

Rethinking Franco-German relations: a historical perspective

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Executive summary

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FRANCO-GERMAN RELATIONS AS THE 'ENGINE' OF EUROPEAN INTEGRATION are widely perceived to have stalled in recent years. German economic and political strength, coupled with relative French economic and political weakness, help to explain this situation.

THE RE-ELECTION OF ANGELA MERKEL and the election of Emmanuel Macron in 2017 created a new potential basis for a strong, like-minded Franco-German alliance that would be able to agree on substantial policy issues. It is therefore a good time to assess what the Franco-German relationship can achieve, what its shortcomings are, and what it means for the wider governance of the euro area and the European Union.

AN EXAMINATION OF SOME OF THE PAST MAJOR FRANCO-GERMAN AGREEMENTS reveals a more complex picture than is usually recorded. The Schuman Plan (1950), the European Monetary System (1979) and the Maastricht Treaty (1992) left their mark as European integration milestones, but were also one-sided or incomplete policy agreements.

THE FUTURE FRANCO-GERMAN RELATIONSHIP faces three issues that European policymakers should bear in mind 2017: (a) notwithstanding the new dynamics of the twenty-first century, a Franco-German agreement remains a critical and symbolic step necessary for reaching an EU agreement; (b) past Franco-German bargains were often one-sided and incomplete, and could not provide a definitive response to European challenges; (c) most of these agreements also involved critical input from other EU members, and suggest that the Franco-German tandem alone cannot lead the EU27 in the twenty-first century.

1 Why did Franco-German relations stall?

Germany tends to support fiscal discipline and painful structural reform, and is interested in political union; France inclines towards common fiscal transfers at EU level, and is not keen on political union

Since at least 2012, the Franco-German tandem has been widely diagnosed as no longer working, for essentially two reasons. First, partly because of French weakness, Germany has come to dominate the euro area without the will to act as a hegemon, creating a severe imbalance in the Franco-German relationship. Second, the euro area's problems have made plain the differences between the area's two largest economies, and have made policy agreement between them less likely.

This unease in the Franco-German relationship has brought back to the surface the fundamental differences in the underlying economic philosophies in the two countries (Brunnermeier *et al*, 2016; Pisani-Ferry, 2006). Germany tends to support fiscal discipline and painful structural economic reform, and is interested in political union. France is inclined to set up common fiscal transfers at EU level, and is not keen on political union. In the efforts to fix the euro area's problems, such differences of interpretation have seemed irreconcilable, and the so-called Franco-German 'engine' of European integration has seemed to be stuck.

The conflicting French and German positions on European integration have been very stable throughout the past 60 years, under different guises, and have not stopped France and Germany striking important European agreements (Mourlon-Druol, 2014). During the discussions about the first unsuccessful attempt to create an Economic and Monetary Union in Europe (the Werner Report), the French and German governments strongly disagreed over how a single currency could be introduced (Marsh, 2009). This was dubbed the 'economists vs monetarists' wrangle. The French government supported immediate monetary integration, on the basis that monetary integration would bring about by itself economic convergence among the European Economic Community member states. The German government argued that monetary integration could only happen when a high degree of economic convergence between the participants had been reached. Despite these differences of opinion, the French and German governments managed to agree during the drafting of the Werner report, and eventually produced a common document.

Nor is the imbalance in economic strength on the two sides of the Rhine radically new, but it had less impact in the past. Surges in the German capital account surplus happened regularly after 1945 – in the late 1960s, late 1970s, late 1980s – and gave birth to many discussions at European and global level about how to deal them (James, 2012). German reunification then disrupted the balance between Germany and France. But through all of these developments, France had strong political leadership in the persons of Charles De Gaulle, Georges Pompidou, Valéry Giscard d'Estaing and François Mitterrand, which compensated for France's relative economic weakness. The 2010s thus presented an unprecedented situation when economic and political trends in Germany and France both diverged at the same time.

