fund for this transition phase, likewise the idea of creating a parallel European currency that was to be legal tender alongside the national currencies. The report only retained the provision that the European Central Bank was to have the possibility of accumulating “a certain amount of reserves” and using them for intervening in the foreign-exchange markets. The bandwidths among the national currencies were to be narrowed to the extent allowed by circumstances and by progress toward convergence. Additionally, precise rules were to be agreed upon for the size and financing of budget deficits; these were not yet to be binding, however. “Guidelines” for macro-economic development were to be passed by majority vote; at the same time, “ultimate responsibility” for political decisions in this phase was still to rest at the national level.³²

It was true that the *Bundesbank's* fundamental essentials regarding the shape of the future monetary union were thereby retained and that the tempo of its realization remained unclear. Nevertheless, with the recommendation for an immediate launch along with simultaneous commitment to the final goal, a strong impetus had now been given for further developing the monetary system into a monetary union. Immediately after the publication of the report on 17 April, Pöhl began to distance himself from its contents and to warn against a “hasty” realization of the recommended steps. New West German Finance Minister Theo Waigel reacted by publicly affirming the “crown theory”; he clearly rejected acceleration on the path to monetary union. The Academic Advisory Board of the West German Economic Ministry went further by speaking out against binding budgetary rules at the European level. In a letter to Economic Minister Helmut Haussmann, this body warned against beginning treaty negotiations on the basis of the Three-Step-Plan.³³

Against this, Mitterrand, Delors, and Genscher pushed for approval of the report of the Delors Commission at the next Council meeting in Madrid and also for approval of a government conference to draft the treaty that was necessary for stage two. The fact that it had been possible to get all the central bank presidents to commit themselves to a common program had to be made use of—the iron had to be struck while it was hot. Therefore, Mitterrand spontaneously shoved aside

³² “Bericht zur Wirtschafts- und Währungsunion der EG,” in: *Europa-Archiv* 44 (1989), pp. D283–D304; Krägenau and Wetter, *Europäische Währungsunion*, pp. 33–40. On the negotiations in the Delors Committee, Dyson and Featherstone, *Road*, pp. 342–350 and 713–720; Delors, *Erinnerungen*, pp. 385–389; James, *Making the European Monetary Union*, pp. 234–261.

³³ Letter of June 5, 1989, Krägenau/Wetter, *Währungsunion*, pp. 213ff. Cf. Hans Stark, *Kohl, l'Allemagne et l'Europe. La politique d'intégration européenne de la République fédérale 1982–1998*, Paris: Éditions l'Harmattan, 2004, pp. 90ff.; Dyson and Featherstone, *Road*, pp. 348ff.

the reservations of French Finance Minister Pierre Bérégovoy regarding the lack of economic- and fiscal-policy taxing authority for the projected union. During a conversation at the Élysée Palace on 11 May, the president made it clear that the risks entailed by France in allowing the free movement of capital were more than outweighed by the advantages of the monetary union.³⁴

With the pressure that the advocates of the monetary union were putting on him, Kohl once again found himself facing a dilemma: On the one hand, he shared their analysis of the situation and the conclusions they drew from it; on the other hand, it was exactly at that time that he needed to act with particular caution in regard to domestic politics. The criticism of his leadership had escalated, and his own general secretary, Heiner Geissler, was about to have him removed. Therefore, he simply could not afford to deceive Finance Minister Waigel, who had succeeded Franz-Josef Strauss as chairman of the Bavarian CSU and who was supporting the chancellor against the criticism within the party. In cabinet discussions, Genscher did succeed in gaining government support the adoption of the Delors Report as well as the start of the first stage on 1 July 1990. However, Waigel and Tietmeyer—whose expertise the new finance minister greatly valued—argued that before a determination had been made on beginning the government conference, there was still a series of “technical issues” that had to be resolved. Kohl did not dare to contradict them.³⁵

In Madrid, where the heads of state and of government gathered on 26 and 27 June, it was thus not possible to decide anything more. Kohl made use of Thatcher’s opposition to a new treaty to present himself as a mediator and then worked toward a result that would again give him some time: The report of the Delors Commission was hailed as an indispensable basis for the preparations for the monetary union, and the start of the first stage was set for 1 July 1990. The government conference was only to meet after the responsible entities—that is, the General Council, the Finance Ministers Council, the Commission, the Committee of the Central Bank Governors, and the Monetary Committee—had completed the necessary preparations. Under no circumstances was the government conference to begin before the start of the first stage. Additionally, the Council explicitly approved the West German proposal to set unambiguous convergence criteria; it also rejected the French plan for a European Reserve Fund.³⁶

Mitterrand then sought to make use of his European Council presidency in the second half of 1989 to give decisive impetus to the preparations for the government conference and to wring from the Germans a binding date for its start. It

³⁴ *Ibid.*, p. 188.

³⁵ *Ibid.*, pp. 350–354.

³⁶ *Europa-Archiv* 44 (1989), pp. D406ff.

was at least to begin before the end of 1990. The decisions necessary for it were to be made at the next Council meeting in December in Strasbourg; these were to be prepared by a work group made up of representatives of all foreign and finance ministries under the leadership of Mitterrand's European advisor, Elisabeth Guigou. As Mitterrand said to Thatcher during a lightning visit on 4 September, his intention was "to put the train on its wheels"; and it should not be impeded by "one or two states."³⁷ In other words, France was prepared to start moving on the monetary union even if Britain would not immediately join in.

In pressing to have a government council summoned, Mitterrand was helped by circumstances: The prospects for overcoming the division of Europe and thereby also the division of Germany—which were becoming more clear over the course of the summer and autumn of 1989—generated wider support for the understanding of strategic necessities that drove Mitterrand and Genscher. In light of the opening of Hungary's border with Austria and the formation of an all-party government in Poland, both Bérégovoy and Waigel began to realize that regardless of their different conceptions as to how it was to be accomplished, the monetary union had to be implemented quickly. At their first encounter within the framework of the Franco-German Economic Commission (at Tegernsee on 24 and 25 August), the two men came to trust one another. Their two agencies no longer worked secretly against the monetary union but now worked constructively toward it. Even Pöhl now became convinced that for political reasons the monetary union had to come.

Added to this was the fact that Kohl was able to prevail in the intraparty power struggle of the CDU at the Bremen party congress during the second week of September. With new self-confidence, he now spoke for the Germans of the GDR too. He also perceived the necessity of making timely gestures so as to counter possible irritation among his allies regarding a new special German path of development away from the Community. On 13 October, European advisor Joachim Bitterlich informed his French colleague Guigou that at the upcoming December Council meeting in Strasbourg, the chancellor would make an appeal for an agreement on the meeting of the government conference. It would open before the end of 1990. Negotiations were to lead to a treaty by the end of 1991, and ratification was then to follow over the course of 1992.³⁸ Mitterrand understood that these negotiations

³⁷ AN, 5AG4, 88 EG d.1, quoted from Jean-Marie Palayret, "La voie française vers l'Union économique et monétaire durant la négociation du traité de Maastricht (1988–1992)," in: Martial Libera and Birte Wassenberg (eds.), *L'Europe au cœur. Études pour Marie-Thérèse Bitsch*, Brussels: Émile Bruylant, 2009, pp. 197–221, here p. 209.

³⁸ Guigou to Mitterrand, 13 October 1989, AN, 5AG4, 6874; cf. also Attali, *Verbatim III*, p. 321.

should begin only after the German elections of December 1990 so as to keep the issue of the monetary union out of the election campaign.

Despite the fact that Kohl had backed down, nothing had actually been decided yet, although Mitterrand thought otherwise. Rather, with the upheavals in Hungary and Poland as well as the visible decay of the SED regime in East Germany, the chancellor drew the conclusion that along with economic and monetary integration, the political unification of Europe had to be accelerated. This seemed necessary to him, firstly, in order to create a strong framework for the process of German reunification; secondly, he also saw new tasks for the Community in overcoming the legacies of Communism in Eastern Europe. Eleven days after the message that Bitterlich had communicated, Kohl himself flew to Paris to say this to Mitterrand. As Attali noted during a dinner shared by the two leaders on 24 October, “it would be necessary to take up a political European project after the economic one.” The chancellor also made it clear that such an initiative was urgent in his view: “The summit in Strasbourg must send a clear message to the East.”

