

The Maastricht Treaty As High Politics: Germany, France, and European Integration

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In December 1991, European Community leaders met in the Dutch town of Maastricht and gave their approval to the Treaty on European Union. At the time, the treaty—whose centerpiece was an agreement to achieve full monetary union by the end of the decade—was hailed as a monumental step in the direction of European economic and political unity. Within a matter of months, however, the Maastricht Treaty was in grave trouble; not only did it face growing popular opposition to ratification in several countries, but its ambitious plans for monetary union were undermined by economic stagnation and crisis. Nevertheless, the treaty was finally ratified and enacted on 1 November 1993. The European Community then became officially known as the European Union. Since this article refers mainly to events prior to November 1993, however, the term European Community (EC) will be used throughout. While there are now many who believe that it will never be fully implemented, the Maastricht Treaty still represents a significant moment in the history of European integration.

Explaining the Maastricht Treaty and its meaning for European integration after the cold war is the purpose of this article. One possible explanation of the treaty, focusing on the core agreement on monetary union, views it as mainly a competitive response by the EC and its member countries to global economic developments and forces.¹ This political economy thesis is in broad accord with popular American perceptions of the treaty, which emphasize the role of a unified Europe as a powerful economic competitor of the United States in an emerging

¹ On the political economy approach to explaining EC institutional development, see Robert O. Keohane and Stanley Hoffmann, "Institutional Change in Europe in the 1980s" in Keohane and Hoffmann, eds., *The New European Community* (Boulder, CO: Westview Press, 1991), 22–23.

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tripolar world. A second explanation can be derived from neofunctionalist theories of European integration, which have enjoyed a resurgence of academic interest in recent years; this basically explains the agreement on monetary union as an inevitable outgrowth, or spillover effect, of the dynamic of economic integration unleashed by the Community's single-market project (Europe 1992) in the 1980s.²

In this article, however, I will argue that the Maastricht Treaty, while it does in fact have important roots in economic and institutional developments prior to 1989, must be understood primarily as a political response by EC countries to German unification and the end of the cold war. In particular, it represents a political bargain between the EC's two most important members, Germany and France, each of whom viewed the agreement as a means of securing vital national interests. In order to demonstrate this, the article traces the history of the Maastricht process, beginning with its origins in pre-1989 developments and continuing through the negotiation of the treaty and the subsequent ratification crisis. Because of its central importance for understanding the dynamics of the treaty process, the article focuses a good deal of attention on the months immediately following the opening of the Berlin Wall in November 1989. In the conclusion, I argue that the high politics nature of the Maastricht Treaty is both a divergence from the model of EC politics typical of the previous three decades and an indication of the changing nature of European integration after the cold war.

THE ROOTS OF MAASTRICHT: THE EMS AND DELORS PLAN

Although the Maastricht Treaty was essentially a political response to German unification and the end of the cold war, it does have roots in economic and institutional developments prior to the opening of the Berlin Wall. An initial attempt at European monetary union had been made some two decades earlier, but foundered in the midst of global monetary instability in the early-1970s.³ By 1978, however, economic and political conditions in Europe favored a second attempt at monetary cooperation. Taking the lead in this initiative were German Chancellor Helmut Schmidt and French President Valéry Giscard d'Estaing, who presented a joint proposal on monetary cooperation to the EC summit in April. This resulted in the formal establishment in December 1978 of the European Monetary System (EMS).⁴ At the core of the EMS was the European Exchange

² For examples of the neofunctionalist approach, see Jeppe Tranholm-Mikkelsen, "Neo-functionalism: Obstinate or Obsolete? A Reappraisal in the Light of the New Dynamism of the EC," *Millennium* 20 (Spring 1991): 1-22; David Mutimer, "1992 and the Political Integration of Europe: Neofunctionalism Reconsidered," *Journal of European Integration* 13 (Fall 1989): 75-101. For a general review of theories of European integration, see Keohane and Hoffmann, "Institutional Change in Europe in the 1980s," 1-39.

³ For details, see Loukas Tsoukalis, *The Politics and Economics of European Monetary Integration* (London: Allen & Unwin, 1977).

⁴ On the creation of the EMS, see Peter Ludlow, *The Making of the European Monetary System* (London: Butterworth, 1982).

Rate Mechanism (ERM), a system of fixed exchange rates that permitted a limited (2.25 percent) fluctuation around the official established rate for national currencies. A wider band of 6 percent was created for the Italian lira as a concession to the relative weakness of that country's economy. At the limits of the fluctuation bands, central banks would be required to intervene in order to maintain currency values within the established margins.

In terms of its own stated objective of creating "a zone of monetary stability in Europe,"⁵ the EMS proved to be fairly successful; in the 1980s the Community experienced the reduction of both inflation and exchange-rate instability.⁶ While there is some disagreement about the extent to which the institutional mechanisms of the EMS alone can be given the credit for these trends—versus international developments and the domestic policy commitments of individual European states, for instance—there can be little doubt that the EMS is a major part of the explanation. At the same time, others have noted that the EMS has had positive political consequences through promoting habits of cooperation in economic and monetary affairs among European governments, thus helping to prepare the grounds for further steps towards monetary union.⁷

The EMS has not been without its negative aspects, however. Chief among these are declining rates of economic growth in Europe throughout the 1980s, which some have attributed to a built-in deflationary or antigrowth bias of the system. A primary reason for this, it has been argued, is that the EMS is an "asymmetrical" system that is dominated by the conservative monetary priorities of Germany and its independent central bank (the Bundesbank). Under the rules of the EMS, Germany, because it has Europe's strongest economy and most stable currency, basically determines European monetary policies. At the same time, however, the Bundesbank, which has the statutory mandate to fight inflation and maintain the stability of the D-mark, is under no formal obligation to take into consideration the economic and political needs of other EMS members when making its policies, nor to intervene in currency markets or otherwise act to defend exchange rates. This task falls instead to weaker countries in the system.⁸ This asymmetry of the EMS has brought charges of German hegemony and has been the source of considerable resentment among other EC countries. In particular, France has chafed under the restrictions of German monetary dominance. A key moment came in 1983, when the Socialist government of François Mitterrand was forced to abandon its expansionary economic program in order

⁵ See the "Resolution of the European Council of 5 December 1978 on the Establishment of the European Monetary System (EMS) and Related Matters," reprinted in *ibid.*, 303–308.

