

“They are highly aware that the responsibility of Europe’s future and that of the Euro depends on them [France and Germany].”

Interview with Bernard de Montferrand, Ambassador to France in Berlin from 2007-2011.



This interview is being released on the publication of the most recent book by Bernard de Montferrand, *France-Allemagne - l'heure de vérité*, co-written with Jean-Louis Thieriot with Tallandier Editions, Paris, November 2011.

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1. On 22nd January we celebrated the 49th anniversary of the Elysée Treaty. What do you think of the Franco-German couple at present? In your opinion, has the economic crisis brought France and Germany together, or has it driven them apart?

The economic crisis might have destroyed the Franco-German relationship. However it has shown that now, more than ever Europe is expecting solutions from Berlin and Paris and that every day the two capitals have been providing these on a regular basis. Who else has taken this initiative? In both countries the leaders and public opinion – and the recent polls by TNS Sofres, continue to illustrate – that they are highly aware that the responsibility of the future of Europe and that of the euro, depends on them. As always the Franco-German decision making process is complicated, depending on the interests at stake, the differences in sensitivity and interests. Many say that the two countries both systematically do too little, too later and too independently. I believe that when the fog of speculation dissipates we shall see that with our partners, summit after summit, we have built the next floor to the European economic house which was not there ten years ago. If Europeans like Kohl, Mitterrand or Delors did not succeed then, it was because the subject concerned one of the most sensitive areas of sovereignty. Today the crisis and the will of our leaders will undoubtedly help us take a major

step towards creating a true economic government of Europe, whose three main pillars are emerging: new rules to respect, means thanks to a permanent support Facility, and finally institutions with a Eurogroup that enjoys permanent structures in terms of both Heads of State and Finance Ministers.

2. In your book you compare the German and French economic systems saying that “convergence (...) is both a necessity and a chance.” What do you mean by “convergence”? Is it really possible in spite of the differences in culture and mentality? Can you already see some positive results?

Let us take two examples. Firstly, progressive convergence towards European economic government: three years ago Germany was totally against organising the Eurogroup as a support fund and of even being flexible with regard to the ECB. On all of these points it has changed greatly. Even the issue of Eurobonds is no longer taboo, as long as it comes at the end of the process. For its part France has moved over to a culture of greater stability by putting its accounts into order more rapidly.

Three years ago German export driven growth was compared to that of France which has been driven along by domestic growth. But now I see that these two strategies have evened themselves out again. For the last two years most of German growth has been driven by domestic growth and our neighbours focus

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on low salaries in the services sector. In France we have taken several steps to strengthen our competitiveness in terms of exports.

More generally in terms of ideas and behaviour we have moved closer together in an extraordinary manner in spite of some ideological "postures" that persist. After the war the two countries camped on totally opposite positions. France was interventionist and protectionist, whilst Germany was liberal and supported free trade. Now we live according to the same European rules.

It remains that since the start of the 2000's we have undertaken different policies. The priority in Germany has been given to competitiveness and employment accompanied by in depth reform, whereas in France we have prioritised consumption and income by extending maturities. But these are reversible policies and not structural inevitabilities. The reforms launched in France bear witness to this.

3. Germany has succeeded in overcoming the crisis; economic figures for 2011 seem to show this. Has the way that the French see their neighbour changed? Would you say that Germany is "prouder" than before? Do you feel that Germany stands as "top of the class"?

Do you know any pupils who are first in the class and not proud of it, especially if he feels that he has worked hard and come a long way? Remember that at the start of the 2000's Germany was Europe's sick man. Germany has an acute sense of its responsibilities with regard to Europe and the euro. But at the same time there is a certain "reticence" at the idea of endangering Germany's health and wealth that have been acquired at such great cost. There is a moral will, which is not the best counsel, to punish the sinners. They say "yes" to solidarity but on condition that each assumes responsibility for his acts, and that extremely strict rules are set. Otherwise this means an open door to repeating the errors of the past in total impunity – i.e. those which led us to the blatant infringement of the Maastricht criteria. Germany, the euro's guarantor of last resort, believes it has the right to demand the unfailing discipline of its neighbours. But by wanting a perfect system and being inflexible we run the risk of letting the fire take hold and of paying more dearly to put it out. Being more aware of what it has won and what it has gained from the euro would lead Germany to showing greater flexibility.

4. With regard to Europe and the management of the crisis, do you think the Franco-German couple is deemed too dominant by its European partners? Whilst they have been managing the economic crisis have France and Germany succeeded in involving the other countries, notably Poland, which was ensuring the Presidency of the Council, but also countries like Italy and Spain?

When an extremely serious crisis occurs it is always a small group which naturally takes the lead. In order to take unprecedented financial decisions only Heads of State have the necessary legitimacy. Hence a dual criticism: the Franco-German couple is playing it too personally, the community institutions have been marginalised. To this, we have to say that in 40 years there not been a Franco-German solution that has wronged a Member State, especially since these solutions have always been open to those who want to add to them and join them. We are in an open system. As for the community institutions they still play a major role. The ECB has asserted itself in the crisis as the most indispensable European institution. Every day Parliament's influence increases. For its part the Commission is playing a vital role in the new mechanisms of the "European economic government". If Franco-German relations held Europe back or made it decline, they might be criticised. Today, as was often the case in the past, they are the source of all progress achieved in Europe.

5. For the 50th anniversary of the Elysée Treaty in 2013 do you see any new goals or areas for joint, in-depth work for the Franco-German couple? If so, what might they be?

The priority is to continue the intense debate ongoing since 1963. It is the only way to change our differences into complementarities. This dialogue must focus on the values that bring us together, such as the new role the State might have tomorrow in reasserting general interest in the face of specific interests, like those of the financiers for example.

It is urgent to develop debate amongst public opinion, explain the crisis and what we are doing, because very few understand anything at all. This is the condition for the citizens to take an interest in Europe.

There must also be debate on the future and we have to set our goals. I believe that we need to create "a Franco-

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German expert committee” which would allow us to share a joint diagnosis of the economic situation and force us into real dialogue over our economic strategies. This dialogue is too weak in Europe, which encourages us to hide from reality and blocks our vision of the future.

Finally everything has to be done to increase the competitiveness of European business, which is the guarantor of our jobs and the protector of our social systems. Both the French and the Germans must come together, not to criticise the Commission, but to push together for real measures. For example every time that common standards are adopted it helps our businesses enormously. It is urgent for us to complete the internal market. Let us finish it with effective incentives in support of the tomorrow’s economic sectors and in particular so that the European area can become the most advanced in the world as far as the use of IT’s is concerned.



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Diplomat and former Ambassador to France in Germany (2007-2011). Born on 6th August 1945 in Caudéran (Gironde, France) Bernard de Montferrand was General Consul in San Francisco (1985-1986) and Ambassador to France in Singapore (1989-1993), in the Netherlands (1995-2000), in India (2000-2002) and in Japan (2003-2005). It is the author of many books including *Défendre l'Europe* (1999), *Diplomatie, des volontés françaises* (2006), and recently *France-Germany, l'heure de vérité*, co-written with J-L Thiériot (2011).

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