It did not escape Mitterrand that his guest reacted evasively to his question about the date for the government conference: “One can’t decide anything before seeing what happens in Strasbourg.” That made the French president mistrustful. Attali concluded his notes on this “head-spinning” meeting with the observation that “I feel for the first time that the chancellor is not confiding in us everything that he knows and that he wants.”³⁹ This mistrust grew into great anxiety when Kohl specified his ideas in a letter to Mitterrand on 27 November: In Strasbourg, the finance ministers and central bank presidents should be commissioned to prepare the government conference; and the conference should not only concern itself with the economic and monetary union but also, in a second phase from the end of 1991 onward, deal with the other institutional reforms, especially with the strengthening of the position of the European Parliament. The “political decision for implementing the government conference on the economic and monetary union” should be made only in the middle of December 1990, and the negotiations should first begin in early 1991. Both parts of the negotiations should be wrapped up over the course of 1992, “in December at the latest.” As was emphasized in the conclusion of the document, the ratification could then take place promptly before the next elections to the European Parliament in May and June of 1994.⁴⁰

³⁹ Attali, *Verbatim III*, pp. 325–327. On this and the following, also Hanns Jürgen Küsters, “La controverse entre le Chancelier Helmut Kohl et le Président François Mitterrand à propos de la réforme institutionnelle de la Communauté européenne (1989/1990),” in: Bitsch, *Le couple France-Allemagne*, pp. 487–516, here pp. 491–496; Dyson and Featherstone, *Road*, pp. 363–366.

⁴⁰ Kohl to Mitterrand, 27 Nov. 1989, in: *Deutsche Einheit. Sonderedition aus den Akten des Bundeskanzleramtes 1989/90*, Munich: Oldenbourg, 1998, pp. 565–567.

This announcement of postponing the political decision on the monetary union for another year, along with its incorporation into a more comprehensive reform project containing many pitfalls, was perceived in Paris as a covert rejection. “If that really is the position of the chancellor,” Attali commented, “then it means that he’s been swayed by the British arguments. And that everything is buried. German problems will sweep across the European construction.”⁴¹ It was not only the project of the monetary union that threatened to fail at exactly the moment when, in the French view, it was especially urgent but also the incorporation of Germany altogether. This was after all an essential motif of policy on Europe—and not only of French policy.

European Security and German Unity

Fundamentally, Mitterrand could be won over for a project for a political Europe too. Ever since his rapprochement with Kohl in the winter of 1983–84, he had been appealing for a common foreign policy and also a common European defense organization, which was to emerge from cooperation between France and the Federal Republic. In February of 1984, after the resolution of the British contribution question and of the southern expansion, he had told Kohl of his willingness “to go further and speak with you about European defense.” In the process, “nothing [was to be] excluded, neither conventional armaments nor, beyond them, nuclear ones.” When Kohl immediately raised the possibility of a French commitment to consultation for the use of nuclear weapons on German soil or from it, as had been accepted by President Reagan, Mitterrand only said, “Why not?” Three months later in his keynote speech before the European Parliament, the French president also publicly embraced the necessity of a “common defense by the Europeans.”⁴²

Behind this lay not only continuing anxiety that neutralization tendencies might achieve a breakthrough in German politics; Mitterrand also appeared increasingly worried about the arbitrary actions and inconsistencies in the policy of Ronald Reagan, especially regarding the SDI program for a space-based missile defense system that wantonly disregarded the security interests of the Europeans. Moreover, the French president was receptive to the vision of his friend Régis Debray, who saw in an autonomous Western Europe the possibility of promoting

⁴¹ Attali, *Verbatim III*, pp. 349.

⁴² Conversation between Mitterrand and Kohl, 2 Feb. 1984, Attali, *Verbatim I*, pp. 583ff.; speech of 24 May 1984 in François Mitterrand, *Réflexions sur la politique extérieure de la France. Introduction à vingt-cinq discours (1981–1985)*, Paris: Fayard, 1986, pp. 280–297.

the democratization of Eastern Europe. In any event, Debray's "Thoughts on the Foreign Policy of France," published in early 1986, conjured up the reconciliation of both halves of Europe on the basis of shared values and democratic socialism, which was to become possible after overcoming the excesses of American liberalism as well as those of Communism.⁴³

By July of 1985, Mitterrand's Socialist Party had worked out a report on defense policy that had been coordinated with its West German counterpart, the SPD; Egon Bahr had been especially engaged in the project. This document emphasized the strategic solidarity that bound France together with the rest of Western Europe, especially the Federal Republic; it also called for an "internal shifting of weight within the Atlantic Alliance" in light of the erosion of the American security guarantee. This was to be based on "increased and more autonomous cooperation among the Europeans in the area of defense" and an "expansion of French responsibility in this area." The French armed forces, including nuclear components, ought to be explicitly oriented toward the security of Europe.⁴⁴

In concretizing the proposals, however, Mitterrand reduced the French offer. First of all, he emphasized that the Germans and the French should "undertake everything together that isn't forbidden to you [the Germans], that is, space, chemical weapons, and lasers." Especially in regard to an autonomous European missile defense, German support seemed to him both necessary and feasible. As he explained to Kohl in November of 1985, this was to provide the Federal Republic "an actual defense capability" within a period of twenty years. He excluded the idea of an "integration of nuclear weapons": That would hinder the sought-after improvement in relations with the Soviet Union and would rob France of its necessary counterpoise to German economic power. In December, he also spoke out against an extension of the French nuclear guarantee to the Federal Republic, as Schmidt and Giscard had agreed upon; at the same time, he stressed that the discussion in Paris on the participation of French troops in forward defense on German soil had not yet been concluded.⁴⁵

Even the commitment to consultation in the event French nuclear weapons were used on German soil—a commitment Kohl repeatedly urged—was only given by Mitterrand with reservations, due to the opposition of the chief of the French general staff, Jean Saulnier. In a joint declaration issued at the Franco-German summit on 27 and 28 February 1986 in Bonn, the president declared his willingness to make this commitment "on the borders, which necessitates the extraor-

⁴³ *Ibid.*, pp. 12, 68–71, 101; cf. Soutou, *L'alliance incertaine*, pp. 387ff.

⁴⁴ *Le Monde*, 4 July 1985; Egon Bahr, *Zu meiner Zeit*, Munich: Blessing, 1996, p. 512.

⁴⁵ Conversations between Mitterrand and Kohl, 29 Oct. 1984, 7 Nov. and 17 Dec. 1985, Attali, *Verbatim I*, pp. 513ff., 874ff., 902–905.

dinary haste of such decisions.” Moreover, he “reminded” his listeners that “the decision in this area cannot be divided.” More satisfactory for the Germans was the assurance made at the same time that the staffs of both sides would work together operationally and that Mitterrand would have French forces march immediately to the inter-German border in the event they were needed for defense.⁴⁶

Disappointment over the meager substance of the French consultation pledge did not prevent Kohl from calling for an expansion of military cooperation on his own. He had reacted positively to the French proposals because, like Mitterrand, he too feared American withdrawal tendencies as well as the German penchant for neutralization. In his view, this latter factor was strengthened by Gorbachev’s disarmament initiatives; and so he now pressed for “very close cooperation,” as he said to Mitterrand at a meeting at Chateau Chambord on 28 March 1987.⁴⁷ Four months later, Kohl’s national security advisor, Horst Teltschik, presented his plans on this during a visit by his French counterpart Attali in Bonn: The creation of a Franco-German brigade that could be joined by Luxembourg, the Netherlands, and Italy; more joint maneuvers and expanded joint logistics, the whole thing “within the prospect of a fusion of the EEC and the WEU”; the establishment of a Franco-German defense council and a permanent general staff; and lastly, a more precise definition of the agreed-upon consultation before use of French nuclear weapons.⁴⁸

For Mitterrand, that was again going too far. Yet, he did agree to joint maneuvers; in September of 1987, some twenty thousand soldiers of the First French Army and the Rapid Deployment Force participated in spectacular maneuvers with the Bundeswehr. At the fiftieth Franco-German summit in November of 1987, the creation of the Franco-German brigade was announced; on 22 January 1988, at the twenty-fifth anniversary of the signing of the Franco-German Treaty, the joint Defense and Security Council came into being. Although the joint maneuvers took place outside the framework of NATO and Bundeswehr soldiers in the joint brigade were for the first time acting outside the integrated NATO command structure, Mitterrand was not prepared to extend the commitment to consultation to joint deployment planning or to grant the defense council operative functions. The Franco-German brigade—consisting of some 4,200 soldiers—thus did not go beyond a symbolic function, and the agreement on a joint defense concept still did not come into being.⁴⁹

⁴⁶ *Ibid.*, p. 933. Cf. also Ulrich Lappenküper, *Mitterrand und Deutschland. Die enträtselte Sphinx*, Munich: Oldenbourg, 2011, pp. 224ff.

