

# 'Giscard's European policy', from the Frankfurter Allgemeine Zeitung (20 September 1978)

**Caption:** On 20 September 1978, the German daily newspaper Frankfurter Allgemeine Zeitung analyses French policy on Europe and outlines the joint efforts of the French President, Valéry Giscard d'Estaing, and the German Chancellor, Helmut Schmidt, aimed at establishing a stable economic and monetary policy in Europe.

**Source:** Frankfurter Allgemeine Zeitung. Zeitung für Deutschland. Hrsg. Eick, Jürgen; Welter, Erich; Fack, Fritz Ullrich; Deschamps, Bruno; Fest, Joachim; Reißmüller, Johann Georg. 20.09.1978, Nr. 206. Frankfurt/Main: FAZ Verlag GmbH. "Giscards Europa-Politik", auteur: Von Münchhausen, Thankmar, p. 1.

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## Giscard's European policy

by Thankmar von Münchhausen

Regular meetings between the French President and the German Federal Chancellor are part and parcel of the implementation of the Treaty of Friendship between the two neighbouring countries. Observers have got used to regarding these consultations as routine and have for some time come to expect no spectacular decisions from them. The latest encounter between Valéry Giscard d'Estaing and Helmut Schmidt in Aachen falls outside the framework of these habitual demonstrations of cooperation, well oiled with mutual goodwill. That is not only because of a particularly well-chosen setting in this old imperial city and the two leaders' common appeal to the heritage of the great founder of the Holy Roman Empire: the fact that these two politicians have agreed that decisive steps must be taken to achieve monetary stability within the European Community can only give fresh impetus to cooperation between European partners who have been at sixes and sevens for years.

The connection between monetary and political stability has long been recognised more clearly in the Federal Republic than in France. So for the Germans, it can only be welcome to see French policy-makers reflect on this simple equation and draw the appropriate conclusions. Since he came to office, the French Prime Minister, Raymond Barre, has, with an almost provocative willingness to incur unpopularity, pursued an economic policy aimed at stability. In addition, the liberalisation of the economy that Mr Barre is seeking to introduce to loosen up economic structures ossified by price regulation and state subsidies is all part of that programme. With his monetary initiative for Europe, Giscard is once again banking on the success of his Prime Minister and economic affairs supremo: he is making that success, which Mr Barre and his colleagues hope will become apparent in the second half of next year, the security for his European policy, because a well-ordered economy begins at home. Inflation in France is still rising four times as fast as in the Federal Republic.

The collective attempt to restore 'the basic requirements for economic predictability in Europe' (Schmidt) through stable exchange rates can offer European cooperation a timely purpose. In the 1950s, the common European effort as viewed by Jean Monnet was a response to wartime devastation and the threat from Communism. In the 1960s, the 'Europe of the Fatherlands', which de Gaulle regarded as the only worthwhile form of cooperation, was supposed to assert itself alongside the two superpowers as a loosely organised independent 'great power'.

For the Federal Republic — with its special security requirements — this concept was insufficient, notwithstanding its eventual reconciliation with its neighbour in the Franco-German Treaty of Friendship. The French, from Gaullists to Communists, when thinking about Europe, still chase after the vision imagined by the General. And in France there are always votes to be won with anti-Americanism, especially when the old bugbear is dressed in new clothes as 'American-German hegemony'. In this sense, Servan-Schreiber's book 'The American Challenge' is still relevant today. The fact that the economic parameters have fundamentally changed since then through the weakness of the dollar, and that today German and French companies are investing in the United States rather than the other way round, tends to be overlooked.

From such a standpoint, the surrender of sovereignty is, just as in the 19th century, a mortal sin. Giscard is now touching on a taboo in acknowledging France's twice-repeated withdrawal from the currency 'snake', the floating of exchange rates, as a sovereign right to national economic mismanagement. If Europe is to move towards a unified monetary policy, this 'sovereign right' to let things slide has to be restricted. De Gaulle's successor is ready to make concessions to supranationality if they serve the economic recovery of his own country and closer political ties with its partners. It is clear that there has been something of a reversal: for de Gaulle, economic growth and technological development at home were a prerequisite of his foreign policy, a vehicle that enabled the nation to take its rightful place among the world's leading nations. Giscard, on the other hand, is pursuing a foreign and European policy which he believes will have a favourable impact on the economic situation and social balance in France.

Giscard sees close Franco-German cooperation as the driving force for the Europe of 2000. The Federal

Chancellor, who is nothing if not sober and perhaps even calculating, has left it in no doubt that he supports his friend's approach — even in the face of legitimate objections from industry, commerce and the banks. Have both statesmen become obsessed with a vision of utopia? The Aachen resolutions have more modest objectives. They are meant to address the new post-1973 economic situation. Liberal Europe has drifted into the doldrums after two decades of economic growth. If Europe wants to maintain the prosperity it has already achieved in the face of pitiless competition in the Third World, the partners will have to make an effort, either individually or together. Working for monetary stability is part of that effort.