The election in 2017 of Emmanuel Macron, and the re-election of Angela Merkel, suggest a possible reversal of fortunes in the Franco-German relationship. Macron is avowedly pro-European, and committed to an economic agenda that is appreciated in Berlin. Angela Merkel has shown her appreciation of the new French president. A revival of the old Franco-German tandem looks possible¹. Brexit, and the election of Donald Trump as US president, have also helped bring the Franco-German relationship back to centre stage in Europe. The US appears to be a partner that can no longer be trusted. As Merkel said in May 2017, "*the times in which*

1 There have been various calls for a revived Franco-German relationship. See for instance Philipp Stephens, 'A Franco-German bargain to save Europe', *Financial Times*, 23 March 2017; Sylvie Kauffmann, 'Le couple franco-allemand va être obligé de se raccomoder', *Le Monde*, 25 March 2017; Charles Grant, 'Reviving Franco-German Relations: Macron and Merkel must ally on Europe', *OMFIF Commentary*, 11 May 2017 (available at <https://www.omfif.org/analysis/commentary/2017/may/reviving-franco-german-relations/>); Marcel Fratzscher, 'Why a Franco-German bargain will help secure the euro', *Financial Times*, 11 August 2017; 'Des économistes européens appellent l'Europe à se reformer', *Le Monde*, 8 August 2017 (available at http://www.lemonde.fr/idees/article/2017/08/08/des-economistes-europeens-appellent-l-europe-a-se-reformer_5169902_3232.html).

*we could completely depend on others are, to an extent, over. We Europeans truly have to take our fate into our own hands*².

This reversal of fortunes is welcome because Franco-German relations remain fundamental to the EU. France and Germany are each other's primary trade partners. Because the French and German governments have held such long-standing diverging interpretations of the future of the euro, an improvement of the functioning of the euro area could reside in reconciling these different opinions. Understanding the deep roots of the Franco-German relationship can help explain how the relationship – and therefore the euro area – might develop in the future.

2 What is the foundation of the Franco-German relationship?

Personal connections and ceremonial events have been pivotal in progressing Franco-German reconciliation, and in reaching agreements on policy (Krotz and Schild, 2013). De Gaulle and Adenauer first set the tone of the reconciliation. In September 1958, after de Gaulle returned to power, the French president invited his German counterpart not to the Élysée Palace in Paris, but to his personal family home in Colombey-les-deux-Églises, eastern France, making Adenauer the only world leader ever to be invited to de Gaulle's home. De Gaulle consciously used the intimate setting of his family home to convey the idea that the enmity between the two countries was over, and that a relationship based on trust, mutual better understanding and respect should guide future bilateral relations. Adenauer prepared for the meeting expecting a difficult discussion on European affairs. The EEC had just been created earlier in the year, and it was not clear if De Gaulle would let it operate as planned. But the meeting actually allowed the German chancellor to see that the French president would not oppose the implementation of the Treaty of Rome.

The good personal entente between de Gaulle and Adenauer provided an example for successive French and German leaders to follow. Some of these interpersonal encounters famously did not quite work out, such as de Gaulle and Ludwig Erhard, or Mitterrand and Schmidt. Some leaders also overplayed their personal rapport in public, such as Jacques Chirac and Gerhard Schröder, or Nicolas Sarkozy and Merkel. Two other Franco-German couples stand out in history textbooks. First, Giscard d'Estaing and Schmidt, who liked to display their genuine friendship and perhaps most importantly their expert understanding of financial affairs. Second, Mitterrand and Kohl, who shared a common consciousness of their historical roles in the shaping of post-war Europe. The image of the two leaders holding hands in Verdun in 1984 was a critical symbol in consolidating the Franco-German reconciliation.

The two parties decided to sign an international treaty in order to set up a regular framework for cooperation between the two countries. The Élysée Treaty is widely heralded as a cornerstone of Franco-German reconciliation (Krotz and Schild, 2013). On 22 January 1963, French President Charles de Gaulle and German Chancellor Konrad Adenauer signed a treaty on 'Franco-German Cooperation' at the Élysée Palace in Paris. The Élysée Treaty set out regular and frequent diplomatic and cultural cooperation between the two countries. The idea was to provide a foundation for the new and lasting friendship between the two former rivals.