⁶ Elke Thiel, "Changing Patterns of Monetary Interdependence" in William Wallace, ed., *The Dynamics of European Integration* (London: Pinter, 1990), 76.

⁷ John T. Woolley, "Policy Credibility and European Monetary Institutions" in Alberta Sbragia, ed., *Euro-Politics* (Washington, DC: Brookings Institution, 1992), 187–188.

⁸ On the issue of the EMS' deflationary bias and its asymmetry, see Loukas Tsoukalis, "The Political Economy of the European System" in Paolo Guerrieri and Piercarlo Padoan, eds., *The Political Economy of European Monetary Integration* (New York: Harvester Wheatsheaf, 1989), 59–61, 65.

to remain within the EMS. Since this point, establishing control over German monetary policy through the creation of supranational monetary institutions has been a central objective of the French government.

Such political considerations, largely centering on the resentment of German monetary dominance, would prove to be the primary force behind new initiatives for European monetary union in the late 1980s. There were also functional economic reasons for supporting this goal, however, which stemmed from the Community's efforts to liberalize its internal market. In the mid-1980s, in an attempt to overcome prolonged economic stagnation and bolster Europe's competitiveness against the more dynamic economies of the United States and Pacific Rim, the EC launched its so-called 1992 project. This was aimed at increasing economic efficiency and growth through the removal of all national barriers to the movement of goods, services, capital, and labor within the Community. For many, however, the continued existence of different national currencies remained a major barrier to trade and cross-border economic efficiency. By the end of the 1980s, therefore, with the single market project already well underway, the sentiment was growing that Europe must create a currency and monetary union if true economic integration was to be achieved. At the same time, the goal of monetary union enjoyed strong support from Community officials, particularly Commission President Jacques Delors, who saw it as a means for advancing the European project toward its ultimate destination of political union.

A renewed attempt at monetary union began in January 1988, with a French proposal for the creation of a European central bank. While the German government was wary, it agreed, mainly for political reasons, to allow discussion of the idea by the Community—despite the strong opposition of the Bundesbank, which remained hostile to any attempts to undermine its sovereignty over monetary policy.⁹ At the June 1988 EC summit in Hannover, therefore, national government leaders decided to establish a commission under the chairmanship of Delors to study the possibilities for monetary union. Nearly one year later, in April 1989, the commission made public the so-called Delors Plan. This envisaged a three-stage process leading to full monetary and currency union. In the first stage, which was set to begin on 1 July 1990, closer coordination of national monetary policies would begin and controls on transborder capital movements within the Community would be terminated. In stage two, for which no starting date was proposed, the margin for fluctuation of national currencies within the ERM would be tightened and a European system of central banks—leading to the creation of a single regional bank—would be established. In the third and final stage, a single currency would be created to be managed by the European central bank, and EC authorities would assume greater powers to direct the economic and financial policies of members states.¹⁰

⁹ *The Economist*, 30 January 1988, 35; 13 February 1988, 76–79; 5 March 1988, 14.

¹⁰ For a summary of the Delors Report, see *The Economist*, 22 April 1989, 45–46.

The contents of the Delors Plan were endorsed by national leaders at the June 1989 Madrid summit, although Britain's Prime Minister Margaret Thatcher expressed some strong reservations. In addition to approving the July 1990 date for beginning stage one, Community leaders also decided to convene a special intergovernmental conference to discuss the remaining steps for achieving economic and monetary union (EMU). Although no specific date was set, it was generally felt that this conference should begin sometime in the second half of 1990, after stage one had been initiated. It was agreed, however, to make the final decision on the starting date for this conference at the EC summit scheduled for December 1989 in Strasbourg.¹¹

THE NEW GERMAN QUESTION AND THE EC

By the middle of 1989, the discussion of European monetary union was already well underway. The growing political instability in Eastern Europe, however, culminating in the dramatic opening of the Berlin Wall on 9 November, placed the issue of monetary union in a wholly new context. Most importantly, with the cold war division of Europe now coming to an end and the long-moribund hopes for German unification suddenly revived, the age-old "German question" was once again on the agenda. As in the past, this concerned the identity and role of a powerful Germany in the center of a politically fragmented Europe. During the cold war era, this problem had been temporarily resolved through the division of Germany into two separate states and their incorporation into competing political-military blocs. With the demise of the communist system and the increased prospects for German unification, however, the problem of containing German power now made its reappearance. In particular, many Europeans feared that a united and unbound Germany might in the future become increasingly independent and nationalistic, and thus turn away from the course of peaceful integration into Western institutions that had characterized the postwar identity and policy of the Federal Republic.

Concern about the power and orientation of a united Germany led many European leaders to espouse a strengthening or deepening of EC institutions; this, it was believed, would serve to permanently bind Germany to the Community, thus preventing a more independent or nationalistic course in the future. While this was a widely shared view within the Community, among its most prominent exponents was Commission President Delors, who in a speech in October 1989 argued that the construction of a federal Europe was "the only satisfactory and acceptable response to the German question."¹² The most important advocate of this view, however, was the French government. Perhaps more than any other country, France stood to lose from unification and the end of the cold war. Not only would a united Germany be larger than France, but

¹¹ *The Economist*, 1 July 1989, 37–38.

¹² *The Economist*, 21 October 1989, 50.

the end of the cold war meant a removal of international constraints on German sovereignty that had been in place for the previous four decades and that had given Paris important advantages in its bilateral relations with Bonn. At the same time, the shift from a security order dominated by military power and concerns to one based on economics favored the German civilian power over the French nuclear state. In the new Europe, in other words, the value of the D-mark would be significantly enhanced relative to that of the bomb.¹³ To compensate for these developments, France sought a deepening of EC structures, which would allow it to retain some influence and control over its powerful neighbor. At the same time, France feared that an EC that neglected further integration and remained instead a simple trading bloc would be more capable of being dominated in the future by Germany, and that within such a Community, France's own national standing would be even further diminished.¹⁴

In opposition to this majority view, the British government under Prime Minister Thatcher argued against EC deepening, and instead gave priority to widening the Community to incorporate new members. This would include not only such advanced economies as Sweden, Austria, and other members of the European Free Trade Association (EFTA), but also the postcommunist countries of Eastern Europe. Among the main considerations behind this strategy was the need to stabilize the new democracies in Eastern Europe by integrating them into the EC. There was also the traditional British reluctance to surrender further aspects of national sovereignty to supranational institutions, since rapid expansion of the Community would favor its evolution into a looser confederation of independent states rather than a more unified federal Europe. Another important motivation for Britain, however, was fear of German power. According to Thatcher and in direct contrast to the French position, a tightly integrated EC would be more easily dominated by Germany than would a broader grouping of sovereign states.¹⁵ Nevertheless, the British preference for widening over deepening was a minority viewpoint within the Community and would remain so throughout the Maastricht negotiations.

