

'Luxembourg solution saves the day' from The Irish Times (16 December 1996)

Source: The Irish Times. City edition. Dir. of publ. HETHERINGTON, G.E. 16.12.1996. Dublin. "Luxembourg solution saves the day", auteur:Staunton, Dennis.

Copyright: (c) The Irish Times

URL: http://www.cvce.eu/obj/luxembourg_solution_saves_the_day_from_the_irish_times_16_december_1996-en-27954e8a-cf5c-4954-bb89-ac3c32323517.html

Publication date: 20/12/2013

Luxembourg solution saves the day

The events of the last 48 hours were crucial to the final success of the Irish presidency, writes Denis Staunton

Germany: The German chancellor, Dr Helmut Kohl, made little attempt to disguise his delight at the outcome of the EU summit when he met journalists in Dublin on Saturday afternoon.

“The caravan moves on,” he declared. “There is no alternative to a united Europe. The European House will be built and it will be built now.” The outlook had appeared very different only 48 hours earlier when the European caravan became bogged down in a bitter dispute over the future of the single currency.

Bonn's insistence on a strict economic stability pact for EMU members, with tough automatic fines for countries that broke the rules, threatened to capsize the Franco-German relationship, which is often described as the motor of European integration.

When Dr Kohl and President Jacques Chirac failed to find a compromise at their meeting in Nuremberg last week, most German commentators ruled out any agreement on the issue before next year.

But the intervention as mediator of the Prime Minister of Luxembourg, Mr Jean-Claude Juncker, helped to produce a last minute deal that both sides could claim as victory.

Dr Kohl described the deal as a personal success for his Finance Minister, Mr Theo Waigel, and it has been welcomed as such by the opposition social democrats, and most German media pundits.

The stability pact is so arcane in its economic formulae as to be incomprehensible to most laymen; but it is clear on one crucial point — any decision to impose sanctions on member-states will be taken by politicians in the European Council rather than by bureaucrats in the European Central Bank.

Bonn was originally determined to keep these decisions out of political hands and to give the European Central Bank a powerful role similar to that of the Bundesbank in Germany. “They really seem to believe they've won; but they've given away the basic principle,” one senior German commentator said on Saturday.

The final deal was almost certainly the best that Bonn could have achieved within the terms of the Maastricht Treaty and in view of the lack of support for its proposals among other EU member-states. Dr Kohl and Mr Waigel hope that last week's negotiations will persuade the German public that they can protect the stability of the euro and ensure it is as strong a currency as the deutschmark.

There has been little negative reaction to the deal in Germany so far, although the Bavarian Prime Minister, Mr Edmund Stoiber, was expected to address the issue in a television interview last night. Mr Stoiber, a formidable rival to Mr Waigel in the Christian Social Union party, said last week that Germany should refuse to go ahead with a single currency unless the stability pact included tough automatic sanctions on errant member-states.

The Chancellor admitted on Saturday that Germany's attachment to the idea of a strong currency had its roots in psychology as much as in economics. The deutschmark, he said, had become a symbol of national pride after the shame of the Nazi era and the Second World War.

“What we want is a stable currency. Germans believe that we are paying a high price for Europe. We are prepared to pay that price if we believe that Europe will be peaceful and stable in the 21st century,” he said.

Dr Kohl described Ireland's six months at the helm of the EU as “an important presidency” and praised the sensitivity with which the Taoiseach, Mr Bruton, chaired the summit. The Foreign Minister, Mr Klaus Kinkel, expects disappointment in the coming months as insufficient progress had been made on the issue of flexibility, which is likely to dominate the inter-governmental conference. But he said that although there

was broad agreement on the principle of flexibility, it was an issue that must be handled carefully.

“We have to take everything one step at a time and in a psychologically sophisticated way. We must do everything to avoid giving rise to the idea that the larger countries are ganging together to create a hegemony over the rest,” he said.

Germany is enthusiastic about plans for joint action on crime and drugs, issues Dr Kohl linked on Saturday to the proposals for open borders within the EU.

“We cannot have people saying you've opened the borders and our security has diminished. It must be the other way round.”

Although Bonn is pleased at the painstaking work on the treaty undertaken during the Irish presidency, it regards the stability pact as the main achievement of the Dublin summit. Apart from the importance of currency stability to the German public, Bonn is eager to mend fences with Paris after a turbulent few months.

Dr Kohl made a point of praising Mr Chirac on Saturday and French officials insist that the relationship between the two men is warmer than most observers believe. The Irish presidency can claim some credit for improving the atmosphere between the two nations at the heart of the European project.