The origins of the Treaty lay in de Gaulle's desire to revive the idea of closer Franco-German cooperation (Dinan, 2014). In 1961 and 1962, de Gaulle put forward plans for a European

2 Speaking at an election rally in Munich. See *The Guardian*, 'Angela Merkel: EU cannot completely rely on US and Britain any more,' <https://www.theguardian.com/world/2017/may/28/merkel-says-eu-cannot-completely-rely-on-us-and-britain-any-more-g7-talks>.

‘union of states’, known as the Fouchet Plans. These plans were rejected by the other five EEC members, and the French president was keen to find an alternative, on a smaller, bilateral scale. Adenauer had no great enthusiasm for such a treaty of friendship between France and Germany, but eventually agreed after months of intense negotiations. Germany substantially contributed to the final version of the Élysée Treaty. The German parliament insisted on including a reference to NATO in the Treaty’s preamble, to the anger of the French president. German parliamentarians were particularly irritated by the timing of the signing of the Treaty, only one week after de Gaulle vetoed the United Kingdom’s first application to join the EEC.

Though the Élysée Treaty was a foundational moment in Franco-German reconciliation, the Treaty has few tangible results. This certainly does not mean it was useless. The improvement in the Franco-German relationship simply responded to different dynamics and characteristics, among which was the need to guarantee a high degree of continuity and intensity in administrative and cultural relations between two countries that notoriously did not understand each other. In that context, the organisation of regular summits between high level officials, the creation of a Franco-German Youth Office and the numerous twinings of towns were all significant steps in the Franco-German rapprochement. The revision of the Treaty in 2003 further developed this cooperation by creating a Franco-German Ministerial Council, which meets twice a year, and developing a Franco-German history textbook³. The framework created by the Élysée Treaty is primarily concerned with improving mutual understanding between the two countries.

3 How did Franco-German initiatives for advancing European integration play out in the past?

The history of Franco-German agreements in relation to European integration is well-known, including the Schuman Plan, the creation of the European Monetary System (EMS) and the Maastricht Treaty (see sections 3.1 to 3.3). These agreements are usually presented as near-mythical breakthroughs and achievements, with the Franco-German tandem at their heart. The substance of these Franco-German agreements and how they actually unfolded is, however, often misunderstood. The back stories are often complex.

3.1 The Schuman Plan and the founding of the European Coal and Steel Community: a French proposal rubber-stamped by the German government

The Schuman Plan was the first and most symbolic milestone of Franco-German cooperation after the second world war (Hitchcock, 1998; Gillingham, 2004). France and Germany agreed to the important and symbolic joint endeavour of pooling their coal and steel resources under a supranational umbrella. The result was the creation of the European Coal and Steel Community (ECSC) in 1951, out of which the EEC/EU would subsequently develop.

French foreign minister Robert Schuman outlined his plan in a famous declaration of 9 May 1950. The policy substance of the proposal made the declaration highly symbolic. By pooling coal and steel resources, Schuman’s proposal aimed to “*make war not only unthinkable but materially impossible*”⁴. Schuman also made plain the centrality to the organisation

³ The joint declaration also floated the idea of creating a European centre for international economics, which was the basis for the creation of Bruegel. See <http://www.france-allemande.fr/Declaration-commune-franco,1128.html>.

⁴ https://europa.eu/european-union/about-eu/symbols/europe-day/schuman-declaration_en.

of the European continent of the Franco-German reconciliation. He said that “*the coming together of the nations of Europe requires the elimination of the age-old opposition of France and Germany*”. The declaration thus embodied the idea that a Franco-German agreement was a necessary precondition for European integration to progress⁵.

West German Chancellor Konrad Adenauer immediately and wholeheartedly agreed to the French initiative, though he had been kept in the dark when the proposal was being developed in Paris. The preparation of the plan bypassed the regular French foreign policymaking channels; it was essentially prepared in secret by Jean Monnet and Bernard Clappier, who were no diplomats. After such a warm reception in Germany, Italy and the Benelux countries also joined the plan. The British government rejected the plan partly because it involved the pooling of sovereignty, an institutional policy instrument which London strongly disliked.