For its part, Germany was also in favor of deepening the EC, although it was adamant that this should not preclude expanding the Community, and indeed claimed that widening and deepening could occur together. The German preference for integration had its basis in fundamental national economic and political interests, as well as in the experiences of history. In general terms, West Germany had been a primary beneficiary of integration into international institutions over

¹³ Dominique Moisi, "Die Mark und die Bombe," *Die Zeit*, 9 December 1988; on Germany as a "civilian power," see Hans Maull, "Germany and Japan: The New Civilian Powers," *Foreign Affairs* 69 (Winter 1990/1991): 91–106.

¹⁴ For an overview of France's EC policy and of different national visions for post-cold war Europe, see Ole Waever, "Three Competing Europes: German, French, Russian," *International Affairs* 66 (July 1990): 477–494.

¹⁵ On the British position, see Margaret Thatcher, *The Downing Street Years* (New York: Harper-Collins, 1993), 759–763, 789–815.

the past four decades and viewed a continuance of this pattern as the key to its future economic prosperity and political security. More immediately, however, the German government in 1989–1990 was well aware of the suspicions and fears of its neighbors, and was anxious to dispel them. Chancellor Helmut Kohl in particular was determined to show that German unification and European integration were not contradictory but instead complimentary or mutually reinforcing processes. In addition, Kohl placed a high priority on maintaining positive relations with France as the basis for Germany's European policy. For these reasons, he viewed Germany's agreement to further EC integration and in particular monetary union as the price that had to be paid for gaining Europe's acceptance of German unification.¹⁶

AFTER THE WALL

Even before the opening of the Berlin Wall, developments in Eastern Europe were raising concerns among Germany's EC partners about Bonn's commitment to European integration, prompting some Community leaders—including Mitterrand and Delors—to advocate an accelerated pace for EMU negotiations.¹⁷ The dramatic opening of the Berlin Wall on 9 November, however, gave the monetary union issue an even greater urgency. Sensing the concerns of Germany's neighbors, Chancellor Kohl and other government leaders made repeated assertions of commitment to the EC and Western institutions in the days and weeks following the opening of the Wall. In a 16 November address to the federal parliament (Bundestag), for instance, Kohl declared that the prospects for unification would not diminish Germany's enthusiasm for the EC, and that indeed it would be a "fatal error" to slow the pace of European integration at this time.¹⁸ The chancellor also underlined Bonn's continued commitment to European union at a special EC summit in Paris on 18 November, declaring that further integration was "now more than ever of prime importance."¹⁹ On 22 November in a speech to the European Parliament in Strasbourg, Kohl stressed yet again his view that the processes of German unification and European integration must be closely linked.²⁰

Whatever success Bonn may have had in convincing others of its commitment to European integration was dissipated, however, by Chancellor Kohl's stunning

¹⁶ On the relationship between German unification and European integration, see Kohl's speech to the Bundestag ("Regierungserklärung") on 10 May 1990, reprinted in *Europa-Archiv* 45 (1991): D289–294; on Germany's EC policy more generally, see Gerd Langguth, "Deutschland, die EG und die Architektur Europas," *Aussenpolitik* 42 (1991): 136–145.

¹⁷ See the statements made by Delors and Mitterrand in October 1989, cited in *The Economist*, 21 October 1989, 50; and 28 October 1989, 58.

¹⁸ Serge Schemann, "Kohl Says Bonn Will Not Press East Germany on Unification," *New York Times*, 17 November 1989.

¹⁹ *The Week in Germany*, 24 November 1989, 1.

²⁰ *Ibid.*, 2.

announcement on 28 November of a ten-point plan for confederation of the two German states.²¹ The announcement of the plan caught other European governments by surprise, with many being upset that they were not consulted beforehand. As a result, it only confirmed the already substantial fears of many European leaders that Bonn's proclamations of commitment to the EC were essentially rhetorical, and that Germany was set to become more independent.²² It also further soured the mood prior to the crucial EC summit in Strasbourg. Increasingly, Germany's position on monetary union and in particular on the issue of a timetable for EMU negotiations had become viewed as a key test of its commitment to the Community and European integration. Attention now focused on Strasbourg, with President Mitterrand and others making it known that they expected a positive gesture from Bonn on EMU at this meeting. In the admonitory words of one Paris official, just prior to the summit: "Up to now, West Germany, France and the European Commission had been the engines of integration. We are going to have to see how the Germans behave. But if they don't push ahead, there will be a terrible backlash in Europe."²³

Also generating unease among Germany's EC partners was the growing debate over monetary union within Germany and the apparent strength of sentiment within the federal government that EMU negotiations should be delayed. In the weeks following the opening of the Wall, the Bundesbank and Finance Ministry – both already skeptical of monetary union plans because of the threat they posed to Bundesbank sovereignty – had begun to argue more forcefully that in view of the enhanced prospects for German unification, the timing for negotiations was not ripe. Instead, they argued that more preparatory work needed to be done, and that attention should focus for now on completing the single market project and the first phase of EMU. Added to such technical economic considerations were political ones: leaders of the governing coalition parties – the Christian Democratic Union/Christian Social Union (CDU/CSU) and Free Democratic party (FDP) – feared that rapid moves towards monetary union could leave the federal government vulnerable to charges from the nationalist right that it was not putting German interests first but was instead selling out to other countries by giving away the beloved D-mark. To avoid it becoming a campaign issue, they favored withholding any decision to begin a conference on monetary union until after the federal elections scheduled for late 1990. In contrast to this view, Foreign Minister Hans-Dietrich Genscher favored setting firm dates for the con-

²¹ "A Ten-Point Program for Overcoming the Division of Germany and Europe" (Official Translation), *Statements and Speeches*, vol. xii, no. 25 (New York: German Information Center, 19 December 1989).