⁴⁷ Attali, *Verbatim II*, p. 287.

⁴⁸ Notes by Attali, 24 July 1987, *ibid.*, pp. 363–365.

⁴⁹ Soutou, *L'alliance incertaine*, pp. 391–394; Stark, *Kohl*, pp. 130–133; Lappenküper, *Mitterrand*, pp. 237ff.

In dialogue between the two leaders it nevertheless proved possible for their stances on Gorbachev's disarmament initiatives to come closer together so that common European interests could be safeguarded in the then-emerging end of the arms race. At an improvised summit in Reykjavik on 11 and 12 October 1986, Reagan and Gorbachev agreed to eliminate all nuclear weapons within a period of ten years. Kohl and Mitterrand quickly agreed that this would be highly dangerous and that it was therefore in the vital interest of the Federal Republic that the French nuclear deterrent be preserved and further modernized. After quickly conferring with Mitterrand, Thatcher went to Washington to impress upon Reagan that there could be "no second Reykjavik"; Kohl cautioned the American president that before strategic missiles were reduced by more than fifty percent, a conventional balance of power in Europe had to be achieved.⁵⁰

Gorbachev's offer to eliminate all medium-range missiles was viewed positively by Mitterrand, in contrast to the stance of French Defense Minister André Giraud and the officials of the Quai d'Orsay. From the president's perspective, opposing the offer was impossible, not only in light of the expectations of the public in France as well as the Federal Republic: He had in the meantime also come to the conclusion that neither short- nor medium-range missiles contributed to French or American security. As he explained to Kohl, "our nuclear force is the submarines, and added to them, the eighteen British missiles that can reach the USSR."⁵¹ He thus advocated the "double-zero solution" to both the British and West German governments, an option that combined the elimination of all medium-range missiles with the destruction of shorter-range ones. Kohl, under pressure from FRG military experts who wanted to retain at least the old Pershing IA missiles as a counterweight to the conventional superiority of the Warsaw Pact, gave up this position too in August of 1987.⁵² Thus, the way was clear for the signing of the Washington Agreement on the elimination of medium-range missiles on 8 December 1987.

According to US strategists, the short-range missiles stationed in the Federal Republic needed to be modernized so as to compensate for the elimination of the medium-range weapons. For his part, Mitterrand advocated negotiations before a decision to modernize. At the same time, he supported Kohl in his demand for talks on reducing the asymmetry in conventional weapons, which might render unnecessary the unpopular deployment of new short-range missiles. At Gen-

50 Cf. Mitterrand's memorandum in the French Council of Ministers, 4 March 1987, Attali, *Verbatim II*, pp. 270ff.; on the disarmament talks in general, Loth, *Overcoming the Cold War*, pp. 188–204.

51 Conversation between Mitterrand and Kohl, 28 March 1987, Attali, *Verbatim II*, pp. 287–291.

52 Schwarz, *Kohl*, pp. 446–449.

schcr's urging, a speech by Kohl in the Bundestag on 27 April 1989 included a call for the rapid opening of negotiations on short-range weapon systems and also let it be known that the chancellor no longer excluded a third "zero solution" for this area too. Mitterrand worked to calm the Americans and British, who feared a denuclearization of the Federal Republic. He urged Reagan's successor George Bush to concentrate on making progress in the talks on conventional disarmament and to defer the issue of short-range weapons for the time being. In fact, the heads of state and of government of NATO put together a resolution to that effect at a summit in Brussels on 29 and 30 May 1989, allowing the Western alliance to respond to Gorbachev's proposals with great unanimity.⁵³

Rapid progress was now made in the talks on conventional forces in Europe that had been going on since 9 March in Vienna. During a state visit by Gorbachev to the Federal Republic from 12 to 15 June, Kohl was able to assure his guest that after those talks had been successfully concluded, the modernization of short-range missiles would no longer be an issue. Mitterrand appealed to Bush to support Gorbachev in his reforms and urged the American president to meet with the Soviet general secretary as soon as possible. The summit in Malta on 2 and 3 December, at which Bush and Gorbachev proclaimed the end of the Cold War, was thus not least of all the result of parallel, though not closely coordinated, action by the West German chancellor and the French president.

As to the danger of a neutralization of the Federal Republic, Mitterrand now regarded it as sufficient, firstly, to support Kohl in the domestic policy dispute and, secondly, to emphasize the necessity of a European framework for reunification. At the conclusion of a state visit by Gorbachev on 5 July, journalists asked the French president about his attitude toward German reunification. He stressed the legitimacy of German desires but hastened to add that naturally the process must "occur peacefully" and must not generate any "new tensions." Three weeks later, he repeated this position in an interview that he gave to five European newspapers at once: Reunification had to occur "peacefully and democratically"; the process needed to involve a dialogue among the Four Powers and agreement between "both German governments."⁵⁴

Conceptually, what lay behind this foray into public discussion of the German question was the idea of a deepening of the European Community as the "hard core of any organization of Europe from the Atlantic to the Urals." Political Director Bertrand Dufourcq of the French Foreign Ministry wrote to the president in

⁵³ Conversation between Mitterrand and Bush, 20 May 1989, Attali, *Verbatim III*, pp. 241–243; Frédéric Bozo, *Mitterrand, la fin de la guerre froide et l'unification allemande. De Yalta à Maastricht*, Paris: Editions Odile Jacob, 2005, pp. 70–79.

⁵⁴ *La politique étrangère de la France*, July–August 1989, pp. 21–23 and 78–82.

February of 1989, saying that in light of the loosening of the Soviet imperium, it was necessary to bind the Federal Republic more strongly than ever to the Community and to accelerate the Community's development into a Political Union with a common defense. Requests for entry by EFTA states such as Austria should for the time being be deferred in the interest of deepening the Community. Simultaneously, however, there should be common efforts with these states of the "second circle" to organize cooperation with the East-Bloc states (the "third circle"); this was to include areas such as culture, media, social issues, and technology. The convergence of both halves of Europe and both Germanys should thus happen in sync.⁵⁵ In August, Attali expanded this vision to include the dimension of financial support for the reforms of the East-Bloc states: All European countries including the Soviet Union were to discuss the problems involved in the transition at a common forum (Mitterrand spoke of a "confederation"), and a European Development Bank was to assist in dealing with the economic dimension.⁵⁶

In late October, Mitterrand shared the idea of a confederation and a development bank with his European allies. This was not exactly met with great interest, neither from Kohl—who at dinner on 24 October did not respond at all to the president's remarks on the subject—nor from the circle of the twelve heads of state and of government, whom he invited to an informal gathering at the Élysée Palace a few days after the fall of the Berlin Wall. Instead, those dining on 18 November were witness to an intense confrontation between Margaret Thatcher, who could not hide her fear of German reunification, and the chancellor, who did not want to be restricted by his eleven partners in deciding on the steps now necessary in the reunification question. When Kohl quoted a NATO declaration of 1970 that contained support for the German position on reunification, Thatcher interrupted him with the observation that at the time, people "didn't believe it would ever happen." Kohl barked back, "You can't prevent the German people from pursuing its destiny." Thatcher answered this ominous threat with an angry "You see, you see, that's what he wants."⁵⁷

At this point, Mitterrand viewed German-policy developments much more calmly. True, he was worried that an uncontrolled unification movement among the Germans could possibly lead to the fall of Gorbachev and thereby possibly even to a major war between East and West. Yet, at the same time, he—unlike Thatcher—had a conception for a peaceful solution of the German question; and he had strong hopes that Kohl would help him realize this European option. He was therefore all the more alarmed when, on 27 November, the chancellor for all practical pur-

⁵⁵ Memorandum of 20 Feb. 1989, reported in Bozo, *Mitterrand*, pp. 98–101.