The Treaty instituting the ECSC was signed in Paris in April 1951 and introduced some of the basic features that have marked European integration since. The ECSC included a supranational High Authority, a Council of Ministers, a Parliament, a Court of Justice and a single European market for coal and steel. This institutional framework was maintained with some adjustments in the 1957 Treaty of Rome that created the European Economic Community (EEC), and further developed by the 1992 Maastricht Treaty that created the European Union.

The most important institutional innovation was the introduction of a new governance system – supranational integration – in which the contracting parties abandoned their sovereignty in one specific policy area to a non-national executive. The Schuman Plan marked the first implementation in Europe of the supranational method. This method has remained ever since a central feature of European integration, and can lead to significant policy shifts, such as, most recently, the introduction of the banking union’s Single Supervisory Mechanism in 2013-14.

But instead of a Franco-German agreement of equals between Paris and Bonn, the Schuman Plan was in effect a French proposal rubber-stamped by Germany. The plan was exclusively a French initiative. The Schuman declaration represented a major and sudden reversal of French foreign policy. After the end of the second world war, the French government had continued to mistrust Germany. With the Schuman Plan, Paris started instead to promote constructive cooperation with its neighbour across the Rhine. The German government, meanwhile, was desperate to find an opportunity to re-enter the international/European stage after the war. Schuman’s proposal for an ECSC provided such an opportunity, which Adenauer immediately seized with enthusiasm.

3.2 The EMS: an agreement based on German preferences validated by the French government

The creation of the European Monetary System in 1979 was another major milestone among Franco-German agreements (James, 2012; Ludlow, 1982; Murlon-Druol, 2012). Confronted with growing international currency instability after the breakdown of the Bretton Woods system, European policymakers started looking for a European solution that could re-introduce a high degree of stability in intra-EEC monetary relations. A temporary solution was found in 1972 with the creation of an EEC exchange rate system, the so-called snake. Within that framework, EEC currencies were allowed to fluctuate within a band of 2.25 percent, thus providing a degree of monetary stability.

But the functioning of the snake was not satisfactory for all EEC members. Many EEC countries could not join, or had to leave after only a few months. In 1974, for example, only five EEC member states out of nine belonged to the snake (Belgium, Denmark, Germany, Luxembourg and the Netherlands). The French, Italian and Dutch governments and the European Commission set out many proposals over that period to try and design an exchange rate system that would allow *all* EEC member states to take part, but with no concrete result.

From early 1978, upset by the fall of the dollar, which he perceived as putting the German

5 The date of the declaration – 9 May – subsequently became Europe Day.

The European Monetary System was essentially what the German government, and particularly the Bundesbank, was ready to agree on; multiple French proposals were all rebuffed. A European Monetary Fund was envisaged but never created

economy at risk, German chancellor Helmut Schmidt decided that a European solution should be found for the problem of European currency instability. The initiative found a willing audience. German disquiet about the international economic situation dated from late 1977, many proposals for European monetary cooperation and integration had been tabled in the past few years, and the French president was keen to move forward. As a consequence, the French and German governments took the lead in 1978 and agreed on the development of a new European currency framework, the EMS. The EMS aimed at stabilising intra-European currency fluctuations, strengthening Europe's weight internationally in currency terms and providing a symbol of European unity. As such, the EMS is often hailed as a Franco-German breakthrough that enabled deeper European cooperation. French president Giscard d'Estaing thus famously quipped that "*the spirit of Charlemagne brooded over our works*" after a meeting with German Chancellor Helmut Schmidt in Aachen, where they finalised the working of the EMS.

The actual result was however far from being an agreement of equals between France and Germany. The EMS was essentially what the German government, and more particularly the Bundesbank, was ready to agree on (James, 2012; Ludlow, 1982; Mourlon-Druol, 2012). The multiple French proposals made in the course of the negotiations were all rebuffed. Admittedly, the French idea to introduce a divergence indicator able to pinpoint a currency differing from the average was accepted. But it was agreed that the identification of the diverging currency would only lead to consultations between central banks, and not to any policy action, which rendered the measure meaningless. A European Monetary Fund was envisaged but never created. Calls for greater resource transfers from richer to less-developed EMS members, in order to help them participate in the new system, were not really answered. Overall, the EMS was an agreement based on German preferences and validated by the French government.