²² While the initial public reaction of EC governments to the ten-point plan was largely positive, considerable dismay was expressed in private. At a 4 December NATO meeting, for instance, several European governments voiced strong complaints to U.S. President Bush about German behavior. Craig R. Whitney, "Rapid Change in East Is Taking a Toll on the Western Allies," *New York Times*, 6 December 1989.

²³ Alan Riding, "Mitterrand Backs Europe Integration," *New York Times*, 8 December 1989.

ference and a timetable for EMU. He argued that a failure to do so would be interpreted by Paris and other national governments as a sign that Bonn was backtracking on its commitment to European integration.²⁴

Further problems were created by a letter from the chancellor to Mitterrand just days before the summit, in which Kohl argued against setting a firm date for beginning the monetary union conference and proposed a slower timetable for EMU than that favored by France. Moreover, in the letter Kohl appeared to link German approval of further steps towards monetary union to EC political-institutional reform and especially the strengthening of the European Parliament, something to which France was opposed.²⁵ Kohl's letter stunned the French government, which warned Bonn of a crisis in bilateral relations and asserted that any wavering on the issue of monetary union would be interpreted by other countries as a sign of weakening German commitment to the EC and an indication that Bonn was more interested in pursuing unification than European integration. At the same time, the German demands for political-institutional reform were viewed as a ploy to delay EMU. Commission President Delors, for example, while supporting the German call for strengthening the European Parliament ("One cannot have economic and monetary union without institutional reform and a democratic counterweight"), stated that such institutional changes "must not be made a precondition" for negotiations on monetary union. Expressing his fear that the summit might end in failure and bitterness, Delors warned of "serious crises" for the EC if national leaders were not able to reach agreement on a starting date for the EMU conference.²⁶

The Kohl letter produced a flurry of consultations among French, German, and EC officials, with Bonn striving to downplay the rift with Paris over EMU. In the end, just hours before the opening of the summit, a compromise was reached. The German government accepted the French demand that an EMU conference would begin in the second half of 1990, while Paris conceded the German request to delay this until after the federal elections in early December. As a result, it was agreed that the conference would be formally opened at the EC summit scheduled for mid-December, with actual negotiations beginning in early 1991.²⁷ In addition to delaying the conference until after the federal elections, the Germans gained another concession—viewed as vital for domestic political reasons—by extracting from France and other EC countries a postsummit statement endorsing the idea of a single German state, as long as unification took place within the context of broader European integration. Through this trade-off, "the risk . . . of a rupture" in Franco-German relations, as Mitterrand put it,

²⁴ David Marsh, "Kohl Wants Meeting on EMU Put Off," *Financial Times*, 7 December 1989, 2; *The Week in Germany*, 1 December 1989, 6.

²⁵ Marsh, "Kohl Wants Meeting"; Riding, "Mitterrand."

²⁶ "Bonn Strives to Calm Summit Concert," *Financial Times*, 8 December 1989, 24.

²⁷ David Buchan, Robert Mauthner, and Ian Davidson, "EC Leaders Isolate Thatcher at Summit," *Financial Times*, 9–10 December 1989, 1; Alan Riding, "European Leaders Give their Backing to Monetary Plan," *New York Times*, 9 December 1989; *The Week in Germany*, 15 December 1989, 5.

"was avoided."²⁸ The Germans themselves were pleased with the outcome of the meeting, which Kohl personally described as "extraordinarily successful."²⁹

THE FRANCO-GERMAN RIFT

The compromise achieved by EC leaders at Strasbourg did not end the tensions between Bonn and its neighbors, however. In particular, despite the conciliatory rhetoric after the summit, there had emerged a growing rift between Germany and France over the issue of unification. Paris was irritated at not being consulted about inter-German developments and felt increasingly powerless and in danger of being pushed to the sidelines of European politics. For this reason, in the initial months after the opening of the Wall, the French government flirted with the strategy of blocking German unification.

In a visit to Bonn in early November 1989, President Mitterrand had publicly voiced his support for an eventual unification of the two German states, bravely proclaiming that "I am not afraid of reunification."³⁰ As the momentum for unification began to build, however, he increasingly sought to delay the inevitable. In early December, Mitterrand traveled to the Soviet Union, thus reawakening in Bonn old fears of a Franco-Russian alliance directed against Germany. While in Kiev on 6 December, Mitterrand delivered a speech in which he pointedly warned Bonn not to force the pace of unification, arguing that to do so could upset the political balance in Europe and have negative consequences for European integration. Further EC integration, he argued, should precede "changing borders" (that is, unification).³¹ While on this trip, Mitterrand sought the help of Soviet President Mikhail Gorbachev in preventing unification from taking place. He also tried to use the possible impact of unification on internal Soviet politics as leverage, telling Kohl in a private meeting some weeks later that Gorbachev had informed him on this trip that "the day German unification is announced, a two line communique will announce that a marshal is seated in my chair."³²

Mitterrand's efforts to delay unification, along with the open questioning of German intentions and loyalties by Paris, annoyed Bonn greatly. Perhaps most galling, however, was the French president's visit to East Germany in late December, parallel to Chancellor Kohl's first trip to the GDR after the Wall's opening. In a speech delivered in Leipzig, Mitterrand repeated his warnings about a rush to unity, asserting that while he supported the right of the German

²⁸ Steven Greenhouse, "European Talks Called a Success," *New York Times*, 11 December 1989; Robert Mauthner, "States Tackle Minefield of Reunification," *Financial Times*, 11 December 1989, 3.

²⁹ Horst Teltschik, *329 Tage: Innenansichten der Einigung* (Berlin: Siedler, 1991), 72.

³⁰ Craig R. Whitney, "Unease Fills Western Allies over Rapid Changes in East," *New York Times*, 1 December 1989.

³¹ "Mitterrand, in Kiev, Warns Bonn Not to Press Reunification Issue," *New York Times*, 7 December 1989.