⁵⁶ Attali, *C'était François Mitterrand*, pp. 308ff.

⁵⁷ *Ibid.*, pp. 311, 315–318.

poses withdrew his approval for the summoning of a government conference on monetary union. The anxiety increased when the very next day Kohl made public a ten-point reunification plan without having informed his partners in advance. Even if the announced path via “confederative structures” left much unclear—not least of all the timeframe of the unification process—it was unmistakably clear that the chancellor had put *political* reunification on the international agenda. This meant for Mitterrand, as he explained to Gorbachev on 6 December at a meeting in Kiev, that Kohl was prioritizing German unification over the deepening of European unity and the creation of a European peace order.⁵⁸

The president now did his utmost to convince the chancellor to offer binding approval for the summoning of a government conference on the monetary union at the upcoming Strasbourg Council meeting. As welcome as an understanding on negotiations for a Political Union would be in principle, it was to be deferred so as not to endanger the breakthrough on the monetary issue. On the afternoon of 28 November, Mitterrand got on the phone to threaten Kohl that France would only approve his reunification plan if Bonn made three distinct commitments beforehand: beginning of negotiations on the monetary union, definitive recognition of the border with Poland, and confirmation of the Federal Republic’s renunciation of nuclear weapons. He spoke still more darkly to Genscher, who had sought him out on 30 November in order to smooth the waves that Kohl’s solo initiative had generated: “If German unity is achieved before European unity, you’ll have the Triple Alliance (France, Great Britain, and the USSR) against you, exactly as in 1913 and 1939. [...] You’ll be encircled, and that’ll end in a war in which all Europeans will ally themselves against the Germans once again. Is that what you want? Conversely, if German unity is achieved after there’s been progress on the unity of Europe, then we’ll help you.”⁵⁹

No later than when Genscher reported this conversation to Kohl, it must have become clear to the chancellor that his engagement for a Political Union was not sufficient to win France’s support for the reunification process. It followed from this that he did after all need to take a bigger domestic-policy risk if he wanted to retain the necessary maneuvering room for the shaping of the reunification process without at the same time endangering the European construct. Nor was it possible to exclude the danger that if the monetary union continued to be blocked, he could lose the initiative to Genscher in the one question as well as the other. Taken together, all those factors led him to give in on the issue of committing to the monetary union. Shortly before the opening of the Council meeting

⁵⁸ Attali, *Verbatim III*, p. 364.

⁵⁹ Attali, *Mitterrand*, pp. 320–323; on Genscher’s visit, also Attali, *Verbatim III*, pp. 353ff. and Genscher, *Erinnerungen*, pp. 390 and 677–680.

on 8 December, the chancellor's office let the Élysée know that Kohl was now willing to set the date for the opening of the government conference in December of 1990.⁶⁰

The Strasbourg Council meeting then began in a relatively relaxed atmosphere. As early as the opening luncheon, Kohl declared that a clear roadmap was necessary “in order to demonstrate our will to achieve progress.” As Council president, Mitterrand was able to confirm “that the necessary majority exists for the summoning of a government conference in accordance with Article 236 of the treaty. The government conference will meet before the end of 1990 at the invitation of the Italian government.” No decisions were made regarding the Political Union; it was only determined “that the economic and monetary union [was to] take the democratic requirement fully into account.” Against the vote of Margaret Thatcher, the “Community Charter on Social Rights of Workers” was adopted, a move for which Mitterrand and Delors had long fought. Lastly, the Twelve also approved the establishment of the “European Bank for Reconstruction and Development.” Mitterrand only had to concede to Thatcher that “the other OECD member states”—that is, especially the US—would also be invited to participate in it.⁶¹

In return for his concession on the monetary issue, Kohl wanted to receive explicit support for his reunification policy. This proved difficult because he was still not prepared to commit himself to the Oder-Neisse border as the future eastern frontier of a reunified Germany; this was out of concern for votes from the conservative camp. In the preparatory group, there was thus no agreement on the exact wording of a declaration; and at dinner on 8 December, Kohl was once again subjected to severe attacks from Thatcher. This time, she was joined by Giulio Andreotti and Ruud Lubbers; only Felipe González supported the chancellor. Mitterrand finally commissioned Dumas and Genscher to find a compromise formulation.

The text, ready the next morning, was closer to Kohl's position than that of his opponents: The Twelve pledged support for the “strengthening of the state of peace in Europe in which the German people in free self-determination achieves its unity.” As conditions for this process, however, the document specified only the “preservation of the agreements and treaties as well as all the principles laid down in the Helsinki Final Act” and embedding that process “in the prospect of

⁶⁰ Bozo, *Mitterrand*, p. 152; on the following, *ibid.*, pp. 152–156; Thilo Schabert, *Wie Weltgeschichte gemacht wird. Frankreich und die deutsche Einheit*, Stuttgart: Klett-Cotta, 2002, pp. 425–428; Lappenküper, *Mitterrand*, pp. 269–271.

⁶¹ “Schlussfolgerung des Vorsitzes der Straßburger Ratstagung 8./9.12.1989,” *Jahrbuch der Europäischen Integration 1989/90*, pp. 421–438.

European integration.”⁶² It was rather unclearly formulated regarding the recognition of the western border of Poland, which the Federal Republic had made in the Treaties of Moscow and Warsaw; it was however rather clear on making reunification possible along with the simultaneous strengthening of the European Community. With the definitive commitment to the monetary union, Kohl had been able to secure fundamental support for the process of reunification.

However, this did not mean that giving up the D-mark and the comfortable position in the European Monetary System that the Federal Republic had in the meantime attained was the price that had to be paid for reunification, as the magazine *Der Spiegel* later asserted.⁶³ Kohl had only recognized that, regardless of the reservations of those seeking to protect the currency and the associated domestic political risks, the step to monetary union had to be taken *now* if the growing together of the two German states—in whatever form and at whatever tempo—was not to endanger the continued existence or the deepening of the European Community. On the basis of shared worry over the European project, he could come to agreement with Mitterrand on a formula for German unity within a European perspective.

After he had thus secured the European framework for the reunification of Germany, Kohl could further accelerate the reunification process in response to the decay of the GDR.⁶⁴ In the middle of January 1990, he halted the project for a treaty community that was to be agreed upon with the East German government under Hans Modrow according to the ten-point plan; on 6 February, he offered the East German population participation in the monetary zone of the Federal Republic within six months. Mitterrand viewed that with great unease. As much as he was relieved regarding Kohl’s concession on the monetary issue, his apprehension about the possible fate of Gorbachev was growing more intense. “Kohl wants to organize the reunification very quickly,” as he assessed the situation after a visit by the chancellor to his country retreat in Latché. “He makes us believe he can’t do anything about it, that he’s being driven by the crowd. The whole world will cry out—but in vain. Only Gorbachev can stop him. If he doesn’t succeed, he’ll lose his office. And then we’ll have a general in the Kremlin. You’ll see that everything will happen very fast. Two or three years at most.”⁶⁵

⁶² *Ibid.*, p. 431.

⁶³ “Dunkelste Stunden,” in: *Der Spiegel* (18), 27 April 1998, pp. 108–112.

⁶⁴ On the decision-making process on German policy in 1989–90, see Wilfried Loth, “Michail Gorbatschow, Helmut Kohl und die Lösung der deutschen Frage 1989/1990,” in: Gian Enrico Rusconi and Hans Woller (eds.), *Parallele Geschichte? Italien und Deutschland 1945–2000*, Berlin Düncker and Humblot, 2006, pp. 461–477; Andreas Rödter, *Deutschland einig Vaterland. Die Geschichte der Wiedervereinigung*, Munich: C.H. Beck, 2009, pp. 146–225; Schwarz, Kohl, pp. 535–580.

⁶⁵ Attali, *Verbatim III*, p. 390.