3.3 The Maastricht Treaty: a Franco-German agreement to disagree

The Maastricht Treaty was the final major milestone for which the role of the Franco-German 'engine' of European integration is traditionally celebrated (Dyson and Featherstone, 1999; James, 2012; Marsh, 2009). Agreeing on the introduction of a single currency in Europe was a complex endeavour that required reconciliation of diverging opinions on what should happen first: economic integration or monetary integration (see section 1).

A blueprint for the creation of the single currency was provided by the Delors Report. In June 1988 in Hanover, the European Council agreed to move ahead on EMU, and tasked a committee chaired by European Commission President Jacques Delors and composed of EEC central bankers to write up a report setting out how EMU could be achieved. The Delors Report published in April 1989 set out a detailed and viable plan in three stages that in its most important respects was subsequently included in the Maastricht Treaty. With the Delors Report, EMU was firmly on the EEC agenda.

Agreement on EMU between French president François Mitterrand and German chancellor Helmut Kohl proved critical to overcome domestic opposition, and to encourage other EEC member states to follow the Franco-German lead. The unforeseen evolution of the international context, with the fall of the Berlin Wall, German reunification and the end of the Cold War, provided a critical stimulus to the ongoing discussions, which had started at a time when virtually no-one anticipated the unfolding of these historic events. Following these changes, the French government pressed for firm dates for the convening of an intergovernmental conference on EMU, in order to bind Germany to the EEC.

But the outcome of this was an incomplete monetary union. The French and German governments had opposing views on how to make the monetary union work. The French government wanted an 'economic government', while the German government desired a 'political union' as a precondition. The result was half-baked, and contained none of these provisions, making it unfinished. While the Maastricht Treaty surely was an important agreement, the fact that the French and German governments agreed to disagree on several key issues sowed the seeds of the future travails of the euro area.

4 What next for Franco-German relations after the 2017 elections?

The analysis of past important Franco-German agreements raises three issues that European policymakers should bear in mind with respect to the role of the bilateral relationship in European integration. First, despite major changes to the European context since 1945, Franco-German agreement undoubtedly remains a necessary condition for substantial EU policy change. Second, past Franco-German milestones show that an agreement between France and Germany is often an incomplete, or one-sided deal, instead of being a genuine compromise. Third, previous Franco-German agreements have involved not only Paris and Bonn/Berlin, but very often many other EEC/EU countries. This shows that the future of the euro area/EU27 cannot, and should not, rely on France and Germany only.

4.1 Franco-German agreement remains a necessary condition for EU policy change

The European and global economic and political context has changed considerably since the immediate post-war period. Irrespective of these changes, it is beyond doubt that Franco-German reconciliation is something that should be cherished and cultivated. European integration and the Franco-German rapprochement that lay at its heart are often regarded in other conflict-torn parts of the world as the embodiment of the possibility that past enemies can reconcile and discuss their disagreements peacefully. France and Germany have long-standing opposing views on how the EU/euro area should work, and reconciling them would certainly enable significant advances. In that sense, France and Germany remain – as they were in the EEC of six members – the tandem able to trigger new agreements at an EU-wide level. The Franco-German tandem has both the ability and the willingness to take the lead in Europe.

In 2017, fiscal issues are among the major policy challenges where a Franco-German agreement could eventually unlock EU/euro-area-wide progress⁶. The completion of the banking union, and in particular the discussion about the European Deposit Insurance Scheme (EDIS), is one critical piece missing in the euro-area architecture⁷. The improvement of stabilisation mechanisms at euro-area level is another area of disagreement, in particular with respect to the proposals putting forward a European unemployment insurance scheme (Claeys, Darvas and Wolff, 2014). Both cases would imply a financial transfer of resources and it is not certain that the new German government will be inclined to agree. But the Franco-German relationship will only be able to deliver, and steer Europe again, if both countries succeed in overcoming their differences of views over these central fiscal policy issues.