³² Julius W. Friend, *The Linchpin: French-German Relations, 1950-1990* (New York: Praeger, 1991), 81-82.

people to self-determination, such decisions must also "take the European balance into account."³³ Not only the message, but also the fact of the visit itself greatly upset officials in Bonn, who correctly saw the first visit to communist East Germany by a Western head of state as an attempt to shore up a rapidly crumbling GDR and thus delay the unification process. The Kohl government had expressed its concerns about the trip to Mitterrand beforehand, but to no avail. For this reason, in the words of one top adviser to the chancellor, the trip was viewed by the German government as an "unfriendly" act.³⁴ As such, it accentuated a growing deterioration of relations between France and Germany.

In early 1990 the tensions in Franco-German relations grew as the momentum for rapid German unification continued to build. Against this background, Mitterrand sought to use the issue of Poland's border with East Germany as a lever to influence inter-German developments. At an 18 February meeting with Kohl in Paris, the French president underlined his acceptance of German unity and indicated approval of plans for German monetary union, which had been announced in the previous week; at the same time, however, he stressed the need for formal recognition by Germany of the Polish border as a precondition for unification.³⁵ Then, on 9 March, Mitterrand appeared at a joint press conference in Paris with Polish President Wojciech Jaruzelski and Prime Minister Tadeusz Mazowiecki, at which he declared his support for Poland's demand to be represented at the "two-plus-four" talks in discussions over the border issue, something the Germans strongly opposed. Also, Mitterrand termed inadequate the Bundestag resolution of the previous day, which had declared the inviolability of the Polish border but put off a formal recognition until after parliamentary elections in a unified Germany. This set France apart from both the United States and Britain, which had indicated their satisfaction with the resolution. To German officials, it had become clear that the French government intended to act as the representative of Polish interests among the Western powers and that French support of Polish demands was a ploy to slow down the unification process.³⁶

From the middle of March, however, the French strategy toward Germany underwent rapid revision. Suddenly, positive signals on German unification began to come out of Paris, and French officials instead focused their efforts on containing Germany by integrating it more closely into the EC. Perhaps influenced by the stunning electoral triumph for Kohl and the Christian Democrats in the 18 March East German elections, which meant a clear path for rapid unification, the French government decided that a single German state was now inevitable, and sooner rather than later. This change in France's position was indicated by

³³ "Mitterrand, in East Germany, Calls for Caution on Unification," *New York Times*, 22 December 1989.

³⁴ Teltschik, 329 *Tage*, 95; also Ronald Tiersky, "France in the New Europe," *Foreign Affairs* 71 (Spring 1992): 132.

³⁵ Teltschik, 329 *Tage*, 150–151.

³⁶ *Ibid.*, 164–172.

the statements of Foreign Minister Roland Dumas on 20 March, in which Bonn was urged to absorb the GDR and complete the unification process as quickly as possible so that it could once again turn its attention to EC affairs. The real challenge now, Dumas claimed, was "to advance further, faster and more deeply toward building Europe," as a political as well as an economic entity.³⁷

THE ROAD TO ROME

The conflict between France and Germany had represented a potential crisis for the EC. As has been frequently noted, these are the two most important members of the Community, and Franco-German cooperation has traditionally been the motor of successful efforts at European integration. By the end of March 1990, however, it was apparent that the Franco-German axis was functioning once again, and from this point plans for further EC integration moved rapidly forward.

An important basis for reconciliation was French acceptance of German demands on political union. While monetary union remained the key objective of France, Germany sought a stronger European parliament and more cooperation in foreign and defense policy. Such goals were not only in keeping with Germany's federalist leanings, but they also provided Germany with multilateralist cover for unification and its enhanced power position in Europe. In addition, gains on political union were necessary for domestic political reasons, so that Chancellor Kohl could claim to have extracted something in return for agreeing to surrender the D-mark and German monetary sovereignty. As a result, after weeks of secretive bilateral bargaining, Kohl and Mitterrand sent a joint letter to the president of the European Council on 19 April in which they not only proposed an accelerated pace for monetary union but also called for new initiatives on political union. For this purpose, the letter suggested that a second intergovernmental conference on political union be held parallel to the one on EMU. Both conferences, it was proposed, should begin in December and conclude their work within a year, thus allowing the agreements to be ratified and put into effect by the beginning of 1993.³⁸

As so often in the past, Franco-German cooperation resulted in rapid EC movement. The suggested timetable for EMU negotiations was subsequently adopted by the European Council at a special meeting in Dublin on 28 April.³⁹ At their regularly-scheduled summit in Dublin on 25–26 June, Community leaders

³⁷ Alan Riding, "France Urges West Germany to Speed Unification," *New York Times*, 21 March 1990.

³⁸ George Graham, David Marsh, and Philip Stephens, "Bonn and Paris Move to Speed European Unity," *Financial Times*, 20 April 1990, 1.

³⁹ Alan Riding, "Europe United?" *New York Times*, 28 April 1990; Craig R. Whitney, "Europe's Alliance Seeks Closer Ties," *New York Times*, 29 April 1990; David Buchan and Robert Mauthner, "Political Union Talks in Prospect after EC Summit," *Financial Times*, 30 April 1990.

formally approved a second conference on political union and announced that both sets of negotiations would begin in mid-December.⁴⁰

The decision to launch parallel conferences on monetary and political union was a significant achievement for France and other Community countries, who remained keen to gain a firm German commitment to EMU. It also represented, however, a great diplomatic success for the Bonn government and a personal triumph for Kohl. By playing a key role in bringing this about, the chancellor had gone a long way toward overcoming the doubts of other EC governments about Germany's commitment to integration and toward convincing them of the sincerity of Bonn's claim that German unity and European integration were not contradictory processes. That this was the case was indicated by the statement of EC leaders at the April summit, in which they warmly welcomed German unity, and voiced their confidence "that German unification . . . will be a positive factor in the development of Europe as a whole and of the Community in particular."⁴¹

Nevertheless, the road to Rome over the ensuing months would not be a smooth one. By the fall, there were renewed doubts about Germany's commitment to monetary union, which stemmed from the increasingly vocal opposition to EMU of German monetary and financial authorities. In particular the Bundesbank, having been forced to accept against its strong disapproval rapid German monetary union, was determined to delay or alter plans for EMU and to ensure that important decisions affecting German monetary stability were not once again made, as Bundesbank chief Karl Otto Pöhl had put it, for essentially "symbolic" or political reasons.⁴² The Bundesbank based its campaign against EMU on the argument that much greater convergence in the economic conditions and performance of EC countries was necessary before monetary union would be possible. This meant, of course, convergence at German standards of low levels of inflation, interest rates, and budget deficits, something that would necessitate a long period of transition before full EMU could come into effect. To ensure that such convergence took place, the Bundesbank opposed setting any firm timetable for the remaining stages of EMU. In addition, it promoted the possibility of a two-speed approach to EMU, whereby full monetary integration would initially take place among a small group of countries that had already achieved substantial economic convergence—such as Germany, France, and the Benelux countries—with other countries being allowed to join later, once their economies were ready.⁴³

By the fall it was apparent that the Bundesbank's counterattack against EMU was having some effect, as Chancellor Kohl and other government officials began

⁴⁰ *The Week In Germany*, 29 June 1990, 2.