The only thing he could do in attempting “to slow down German reunification in order to save the gains of perestroika”⁶⁶ was to appeal repeatedly to Kohl’s discretion. When on 20 January Thatcher urged him to take joint actions, he told her that ultimately there was not much that could be done, and “nothing would be worse than raising objections that have no effect.”⁶⁷ During a visit by Kohl on 10 February, Gorbachev recognized in principle the right of the Germans to reunification; this meant that hopes vanished that the Soviet general secretary would block rapid progress toward German unity purely out of his own self-interest. “What’s gotten into Gorbachev?” was the question that Mitterrand blurted out after Kohl had informed him via telephone of the results of the conversation in Moscow. “Four days ago, he wrote to me that he would stand firm—and today he concedes every point!”⁶⁸

Deep disappointment over Gorbachev’s weakness did not prevent Mitterrand from adjusting to the “new German reality” with remarkable speed. “One must come to terms with it,” as he let Kohl know during a dinner at the Élysée on 15 February.⁶⁹ He warned his guest to continue to be cautious and to take Gorbachev into consideration. At the same time, the French president made great efforts to have German unity, now unavoidable, formulated in treaty terms acceptable to France and to Europe. Hence, he supported the American proposal to resolve the international aspects of the unification of the two German states at a conference in which the West German government, a democratically-legitimated East German government, and the governments of the four Allied Powers would participate. Mitterrand thought that it should be a “Four-plus-Two” conference rather than a “Two-plus-Four” conference. After it was ascertained that both German states would not only simply present the Four Powers with the results of their internal talks, he accepted the latter formulation. With satisfaction, he noted that Kohl too agreed to this in the end—on 13 February in a telephone conversation with Bush that gave the green light for a decision of the six foreign ministers assembled in Ottawa. In light of the agreement of the Four Powers on this issue, Kohl could no longer fend off the resulting limitations on his freedom of maneuver in decision-making.

66 Thusly after the telephone conversation with Gorbachev on 2 February 1990, Attali, *Verbatim III*, p. 411. The material-rich presentation in Bozo, *Mitterrand*, pp. 156–202, edits out this aspect of Mitterrand’s policy; in contrast, cf. Lappenküper, *Mitterrand*, pp. 273–302.

67 Conversation between Mitterrand and Thatcher, 20 Jan. 1990, French protocol quoted from Bozo, *Mitterrand*, p. 180.

68 Attali, *Mitterrand*, p. 333.

69 *Ibid.*, pp. 333–336; *Deutsche Einheit*, pp. 842–852; Attali, *Verbatim III*, pp. 422–429, the quote on p. 424.

During a dinner on 15 February, Mitterrand then sought to have Kohl stipulate the conditions for German unity that the French president regarded as indispensable: Acceleration of the economic and also the political unification of Europe, a united Germany's continued membership in NATO but without extension of American command authority to the territory of the GDR, confirmation of the renunciation of nuclear weapons, and recognition of the Oder-Neisse border in a treaty. Kohl indicated that he was in complete agreement on the first two points; both were based on the proposal by Irish Council President Charles Haughey to discuss the consequences of German unification for the European Community at a special summit in April. Kohl wanted nothing to do with any determination in advance regarding the issue of nuclear weapons, and he reacted with the greatest indignation to the demand for pre-determination on the border issue. Under the influence of the looming victory of a political movement close to Kohl, the "Alliance for Germany," in the elections to the GDR parliament, the chancellor then began to edge incrementally toward the French positions in early March. In the end, it proved possible to include both the renunciation of nuclear weapons and the renunciation of the former German eastern territories in the "Two-Plus-Four" Treaty. German unification was completed on 3 October 1990 in accordance with the foreign-policy conditions on which Mitterrand had insisted.⁷⁰

The Path to Maastricht

Jacques Delors had been the first to articulate the need for an acceleration of the European integration process to accompany an acceleration of German unification, saying so internally and more or less clearly in public as well. Only three days after the fall of the Berlin Wall, he had declared on German television that according to the provisions of the Treaties of Rome, the way stood open for the citizens of the GDR to enter the European Community. In his inaugural address to the European Parliament at the beginning of his second term, he had argued "that the Community can only retain its attractiveness if it accelerates its integration." In his view, this included the idea "that comprehensive executive authority be transferred to the Commission" and as a consequence, there be an "expansion of the powers of Parliament."⁷¹

Mitterrand's Europe advisor, Elisabeth Guigou, a one-time staffer of Delors during his time as finance minister, embraced the essentials of this argument in

⁷⁰ Bozo, *Mitterrand*, pp. 202–241; on Kohl's motives, a telephone conversation with Mitterrand on 5 March 1990, Attali, *Verbatim III*, p. 439.

⁷¹ *Europa-Archiv* 45 (1990), pp. D 269–282; Delors, *Erinnerungen*, pp. 327–329.

a memorandum to the president on 6 February. As she wrote, it is in the interest of “the Community very quickly to invent an institutional structure to make the German situation ordinary” and “to ensure that Germany sets its course within the framework of the Community and not autonomously.” She therefore proposed taking up Kohl’s initiative for the creation of a Political Union and creating a “European Union” that would overarch existing European institutions. Justifying the urgency of her proposal, she wrote that it would be better “to negotiate a European Union with a Germany that is for the time being still divided into two states and that needs the Community rather than with a reunited German that no longer needs anyone.”⁷² In the run-up to the dinner on 15 February to which Mitterrand had invited Kohl, Guigou established contact with her West German counterpart Joachim Bitterlich and was able to reinforce her proposal with information on the chancellor’s willingness to undertake a joint initiative for the Political Union.

Mitterrand hesitated to agree to the proposal for launching the Political Union, however. He still feared that differing views on the institutional configuration of the final political form of the Community could delay implementation of the monetary union. On 15 February, his only concrete suggestion to Kohl was to bring forward the beginning of the government conference on monetary union, which was swiftly rejected by the chancellor. Mitterrand only gave his approval to a joint Franco-German initiative for the Political Union in late March. This had come only after the Germans had approached the French side with a proposal to that effect and after Kohl had pressured Council President Haughey to make a decision on a government conference for the Political Union at the upcoming special meeting of the heads of state and of government set for 28 April. Meanwhile, Belgian Prime Minister Wilfried Martens had brought more pressure to bear on Mitterrand by means of a memorandum to the partner governments—inspired by Delors—that called for a government conference on institutional reform.

The Franco-German initiative in the form of a joint letter from Mitterrand and Kohl to Council President Haughey on 18 April did not envision making a decision yet on the introduction of a further government conference at the upcoming Council meeting. Because Mitterrand feared a hasty commitment to Bonn’s institutional conceptions, it was only possible for the time being to propose that the foreign ministers make preparations for a government conference on the Political Union. Only on the basis of their report was a decision to be made at the next regular Council meeting in late June. Regarding the timeframe for the government conference on Political Union, the joint letter suggested that it occur parallel to the government conference on the monetary union so that “the totality of the

⁷² Memorandum by Guigou, 6 February 1990, AN, 5AG4, AH 35, quoted from Bozo, *Mitterrand*, pp. 198ff. On the following, *ibid.*, pp. 196–202 and 244–249.

relations among the member states can be transformed into a European Union by 1 January 1993.” In terms of content, the proposal was relatively indefinite: The Political Union was to “strengthen the democratic legitimization of the Union” and “flesh out more efficiently” its institutions, but also provide for the “unity and coherence” of its activities “in the areas of economy, currency, and politics” as well as “defining and implementing a common foreign and defense policy.”⁷³

In Dublin, where the heads of state and of government met on 28 April, the Franco-German initiative ran into opposition from Thatcher, as expected. In the view of the British prime minister, German unification provided no argument for the deepening of the European Community—on the contrary, there was reason to block such a deepening: “The European construct will not bind Germany; it’s rather the case that Germany will dominate the European construct,” as she had said at a dinner at the French embassy in London in mid-March.⁷⁴ As a consequence, it was only possible to decide in Dublin that before the next Council meeting on 25 and 26 June, the foreign ministers were to review the necessity of possible treaty amendments for strengthening democratic legitimacy and for effectively responding to the “challenges of the new situation.” It was left open as to whether the summoning of a second parallel government conference would then actually be decided on. The European Council stipulated only that the treaty amendments necessary for the second stage of the monetary union had to be in force by 1 January 1993.⁷⁵ For Kohl, that was not the strong signal for progress on political unification that he regarded as necessary in order to secure the monetary union with the German electorate.