4.2. Franco-German agreements can be one-sided and incomplete

Previous Franco-German agreements were often presented as compromises while being far from this. Instead, one of the two countries would take the lead, and would shape the final agreement closer to its national preferences, as in the case of the Schuman Plan and the EMS. As we have noted, the Maastricht Treaty was an agreement to create a single currency, but most importantly a Franco-German agreement to disagree on the functioning on the single currency area. This explains why the fundamental differences of interpretation between Paris and Berlin came out into the open as soon as difficulties appeared in the euro area. Another superficial compromise between France and Germany would surely not help to provide a long-term fix for the problems of the euro-area.

Focusing on the Franco-German tandem based only on an idealised vision of the past

6 For a wider discussion see 'La France et l'Allemagne doivent viser davantage qu'un mini-compromis,' by a collective of French and German economists, *Le Monde*, 27 September 2017.

7 Dirk Schoenmaker and Guntram Wolff, 'What options for European deposit insurance?' *Bruegel Blog*, 8 October 2015, available at <http://bruegel.org/2015/10/what-options-for-european-deposit-insurance/>.

Focusing on the Franco-German tandem based only on an idealised vision of the past risks creating unrealistically high expectations, which the Franco-German relationship cannot live up to

risks creating unrealistically high expectations, which the Franco-German relationship cannot live up to. This is a particularly salient problem since the Franco-German relationship has not really delivered in the past ten years. Outcomes that do not match ambitions feed resentment of and disillusionment with the European project. The ambitious claims about economic growth and prosperity made at the time of the signature of the Maastricht Treaty are one case in point. More than twenty years on, dissatisfaction with the incomplete monetary union created at Maastricht contributes to undermine the credibility of what the Franco-German tandem can realistically achieve.

In 2017, there should be no shame in acknowledging that while a Franco-German tighter bond and possible compromise on EU/euro-area reform would surely be welcome, a Franco-German closer tandem is no magic trick that will, alone, solve all European problems. As former president of the Commission Jacques Delors said in 2003, *“friendship can’t be a sentimental veil that leads our fellow citizens to believe that we are making progress”*⁸. The French and German governments could thus improve the efficiency and the impact of their close bilateral cooperation by setting aside some of the superfluous ceremonial aspects. This requires a careful balancing act: nurturing the centrality of the Franco-German reconciliation at the heart of Europe, while acknowledging that a Franco-German agreement is not an automatic promise to solve European problems.

4.3 Beyond the Franco-German tandem, the contribution of all EU member states must be recognised, and looked after, in the EU27

Relying on the Franco-German tandem as an ‘engine’ of EU integration leaves all other EU member states on the margins. Sidelining other European countries was necessary right after the second world war. Since the roots of the conflict were Franco-German, reconciliation between France and Germany was the necessary precondition for the reconciliation of the continent. Sidelining other European countries was useful in the 1960s and 1970s. Since the EEC had only six to nine members at the time, an agreement between the two major member states – even if the substance of that agreement could be criticised – clearly speeded up European cooperation processes. Further EEC/EU enlargements meant that Franco-German centrality was accepted only with increasing reticence in the 1990s/2000s. Relying exclusively on the Franco-German couple can no longer work in a European Union of 27 members where the dynamics are different (Jones, 2001).

More importantly, other EU countries were critical in some of the so-called Franco-German milestones of the twentieth century – and of course even more generally in the evolution of the EEC. Belgium, Italy, Luxembourg and the Netherlands all played an important role in the life of the EEC in its formative years, beyond the imprint of Franco-German bargains (Ludlow, 2006). The Luxembourgian Pierre Werner, chairman of the group that drafted the first blueprint to create an EMU in Europe – the Werner Report – contributed to the emergence of a compromise between the six participants, and above all facilitated the reconciliation of the two opposite visions of France and Germany (Dyson and Maes, 2016). When the future of EEC exchange rate coordination was debated in the 1970s, the Belgian, Dutch and Italian governments all regularly made important contributions, and proposed reforms to improve the system even before the EMS was created (Mourlon-Druol, 2012).