⁴¹ "German Unity Welcomed," *Financial Times*, 30 April 1990, 2.

⁴² George Graham, "Paris and Bonn Back Monetary Union Plan," *Financial Times*, 7 April 1990, 2.

⁴³ On the Bundesbank's views on EMU, see *The Week in Germany*, 15 June 1990, 5; *The Economist*, 7 July 1990, 25; 1 September 1990, 48; 15 September 1990, 61–62; "Survey on Germany," *Financial Times*, 29 October 1990, 12.

to publicly express doubts that firm dates for the future stages of EMU could be set. This led to a growing uncertainty in Europe about Bonn's support for the goal of monetary union.⁴⁴ In a warning to the German government issued in September, Commission President Delors admitted that setting firm dates for EMU was a "way of testing Germany's commitment to economic and monetary union," and that this was necessary to "bind Germany into Europe irreversibly."⁴⁵ Delors went on to question the commitment of Germany to further European integration by asking, "Do the Germans really want economic and monetary union? Quite frankly, I often wonder."⁴⁶

An important breakthrough occurred in October, however, when Kohl communicated to Italian Prime Minister Giulio Andreotti, the current president of the European Council, that he was now ready to set firmer dates for the next stages of EMU. Kohl also indicated that because of the uncertain political and economic climate in Germany, with new federal elections taking place in early December and growing economic problems stemming from unification, he could not guarantee that he would be able to make a similar commitment at the Rome summit in December. This implied a window of opportunity that Andreotti and other EC leaders quickly decided to seize.⁴⁷ As a result, at a special EC summit in Rome on 27–28 October the decision was made that stage two of EMU should begin on 1 January 1994, provided certain conditions were met. These were rather minimal, consisting mainly of completion of the 1992 single-market project, the beginning of a process to make national central banks independent by the start of stage three, and limitations on the fiscal policies of member states. It was also decided that a European monetary institution would be established at the beginning of stage two, and that the next phase would begin within three years of the launching of the second stage. These decisions left numerous important questions unanswered, but the general parameters and timetable for a treaty on monetary union had now been set.⁴⁸

Several weeks later, on 7 December, a joint proposal was made by Kohl and Mitterrand, which laid the tracks for negotiations on political union. This centered on the development of a "common foreign and security policy, which could in time lead to a common defense." While the key innovation in foreign policy would be more majority voting in the European Council, the basis for a common defense would be a revitalized West European Union (WEU). In addition, the proposal called for giving more powers to the European Parliament, the creation of a common "European Citizenship," and the extension of EC competencies in such areas as environmental, health, social, and energy policy. It also called for

⁴⁴ *The Economist*, 22 September 1990, 60.

⁴⁵ *Ibid.*, 29 September 1990, 58.

⁴⁶ Alan Riding, "Hesitation Now Greets Europe's Unity Plans," *New York Times*, 1 October 1990.

⁴⁷ *The Economist*, 3 November 1990, 55.

⁴⁸ *Ibid.*, 55–59; David Buchan and John Wyles, "Thatcher Left Trailing as a Summit Fixes EMU Date," *Financial Times*, 29 October 1990, 1.

greater intergovernmental cooperation on internal security and police matters. Beyond its practical significance for the upcoming intergovernmental conference on political union, the joint proposal was of great symbolic importance to the governments of France and Germany. After the tensions experienced over the previous year, both Paris and Bonn viewed it as an indicator that the Franco-German partnership had survived the test of German unification and remained the primary motor of European integration.⁴⁹

THE MAASTRICHT TREATY

On 15 December 1990, EC leaders met in Rome and formally launched the dual intergovernmental conferences on monetary and political union. While the EMU conference began with a firm timetable and outline for agreement, there remained much to be negotiated and determined. Key points of dispute included: the exact nature of stage two, including the powers and duties of the new European monetary institution during this period; the nature of the final transition to stage three, including questions of timing and the issue of precisely which countries under what terms would be permitted to join full EMU; and the nature of stage three itself, including the role of EC authorities in the making of national budgetary and fiscal policies, and the question of whether there should be a common currency, or if instead the values of national currencies should simply be permanently fixed. On one issue there was relatively little argument, however, and that was the organization and nature of the European central bank. In fact, it had largely been decided before the conference even began that the future Eurofed would basically replicate the German Bundesbank, with independence from political authority and a statutory mandate to fight inflation.

In contrast to the EMU conference, the discussions on political union were much less focused. This, in part, was due to the greater diversity of issues being discussed, which in turn meant a proliferation of the national and nonstate interests involved. At bottom, however, the key difference between the two conferences was their divergent status and relative importance. While monetary union was the core objective of most EC countries and was viewed as the centerpiece of a strategy to make German unification compatible with European integration, the political union conference was largely a set of side-bargains. Most importantly, it was viewed as a concession to the German government, which needed an agreement on political union so that an EMU treaty would be politically defensible at home.