With great unanimity, the European Council also approved numerous principles for integrating the GDR into the Community. This was to occur without amendment to the treaties but was to take into consideration transitional provisions for which the Commission was to develop proposals “as soon as possible.” At the Council meeting, Delors proposed special integration subsidies, but Kohl rejected these out of consideration for his partners’ sensitivities. Instead, it was decided that, like all other Eastern Bloc states, the GDR was initially to participate in the EC Assistance for Economic Reforms, and that the new states of the Federal Republic would then be incorporated into the existing structural program of the Community. Kohl explicitly renounced the idea of an increased presence of the Federal Republic on the Commission as well as stronger weighting of the German voice in the Council of Ministers. Any adjustments that might be necessary should be left to the talks on institutional reform.

⁷³ *Europa-Archiv* 45 (1990), p. D 283.

⁷⁴ Embassy report of 13 March 1990, quoted in Bozo, *Mitterrand*, p. 242.

⁷⁵ *Europa-Archiv* 45 (1990), pp. D 284–D288.

In accordance with the proposals of the Commission, which were specially put together by the work groups under great time pressure, mutual free access to markets was to be realized as early as the establishment of the German-German monetary union, that is, on 1 July 1990. Transitional regulations were to expire no later than the completion of the internal market on 31 December 1992. Until that time, the trade treaties with the COMECON countries were to remain in effect. Technical regulations relating to law on food, transportation, telecommunications, environmental protection, and workplace safety did not yet come into force. A lump sum was determined for structural assistance. National assistance was permitted for the realignment of agriculture.⁷⁶

Yet, the foreign ministers of the Twelve did succeed in agreeing on numerous principles for the Political Union during a meeting on 19 and 20 May. Kohl and Genscher had reduced their conceptions for the institutional strengthening of the Community to a realistic level so that unity could be more or less achieved on the idea that the European Council would continue to constitute the central institution of the Union; above it, the Community area and the area of political cooperation were to be more strongly interlinked. On the other hand, Dumas accommodated the reservations of various partners regarding a common foreign and defense policy to the effect that these were initially to be developed incrementally. At the regular Council meeting on 25 and 26 June, likewise held in Dublin, it was possible on this basis to reach agreement that parallel to the government conference on the monetary union, a government conference on the Political Union was also to meet. More specifically: The monetary conference was to begin on 13 December 1990 and the “Political” one on 14 December. Both were to complete their work so that the resulting treaties or treaty amendments could be ratified before the end of 1992.⁷⁷

In preparing for the second government conference, Kohl and Mitterrand continued to work closely together. Their motives were to an extent different: For Kohl and the West German government, it was primarily a matter of reducing the democratic deficit of the Community that had emerged after the expansion of Community activities into many new policy areas through the Single European Act; addressing that issue would secure the European orientation of German policy over the long term. The German public’s fatigue over Europe, evident in several respects including the lower turnout for elections to the European Parliament in June of 1989, was definitely perceived in Bonn as an alarm signal. For their part, Mitterrand and his advisors were primarily aiming to strengthen common foreign and defense policy. They fully expected that after the end of the

⁷⁶ Cf. Delors, *Erinnerungen*, pp. 346ff.; Stark, *Kohl*, pp. 170–177.

⁷⁷ *Jahrbuch der Europäischen Integration 1990/91*, pp. 417–420.

Cold War, the American presence in Europe would diminish sooner or later; the French wanted to make use of this opportunity to achieve substantial progress in promoting European autonomy in world politics.

Both governments were however in agreement that the completion of the monetary union had to be accompanied by a strengthening of the political structures of the Community if the integration of the now-sovereign Germans was to succeed over the long term. On the day after German unification had come into effect, Kohl sent a letter to the French president in which he expressed gratitude for Mitterrand's support and pledged to work for the acceleration of European unification. In a conversation with Attali, Mitterrand appeared to have been propitiated and was at the same time resolved to make use of the opportunity for strengthening the European Union that was available to him with Kohl: "The chancellor is sincere. And he will do all that if he has the time. That's a man of very great worth. But after him? One must integrate Germany into the Political Union, dissolve it in it, before Kohl leaves. If not, German arrogance—this time Bavarian rather than Prussian—will once again threaten the peace in Europe."⁷⁸ Both statesmen were at pains to demonstrate publicly that their divergences on the question of German unification policy—which had not remained completely hidden from the public—had by no means diminished their resolve to advance European unification together.

Taking up a suggestion that Dumas had made to his German counterpart Hans-Dietrich Genscher at the Franco-German summit of 17 and 18 September in Munich, both sides worked on another joint declaration that was to be presented by Kohl and Mitterrand in the run-up to the opening of both government conferences. In a joint letter of 6 December to the Council president (now Giulio Andreotti), Kohl committed himself more explicitly to the goal of a "common defense" than he had in his efforts for the development of a joint Franco-German defense concept in the summer of 1987. For this purpose, a "clear organic tie" between the Political Union and the WEU was to be created; in the long term, the WEU was to become a component of the Political Union and consequently was also to include those Union members that had not belonged to it up to that time. As areas in which a "genuine common foreign policy" could develop, the document cited relations with the former Eastern Bloc states and the states bordering the Mediterranean, disarmament talks, as well as development policy. Decisions would be made "fundamentally unanimously," but it would also be possible to allow for majority decision-making, especially involving modalities of policy implementation.

Paris acceded to Bonn's demands regarding incorporation of immigration policy and the battle against international crime in the Community. It was in

⁷⁸ Note, 4 Oct. 1990, Attali, *Verbatim III*, p. 606.

these areas that after the elimination of the “Iron Curtain” and the re-emergence of ethnic conflicts in the former Eastern Bloc states, Bonn was confronted with problems that it did not want to face alone and could not address alone. Therefore, the joint letter also urged the creation of a council of ministers of the interior and justice. Regarding the strengthening of Community organs, Paris and Bonn agreed on “co-decision” by Parliament for legislative acts “in the narrower sense,” which ultimately opened up the possibility of a veto right; there was also to be confirmation of the Commission president and the Commission by a majority of Parliament as well as the introduction of majority voting in the Council of Ministers as a rule. Additionally, in order to strengthen the democratic legitimacy of the Community, a “genuine European citizenship” was to be created.⁷⁹

In the Delors’ view, however, that was insufficient for actually securing the Community’s legitimacy and ability to act. In February of 1991, making use of elaborations by his deputy cabinet chief, François Lamoureux, Delors presented the government conference with a series of draft texts that moved in the direction of more supra-nationality. Actions in the foreign-policy realm were always to be submitted for approval if the Council president, the Commission, or a group of more than six member states required it. The decision to become active in a certain field was still to be made unanimously by the European Council. Regarding the nature of the measures to be taken, it was to be *compulsory* that the Council of Ministers then decide by qualified majority; execution was primarily to be in the hands of the Commission.⁸⁰ In general, the Commission was to receive greater freedom of action in issuing provisions for implementation. It was also to assume the representation of the Community in international organizations such as the International Monetary Fund. Lastly, the Commission proposed that the Community be given the right to impose taxes of its own.

This went well beyond any consensus that could have been reached among the twelve governments; it also ran counter to antipathy toward an increase in the Commission’s power that had been repeatedly expressed by Mitterrand. Government representatives at the working level showed little inclination to adopt the Commission’s proposal. “We simply set aside the Commission’s drafts and proceeded with others,” as one member of the Council Secretariat remembered.⁸¹ In the middle of April, the

⁷⁹ *Europa-Archiv* 46 (1991), pp. D25–27. On the course of the government conference on the Political Union, Jim Cloos, Gaston Reinsch, Daniel Vignes, and Joseph Weyland, *Le traité de Maastricht. Genèse, analyse, commentaires*, Brussels: Émile Bruylant, 1994, pp. 73–93; Endo, *Presidency*, pp. 170–190; Rometsch, *Rolle*, pp. 181–195; Stark, *Kohl*, pp. 179–213; Bozo, *Mitterrand*, pp. 303–325; in the view of a participant, Delors, *Erinnerungen*, pp. 403–411.

⁸⁰ Commission Proposals on Common External Policy, *Agence Europe, Documents*, Nr. 1697/1698, 7 March 1991.

⁸¹ Interview with Ken Endo, *Presidency*, p. 178.