The creation of the EMS in 1979 actually is the best example showing that Franco-German ‘bargains’ are more than just a bilateral affair. In fact, the creation of the EMS entirely relied on what was called the ‘Belgian compromise’ (Mourlon-Druol, 2012). At a time in the EMS negotiations when the French and the German government could not agree on the outline of the new monetary system, the Belgian government stepped in and proposed an option that was aimed at reconciling the incompatible visions of Paris and Bonn. The Belgian proposal

8 ‘France and Germany Celebrate 50 Years of Friendship’, interview with Jacques Delors and Joschka Fischer, *Der Spiegel*, 21 January 2003, <http://www.spiegel.de/international/europe/jacques-delors-and-joschka-fischer-discuss-50-years-of-the-elysee-treaty-a-878755-2.html>.

Relying on Franco-German agreements to provide pan-EU solutions arguably nurtures the EU's democratic deficit. A more cohesive approach, including other European partners from the start, would counter this criticism, and contribute to improve European decision-making

crucially allowed a deadlock in the negotiations to be overcome, and paved the way for the final agreement. Belgium thus acted as a broker of the Franco-German tandem.

Italian diplomacy also proved critical on multiple occasions, especially in striking a deal for the Single European Act in 1986, and again in Maastricht (Varsori, 2010). Both Ireland and Italy, and also to lesser extent the UK, were driving forces in the creation of the European Regional Development Fund in 1975. Although the case of the UK is no longer relevant since it will leave the European Union, it is still worth remembering that it often played an important role between France and Germany – and of course in European integration more broadly⁹. For instance, the UK government fully supported the Belgian compromise in the EMS negotiations mentioned above. The UK government strongly supported the completion of the single market in the 1980s. A constant and exclusive focus on the Franco-German relationship as the engine of European integration therefore overlooks the complexity of the deals made over the past 60 years.

In that context, the widespread expectation of the 1990s/2000s according to which the Franco-German bilateral relation would become less relevant in the future should be revisited. The Franco-German relationship will likely remain relevant in the future, both for historical reasons (the reconciliation of the two countries lay at the heart of European integration), and policy reasons (many obstacles to further European integration are based on a Franco-German divergence of views). But the French and German governments need to learn how to adapt their privileged partnership within the European Union. Two member states, however important they are, cannot decide alone for 27.

This could take a concrete form in the next few months. Instead of focusing *only* on Franco-German common proposals, the French and German governments could, from the start, open up their discussions to other EU partners, whether bilaterally or within the European Council. The aborted efforts of French president François Hollande to renegotiate the EU's Fiscal Compact in 2012 owed much to the French government's inability to work out an agreement outside the Franco-German bilateral relationship. In particular, Hollande failed to try to negotiate more closely with Italy. Since France still remains economically weaker than Germany, Paris would benefit from trying to secure agreements with some of its European partners. French president Emmanuel Macron has showed some willingness to this in his speech on Europe on 26 September 2017. Italy was for instance the first country Macron referred to after having mentioned Franco-German cooperation¹⁰. Such an opening up beyond only the Franco-German tandem would also provide a long overdue acknowledgment of the contribution of other EU member states to European integration.

Finally, relying on Franco-German agreements to provide a pan-EU27 solution nurtures the EU's democratic deficit argument. A Franco-German agreement tends to weaken the legitimacy of the final deal, as it feeds criticisms of 'Berlin and/or Paris' dictating their policy preferences to all other European countries. A more cohesive approach, including other European partners from the start, would counter this criticism, and contribute to improve European decision-making. The cornerstone of any agreement in the twentieth century was France and Germany. The cornerstone of an improvement of the EU/euro area's functioning can realistically no longer rest on France and Germany, even less Germany alone, in the twenty-first century.

9 Emmanuel Mourlon-Druol, 'Brexit debate ignores UK's privileged position in Europe', *Bruegel Blog*, 31 May 2016, available at <http://bruegel.org/2016/05/brexit-debate-ignores-uks-privileged-position-in-europe/>.

10 'Initiative pour l'Europe', Discours d'Emmanuel Macron pour une Europe souveraine, unie, démocratique, 26 September 2017, <http://www.elysee.fr/declarations/article/initiative-pour-l-europe-discours-d-emmanuel-macron-pour-une-europe-souveraine-unie-democratique/>.

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