After months of negotiations, final agreement on many important issues was not reached until the days leading up to the Maastricht summit, and in some instances compromises were hurriedly pieced together at the summit itself. The

⁴⁹ Alan Riding, "Regional Defense Plan Urged for Europe," *New York Times*, 8 December 1990; Ian Davidson, "Joint European Foreign Policy Urged by France and Germany," *Financial Times*, 8–9 December 1990, 1; *The Week in Germany*, 14 December 1990, 1.

impetus for agreement came from a sense of urgency that stemmed from the impression that if the Community did not act now to forge an agreement that would permanently integrate Germany, it would be missing an historic opportunity that might never come again. Exemplary of these concerns were the views of Andre Szasz, deputy president of the Dutch central bank, who declared in late November that Maastricht possibly represented Europe's last chance to firmly bind a united Germany to Western Europe. Failing this, he claimed, it was inevitable that Germany would become more of a central European power with interests that increasingly diverged from the rest of the Community. For this reason, he argued, "If we do not grasp this opportunity there may not be another one."⁵⁰ These sentiments were also shared by Chancellor Kohl, who in public statements prior to the summit repeatedly noted that a failure to reach a treaty agreement would be catastrophic for the EC and could perhaps even mark "the beginning of the collapse of our Community."⁵¹

Spurred by a commonly felt sense of urgency, Community leaders met on 9–10 December and gave their approval to the Treaty on European Union. The centerpiece of the treaty was an agreement to achieve full monetary union by the end of the decade. According to the treaty, stage two of the EMU process would come into effect on 1 January 1994, with the establishment of a European Monetary Institute (EMI); while monetary sovereignty would remain in the hands of national authorities during this transitional phase, the EMI would help to coordinate national monetary policies and oversee the preparations for full EMU. At the end of stage two, the EMI would formally become the European Central Bank, an institution that would closely resemble the German Bundesbank in its organization and powers. The first opportunity for full EMU would come in 1996, if by then a majority of EC countries met a set of strict criteria for economic performance. If this was the case, a two-thirds vote in the European Council would be sufficient to approve the final transition to EMU, which would take place on 1 January 1997. Failing this, EMU would automatically come into existence in 1999, with the participation of all countries meeting the economic convergence criteria. As a price for its agreement to the treaty, which required the unanimous approval of EC member states, Britain was given an opt-out clause, which allowed it to delay making a final commitment to EMU. The same privilege was not extended to other countries, however.⁵²

The agreement on monetary union was not matched, however, by success on political union. Instead, the Maastricht Treaty provided for only a limited

⁵⁰ David Marsh, "Dutch Fearful of Germany Going Its Own Way," *Financial Times*, 28 November 1991, 2.

⁵¹ Stephen Kinzer, "France and Germany Issue Warning to Britain over European Community," *New York Times*, 16 November 1991.

⁵² For details on the EMU agreement, see "Single Currency by 1999 Despite UK Objections," *Financial Times*, 10 December 1991; Alan Riding, "Europeans Accept a Single Currency and Bank by 1999," *New York Times*, 10 December 1991; Riding, "Europeans Agree on a Pact Forging New Political Ties and Integrating Economies," *New York Times*, 11 December 1991.

enhancement of the powers of the European Parliament and contained vague commitments to work toward common foreign and defense policies. In addition, there was agreement to coordinate police and internal security affairs more closely, as well as the decision to make increased use of majority voting in the Council of Ministers on a number of policy issues. The treaty also called for a new intergovernmental conference in 1996 to review progress on the Maastricht agreements, with the possibility of taking further steps toward political union at that time. The limited outcome on political union was a particular disappointment for Chancellor Kohl, who had made progress in this area a requirement for Germany's agreement to EMU; repeatedly throughout the previous year, Kohl had proclaimed that monetary and political union were not separable but were instead two sides of the same coin.⁵³ Nevertheless, as the date for the Maastricht conference had approached, the chancellor backed away from his demands on political union, subsuming them to his overriding interest in gaining an acceptable EMU agreement.⁵⁴

Also playing a role in the Maastricht compromise was the developing situation in Yugoslavia in the summer and fall of 1991 and the side-bargaining among EC governments this engendered. In the face of strong public pressure, the German government had sought early recognition by the EC of Slovenian and Croatian independence, something to which France and Britain were opposed. In the end, Bonn gained the agreement of other Community countries to recognize the independence of the two republics,⁵⁵ but only at the cost of German concessions on European union. For the French, who were opposed to giving greater powers to the European Parliament and Commission, the Kohl government agreed to reduce its demands on political union. Britain, on the other hand, used its position on Yugoslavia as leverage to secure German agreement to an opt-out on EMU.⁵⁶

While the Maastricht Treaty contained a number of compromises, it represented a major victory for those countries concerned about the future strength and orientation of Germany. In the final analysis, they got what they wanted, which was a firm German commitment to monetary union with a definite timetable

⁵³ See, for instance, Kohl's 30 January 1991 speech before the German parliament, reprinted in *Europa-Archiv* 46 (1991): D135; also his speech of 20 May 1991 at Georgetown University, "The Agenda of German Politics in the Nineties," *Statements and Speeches* 14 (New York: German Information Center, 6 June 1991), 3.

⁵⁴ Quentin Peel and Robert Graham, "Kohl Holds Out Hope of Maastricht Compromise," *Financial Times*, 28 November 1991; Stephen Kinzer, "Germany Now Leading Campaign to Strengthen the European Community," *New York Times*, 1 December 1991.

⁵⁵ Formal EC recognition was given on 15 January 1992, but only after Germany, in a move that shocked its EC partners, broke ranks and announced it would unilaterally recognize Slovenia and Croatia in December. See *The Economist*, 21 December 1991, 57; Stephen Kinzer, "Slovenia and Croatia Get Bonn's Nod," *New York Times*, 24 December 1991; Kinzer, "Europe, Backing Germans, Accepts Yugoslav Breakup," *New York Times*, 16 January 1992.

⁵⁶ *The Economist*, 18 January 1992. On the role of the Yugoslavia crisis and the recognition issue, see John Newhouse, "The Diplomatic Round: Dodging the Problem," *The New Yorker*, 24 August 1992, 60–71.

and a certain amount of automaticity. It was in particular a victory for France, which was desperately searching for ways to tie down and keep pace with its powerful neighbor. The German government could also claim victory, however, since it was able to ensure that a future European monetary regime would essentially replicate the German model; as a result, it could claim that EMU entailed little risk of a loss of monetary stability. Germany also gained acceptance of the need for economic convergence as a precondition for EMU and of adherence to a set of stringent economic criteria as a measure of this. Also of central importance was the provision for a two-speed movement to monetary union implicit in the treaty, in the event that not all EC countries were able to meet the specified convergence criteria. Perhaps most important of all to the Kohl government, however, was that by playing an active role in fathering the Maastricht Treaty Bonn had managed to calm the fears of its neighbors about an independent Germany, while providing convincing evidence of its continued commitment to European integration. Primarily for this reason, therefore, Kohl was able to declare the treaty a tremendous success and argue that as a result, "the way to European unity is irreversible."⁵⁷