Luxembourg Council presidency submitted a first draft treaty. This document took up the principle of different “pillars” of the future Union. This had been brought into the discussion by French representative Pierre de Boissieu in order to counter the Commission’s claims to power. In accordance with this concept, foreign and defense policy as well as justice and interior policy would each constitute distinct pillars of the Union, ones in which proceedings were to be strictly intergovernmental. In the Community area, the initiative right of the Commission was to lose some of its significance because Parliament would be accorded such a right too. The Council was to be able to alter Commission proposals by simple majority. When there was a difference of opinion between the Council and Parliament, the Commission was no longer to have authority to make amendment proposals or simply withdraw the bill.⁸²

Delors attacked this draft as an attempt to reduce the Commission to a kind of secretariat that would be subordinate to the other institutions of the Community. He had some success in this: At an informal Council of Ministers gathering hosted by Genscher in Dresden on 2 and 3 June, Dutch Foreign Minister Hans von den Brock and his Belgian colleague Mark Eyskens severely criticized the proposed pillar structure. Genscher and Italian Foreign Minister Gianni De Michelis, along with their counterparts from Spain, Ireland, and even Greece also voiced criticism. This convinced the Luxembourg Council presidency of the necessity of reworking the draft treaty. In the version presented at the Luxembourg Council meeting on 28 and 29 June, the uniformity of the institutional framework of the Union was more strongly emphasized.⁸³

Nevertheless, the pillar structure was retained in the draft, and the Commission would thereby be prevented from having access to the fields of foreign policy and domestic security. The Dutch Council presidency of the second half of 1991 sought to change this once again by advocating its own draft treaty, which bound the three pillars together under Community law and further strengthened the rights of Parliament. Given that the Dutch draft also downplayed the role of common foreign and defense policy, it failed to find support among many advocates of strengthening the Community organs.⁸⁴ In late September, Bonn decided—heeding pressure from Paris—to support retention of the Luxembourg draft. At the Council of Ministers session of 30 September, the so-called “Black Monday” of the Dutch presidency, the decision was made.

Delors was only able to eliminate the reductions in Commission authority contained in the Luxembourg draft. During a conclave of government representa-

82 Non-Paper of the Luxembourg Presidency, 15 April 1991, *Agence Europe, Documents*, Nr. 1709/1710, 3 May 1991.

83 Draft treaty, 18 June 1991, *ibid.*, Nr. 1722/1723, 5 July 1991.

84 Draft treaty, 23 Sept. 1991, *ibid.*, Nr. 1733/1734, 3 Oct. 1991.

tives at Noordwijk in the Netherlands on 12 and 13 November, it was decided that legislative initiatives of Parliament were first to be presented to the Commission. This meant that the Commission's monopoly on initiatives was preserved, at least in the sense of having a veto right. Also, the Commission was still to be able to withdraw bills if it was not in agreement with the changes made by other organs. The strengthening of Parliament's position was essentially limited to the introduction of a co-decision-making process in individual areas and the expansion of oversight rights; also, the Commission would henceforth need to be confirmed by a parliamentary majority. The terms for Commission members were extended from four to five years. For the Council of Ministers, majority voting was introduced as a rule, but there was to be a group of exceptions, such as when defining research framework programs and industrial policy.

Bonn's decision against the Dutch treaty draft was simultaneously an affirmation of the choice for an autonomous European defense. That had been opposed not only by the Dutch government, but also by the British, Danish, and Portuguese governments, which had argued that one ought not to endanger further the already-threatened cohesion of NATO by emphasizing a European defense identity. The formulation of the Franco-German program, which Dumas and Genschler had presented on 4 February,⁸⁵ therefore did not find acceptance everywhere. At the Luxembourg Council Meeting, it was only possible to determine that the decision on it would be postponed until the closing phase of the government conference. In Paris, doubts began to arise as to whether Bonn was actually willing to involve itself in an independent defense; in the main question of the day for common foreign policy—the attitude toward Serbian intervention against the declarations of independence by Slovenia and Croatia in late June—the two partners took opposing positions. Mitterrand was once again worried about the stability of borders in Europe, whereas the German government was under pressure from south German sympathizers of former Habsburg territories.

In order to banish the danger that the Franco-German initiative for a common foreign and defense policy would fail, Kohl suggested to Mitterrand that there be another joint foray, he proposed this at a meeting in Lille on 25 June. By the beginning of October, this had resulted in a new joint letter to the Council chair, now Dutch Prime Minister Ruud Lubbers. The document made the goal of foreign and defense policy more specific in three points: *Firstly*, a draft text of treaty terms on these matters was offered, naming the WEU as the organ charged with carrying out common foreign policy but at the same time declaring that the “specifics of the defense policy of individual member states” were “unaffected.” A review of

85 Der Bundesminister des Auswärtigen informiert. Mitteilung für die Presse vom 6.2.1991 (German Foreign Minister Press Release of 6 Feb. 1991).

these terms was announced for no later than 1996. *Secondly*, Bonn and Paris presented a draft declaration of WEU member states, which was to be appended to the Union treaty; this emphasized the “incremental expansion of the WEU into the defense component of the Union” as well as the goal of “creating a European pillar” of the Atlantic alliance. *Thirdly*, the chancellor and president announced not only an expansion of Franco-German military units, but also declared that these could “constitute the nucleus of a European corps,” in which “forces of other members of the WEU” participated.⁸⁶

Thatcher’s successor John Major declared to Mitterrand that subordination of the WEU to the guidelines of the Union would be absolutely out of the question. However, after the US government had accepted the “development of a defense identity for Europe” in a declaration of the NATO Council on 8 November, the British prime minister had to content himself with a weakening of the formulations of the Franco-German draft at the conclusion of treaty negotiations at the Council meeting of 9 and 10 December in Maastricht. The treaty text now contained only the statement that the common defense policy “*could* in due course lead to a common defense”; for practical measures following from Council decisions on defense policy, there was an assumption of “accord” between the Council and the organs of the WEU. Additionally, majority decision-making on “questions that have defense-policy characteristics” was explicitly forbidden.⁸⁷ Through close cooperation, Mitterrand and Kohl were able to prevent any further watering down of the defense perspectives during the Council meeting in Maastricht.⁸⁸

As to the timetable for the monetary union, Mitterrand and Delors voted in agreement for precise political determinations. The second stage of the monetary union was to begin as soon as possible, that is, when the treaties came into force on 1 January 1993. Conveniently, that was also the date on which the internal market was to be completed. The German finance ministry, now with Theo Waigel and new State Secretary Horst Köhler at the head, were averse to setting a date and instead wanted the fulfillment of objective criteria such as the achievement of price stability and budgetary discipline. Finally, at a Council meeting in Rome on 28 and 29 October 1990, Kohl was ready for a compromise: The second stage was to begin on 1 January 1994, at least if “sufficient” progress in real-economic

⁸⁶ Letter of 14 Oct. 1991, *Europa-Archiv* 46 (1991), pp. D571–574.

⁸⁷ EU Treaty, Art. J.4.

⁸⁸ On the course of the meeting, Françoise Carle, *Les Archives du Président. Mitterrand intime*, Paris: Editions du Rocher, 1998, pp. 233–236; Pierre Favier, Michel Martin-Rolland, *La Décennie Mitterrand*, Vol. 4: *Les Déchirements, 1991–1995*, Paris: Éditions du Seuil, 1999, pp. 227ff.; Georges Saunier, “La négociation de Maastricht vue de Paris,” in: *Journal of European Integration History* 19 (2013), pp. 45–65.

and monetary convergence had been achieved by then—a vague formulation that no longer left much maneuvering room for the German neo-liberals to delay the actual beginning of the monetary union any further.⁸⁹

Kohl still did not however give in to pressure from Mitterrand to set a date for the transition to the third stage, the introduction of the Community currency. Only when in March of 1991 Genscher publicly pleaded for 1 January 1997 as the transition date did Kohl acknowledge the necessity of a clear timeline. Yet, in order to avoid drawing criticism from those who had a sentimental attachment to the German mark, he still did not want to name a concrete date. It was Andreotti at the Maastricht Council meeting who first brought 1 January 1999 into play as the latest date for the beginning of the currency union, and this was accepted. If before the end of 1996 the Council was to determine by qualified majority that a majority of member states had fulfilled the criteria for joining, the monetary union could then begin on 1 January 1997. Otherwise, there was to be a decision before 1 July 1998 on which states could participate.

Pressure was thus put on the economically-weaker countries to make serious efforts to meet the entry criteria: New debt not over three percent, total debt not over sixty percent of GNP, an inflation rate not over 1.5 percent of the average of the rates in the three most stable states, long-term interest rates not over two percent more than in those states, and no devaluation within the EMS over the previous two years. At the same time, however, there developed a certain amount of maneuvering room for interpreting these criteria generously in case that in 1998 a country such as France still would clearly diverge from the level of the Federal Republic. Waigel and Köhler, who were completely surprised by Kohl's decision to agree to set a firm date for the introduction of the Community currency,⁹⁰ had to accept that the chancellor regarded the irreversibility of the decision more highly than an absolute stability guarantee.

Great Britain was granted the possibly, even with a positive assessment of its economic performance, of foregoing participation in the third stage. This was the price that had to be paid in order to avoid having British Prime Minister John Major use his veto to block the necessary treaty amendments. At the same time, this settlement still kept open a path for British participation. Such a decision—fundamentally desired by all partners—could not in fact be excluded from the realm of possibility after the up-coming 1992 parliamentary elections. Earlier, while serving as Chancellor of the Exchequer, Major, along with Foreign Minis-

⁸⁹ Dyson and Featherstone, *Road*, pp. 395–399; on the following, *ibid.*, pp. 202–255, 370–451, and 726–740; Harold James, “Designing a Central Bank in the Run-Up to Maastricht,” in: *Journal of European Integration History* 19 (2013), pp. 105–122.

⁹⁰ According to Hans Tietmeyer's account, quoted in Schwarz, *Kohl*, p. 701.

ter Douglas Hurd, had forced through Britain's entry into the EMS on 5 October 1990; then, widespread criticism of Thatcher's aggressively anti-Europe rhetoric had six weeks later even led to the prime minister's fall. It was not necessarily an intention to participate in the Community currency that lay behind this. Yet, Thatcher's opponents did hope that the problems of the British economy, such as rising inflation and a massive balance of trade deficit, could be better brought under control if the country participated in the European Monetary System. They were also convinced that there would be a better chance of having influence over its construction as a member rather than by standing on the sidelines. Britain should take its place "at the very heart of Europe," Major proclaimed as the new prime minister during his first public appearance in Bonn.⁹¹

The Dutch government proposed that all member states have the option of quitting the monetary union after the point when the Council had made the decision for the transition to the third stage; this was rejected at an informal meeting of the finance ministers on 1 December 1991 in Scheveningen in the Netherlands. After that, the Danish government demanded a special right to withdraw, citing the provisions of the country's constitution: The Danish government asserted that entry into the monetary union might well require approval in a national referendum, and thus it could not commit itself definitively in a treaty at that juncture. The partners did agree to this demand by providing an additional protocol, knowing that regarding the weight of the Community currency in the world currency structure and the cohesion of the internal market, much less was at stake here than in the British case.

The compromise character of the agreements on the monetary union revealed itself still more clearly in the decisions for the second stage: Köhler, who carried on the negotiations for the German side with backing from Waigel and Kohl, had to accept that the preparations for the third stage were not simply left to the Committee of National Bank Governors but would be taken up by a "European Monetary Institute," which was under the leadership of an external president chosen by the European Council. This monetary institute would not however take over the coordination of national monetary policies at that time, as France—represented by Treasury Director Jean-Claude Trichet—and the Commission were demanding of a European Central Bank to be created at the beginning of the second stage. Likewise, this institute was not to take on responsibility for currency reserves at that time. National central banks would be able to transfer currency reserves to it, but it would then act only under their mandate.

Regarding the already-accepted independence of the European Central Bank system and the commitment to the goal of currency stability, the German side

⁹¹ Speech of 11 March 1991, quoted from Young, *Blessed Plot*, p. 374. Cf. *ibid.*, pp. 362–374; Dyson and Featherstone, *Road*, pp. 644–682.

had to accept that the independence of the national central banks would have to be realized before entry into the third stage rather than before entry into the second. On the other hand, French Economy Minister Pierre Bérégovoy's hopes for a comprehensive "economic government" of the Community as a necessary accompaniment to the Community currency were diminished in that instead of binding "guidelines," the Council would only be able to issue a "recommendation"; and financial support for members states that had gotten into difficulties would be dependent on the unanimous vote of the Council. As the *Bundesbank* had demanded, there was an explicit ban on holding the Community liable for the debts of individual member states; for states with an "excessive government deficit," there was the threat of "fines of an appropriate size." At the final ministers meeting in Brussels on 2 and 3 December, Waigel and Köhler were able to have a decision made to the effect that the Council would only be empowered to provide "general orientations" regarding exchange-rate policy, not "guidelines." Additionally, it was determined that these orientations "shall be without prejudice to the primary objective of the ECB to maintain price stability."⁹²

Waigel and Köhler were also successful in fending off a Spanish demand for the establishment of a "convergence fund" to assist the weaker member states. Commitment to social and economic cohesion was inserted in a protocol attached to the EU Treaty. This announced the creation of a "Cohesion Fund" with which the weaker member states could be supported on "projects in the areas of environment and trans-European networks." The redistribution to be needed as part of the promotion of convergence was thus kept within narrow boundaries. Likewise, determinations on the authority of the Community in the realm of social policy—securing minimal standards in promoting employment, working conditions, equality between the sexes, and worker participation in management—were relegated to a separate agreement, which Great Britain did not sign. At Maastricht, Kohl was able to push through a decision that a further government conference in 1996 would review the practicability of the agreed-upon stipulations. This preserved the prospect of all participants' having an opportunity to make improvements in line with their views.

The agreement in Maastricht can therefore be regarded in two different lights: On the one hand, Kohl and Mitterrand had succeeded—through significant effort—in saving the European unification process from endangerment by German reunification and had even succeeded in advancing that process further. With a common currency, there was a degree of integration and European state-like structures that made it irreversible. On the other hand, progress in areas

⁹² Articles 103, 104, and 109 (2) of the EC Treaty. For an overview of the decisions on the monetary union, see Unger, *History*, pp. 229–242.

especially important to either the German chancellor or the French president had remained much more meager than what would have been necessary for lasting success. Contributions to dismantling the deficit of democracy through strengthening the rights of Parliament and expanding majority-voting in the Council of Ministers had to a great extent been offset by the proliferation of procedures. Commitment to the goal of common decision-making structures in the field of defense was relativized by mandating unanimity on the way to their realization.

These shortcomings, which prompted Delors to speak of an “organised schizophrenia,”⁹³ were to an extent attributable to the fact that cooperation between Delors and Mitterrand had since the turn of the year 1989–90 given way to prickly tension. With an obvious exaggerated self-regard, Delors had neglected to coordinate with Mitterrand on the institutional questions. For his part, the French president had given little thought to how the “economic government” and the common foreign and defense policy were to function. A coherent negotiating strategy for the expansion of the Community could not develop under such circumstances. The network that Delors, Genscher, and Dumas had established (with Guigou as intermediary to Mitterrand), could not completely develop. From the beginning of 1991, Delors was acting largely in isolation. In the end, he had to be content with having preserved the status quo for the Commission.

Several weeks went by before the treaty on the founding of the European Community, which built on the revised EEC Treaty, as well as the Treaty on European Union with all the protocols and declarations could be edited and translated into all official languages. On 7 February 1992, the foreign and finance ministers of the Twelve assembled in Maastricht once again in order to sign the treaties. Three-and-a-half months later, at the conclusion of the Franco-German summit in La Rochelle on 22 May 1992, the two governments announced the formation of the Franco-German corps, which would number approximately 35,000. At the Council meeting in Edinburgh on 11 and 12 December 1992, it was finally possible to make decisions about the seat of important Community organs: The Commission, which in the meantime was employing more than seventeen thousand civil servants, was assigned Brussels as its official seat—shortly after the Berlaymont Building had been vacated due to asbestos contamination. Parliament was to meet once per month in Strasbourg, while further plenary sessions and committee meetings as well as sessions of the Council of Ministers were to take place in Brussels. The multiplicity of the arrangements made in Maastricht was reflected too in the inconsistency of its geographic localization.

⁹³ Speech to the European Parliament, 20 Nov. 1991, quoted in Endo, *Presidency*, p. 187.