This assessment was soon to appear overly optimistic, however. After its official signing in February 1992, the Maastricht Treaty required the ratification of individual EC countries. There was little doubt, though, that this could be accomplished by the end of the year, thus allowing the treaty to go into effect on 1 January 1993. Within only a matter of months, however, the treaty was in trouble. Beginning with its rejection by Danish voters in a June 1992 referendum, the treaty was buffeted by a series of political and economic crises. The political backlash against Maastricht also manifested itself in the narrow win for the "yes" vote in the September French referendum and the growing opposition to EMU in Germany. Opposition stemmed mainly from popular concerns about EC bureaucratic centralization and the loss of national sovereignty at a time of great economic and social uncertainty. At the same time, the ambitious monetary union goals of the treaty were undermined by the currency crises of September 1992 and July–August 1993; these not only gave evidence of the still considerable economic divergence among EC countries, but they also shattered the ERM, the mechanism for preserving exchange-rate stability that was a necessary basis for EMU. Despite these political and economic crises, however, the Maastricht Treaty was finally ratified by all twelve EC countries and officially went into effect on 1 November 1993, although some ten months later than originally planned.⁵⁸

As a consequence of both political opposition and economic instability, it appeared at the end of 1993 that some of the Maastricht Treaty's more lofty goals, along with the grander ideal of a federal Europe, might never be realized. Instead, a chastened Community was turning its attention to the pressing issues

⁵⁷ Stephen Kinzer, "Kohl Predicting Unity of Europe," *New York Times*, 14 December 1991.

⁵⁸ *The Economist*, 6 November 1993, 56–61.

of enlargement and pragmatic institutional reform, not to mention joint efforts to combat the growing problems of economic stagnation and unemployment. Nevertheless, it would be a mistake to consider the Maastricht Treaty dead. Among other things, many of its less heralded provisions, such as the enhanced role of the European Parliament and the increased use of majority voting in the Council of Ministers in a number of new policy areas, will undoubtedly make a significant impact on the future functioning and evolution of the Community and on the relationship between the EC and its member states. Beyond this, it is also much too early to bury the treaty's ambitious goals of monetary and political union. A notable feature of the turbulent ratification process was the unwavering support of European political elites for the treaty and in particular the close collaboration of the French and German governments to ensure that it survived. Especially significant in this regard were the actions of Chancellor Kohl and the German government to help the embattled Mitterrand during the tense ratification debate in France and to support the French franc during the exchange-rate crises of 1992 and 1993.⁵⁹ Such actions can only be explained in terms of the considerable political and symbolic importance attached to the treaty by both sides and the high politics nature of the stakes involved. As a consequence of this cooperation and joint action, the basis for some type of European monetary and political union in the future was preserved, even if this is a much more limited one than that envisaged by the Maastricht Treaty.

CONCLUSION

This article has argued that the Maastricht Treaty was essentially a political response by the EC and its member countries to German unification and the end of the cold war. In particular, it represents a bargain between the Community's two most important countries, Germany and France, each of whom viewed the agreement as a means of securing vital national interests. For Germany, the treaty was necessary to assuage the fears of its EC partners about a more independent united Germany and to convince them of its unflagging commitment to the Community and European integration. For France, an agreement on monetary union was a means of integrating Germany even more firmly into European institutions and structures and of retaining some degree of leverage and control over its powerful neighbor. The leaders of both countries also regarded the maintenance of positive bilateral relations as a crucial objective, and the Maastricht Treaty was viewed as a means for preserving the Franco-German axis of European cooperation in the post-cold war era. In the final analysis, the Maastricht Treaty was a mechanism by which German unification and European integration could be reconciled and made compatible.

⁵⁹ Admittedly, German support for the French franc in the latter crisis was more limited and grudging than in September 1992. For an account of the secretive Franco-German meetings on the exchange-rate crisis in July 1993, see David Marsh, "Faultlines Show in Franco-German Unity," *Financial Times*, 23 December 1993.

The Maastricht Treaty, therefore, can be understood as an exercise in high politics, with the primary motivations of the key players being broad considerations of national security and advantage rather than technical solutions to domestic economic and social problems (low politics). This is nothing particularly new, for the entire history of the EC and European integration has involved a mixture of high and low politics. In particular, Germany and France have tended to view European integration in terms of broader strategic and positional interests. What is different in the present situation, however, at least from the pattern of EC politics over the previous three decades, is the dominance of high politics concerns. In this respect, the politics of European integration in the 1990s somewhat resembles that of the 1950s, when France and West Germany were first exploring new ways of living together—and developing new institutions for this purpose—in the postwar context of a divided Europe. At that time as well there were a number of false starts and failed attempts, with the European Defense Community (EDC) being perhaps the most outstanding example. Eventually, however, within the context of a stable cold war framework, EC politics settled into the low politics model of incremental adjustments in economic cooperation which characterized it for the past thirty years.

The end of the cold war and German unification, however, have given this comfortable and somewhat stagnant EC model a severe jolt. Suddenly, the Community and its member countries are confronted with the need to adjust to a radically new strategic and security environment. This includes not only an open and politically fragmenting Eastern Europe and former Soviet Union, but also the likelihood of a greatly reduced security presence and role for the United States. Of greatest importance, though, is the revitalized German question. A key basis of EC politics in the past was a rough equilibrium of strength between France and Germany. Unification and the end of the cold war, however, have tilted the balance rather decisively in favor of Germany. The Maastricht Treaty, as this article has argued, was an attempt to address this new German question; in this, however, it has been only partially successful, and the problem of German power and hegemony remains. As a consequence, it can be expected that efforts to constrain German power and independence will continue to be a central feature of European politics and at the heart of the EC's future institutional development.

In conclusion, German unification and the end of cold war have considerably altered the dynamics of European integration. In a new and more unstable post-cold war context, it is to be expected that considerations of national security and position will once again come to dominate European and EC politics. To be sure, this new balance-of-power game will be played out within the context of established European and supranational institutions, thus mitigating its potential negative consequences. Nevertheless, as a result of its high politics nature, European integration after the cold war will become increasingly problematic and more highly politicized. The Maastricht Treaty is both a good example and indicator of this.