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How France Has Undermined the European Project

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Executive Summary

France is moving out of the mainstream of European politics. This could have serious consequences for the prospects of European reform and lead to a crisis that could make France's position as a member of the EU untenable.

- Over a year after the rejection of the EU Constitution by French and Dutch voters, the EU remains directionless. This is in large part a result of France's abrogation of its leadership role in the EU. France is now the principal roadblock to reform in the EU. France is more and more openly unwilling to accept the culture of co-operation and fair-play upon which the EU relies or to uphold the legal obligations that bind its membership of the EU.
- French rejection of the spirit of Community co-operation can be seen across many areas of its dealings with the EU:
  - France repeatedly fails to transpose EU directives into French law.
  - France shows a strong reluctance to implement EU laws and ignores the threat of sanctions.
  - French high-handedness undermines the authority of the EU institutions.
  - France is systematically undermining the four economic freedoms that underpin the operation of the single market.
- This behaviour by the French government has far-reaching consequences:
  - It destroys the level legal playing field upon which European co-operation relies.
  - It undermines the authority of the EU and sends the message to new member states that they do not have to fulfil their treaty obligations.
  - It damages the operation of the single market and makes vital economic reform impossible.
  - It creates distrust between member states that undermines the spirit of co-operation vital to stability in Europe.
- The current political climate in France presents little potential for an alteration in the country's position of self-interest and growing protectionism in its dealings with the EU. But unless France is willing to accept a more reformist agenda then it will be unable to wield the influence to which it is accustomed. Without its historic position of influence, France is rapidly becoming isolated in Europe as its pursuit of self-interest pushes it away from other EU members.
- However, reform of the EU is unavoidable and it is difficult to see how other EU member states can delay it indefinitely in the name of appeasing French concerns. Without reform, tensions between member states will grow, creating a situation in which the continued operation of the European Union in its current form may become unfeasible.

How France Has Undermined the European Project

'For the first time in fifty years, France no longer has a project for Europe.'

– Valéry Giscard d'Estaing, former President of France[1]

Introduction

There is a growing consensus that something has to change in the EU. Speaking recently about the potential for crisis in the EU, the eminent EU historian John Gillingham warned: 'What we can't foresee are the external events, how they will affect the development of the EU over the next year when it doesn't have effective leadership or an overarching reform agenda'.[2] New challenges, such as the increasing pressures of a globalised economy, represent both an opportunity and a threat to the EU, but while the EU's period of reflection meanders on, it risks hurtling into unforeseen catastrophe.

This pamphlet argues that the EU's loss of direction is inextricably linked to France's abrogation of its leadership role and that France is now the principal roadblock to reform in the EU. France, the country that once drove forward totemic EU projects such as EMU, the Single European Act and the Treaty of Maastricht, is moving out of the mainstream of EU politics and rejecting the burdens of integration that it was once willing to bear. This pamphlet examines France's historical position in the EU and the ways in which it is now shedding its traditional role. It highlights the especially strong role of national self-interest in France's relations with the EU. It argues that France is more and more openly unwilling to accept the culture of co-operation and fair-play upon which the EU relies or to uphold the legal obligations that bind its membership of the EU. Rather than seeking to condemn the French government for their self-interested attitude towards the EU, we simply ask: if the EU is no longer working for France then what hope is there for its long term future?

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The European Community was founded around the concept of a Common Market, itself based on the principle that its members would strive to uphold four fundamental freedoms: the free movement of goods, the free movement of capital, the free movement of people and the free movement to provide services.[3] We will demonstrate that these principles, so important to the economic success of the European project, are now under threat because France is no longer willing to uphold them.[4] We will also demonstrate the leading role that France has taken in undermining the level legal playing-field upon which European co-operation is based through its resistance to European law.

From this basis we try to imagine what France's growing rejection of the EU could mean for the rest of the Community's member states. If the EU is no longer working for France, then is the EU's crisis of confidence actually much deeper than is commonly accepted? The EEC was founded in the 1950s with strong French impetus and its history has been one of French domination. This is no longer the case. France is increasingly out of step with the principles of the EU treaties.

The French political class appears unwilling to consider a radical alteration of France's attitude, instead tending to blame external factors, such as the dreaded 'Anglo-Saxon model', for economic and policy failures. Combine this with the domestic political upheaval created by riots and street protests, and the ability of the French elite to project its vision for Europe seems seriously diminished.[5] Moreover, the French public are increasingly disillusioned with the European project. A recent Eurobarometer survey showed that the French were among the most sceptical nations in the EU, with only twenty-nine percent saying they felt that the EU was going in the right direction.[6]

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Can the EU survive with a France disillusioned by the European project? Can French national self-interest be reconciled with the EU's stated commitment to work together for reform?[7] Or, will these conflicting demands eventually place irresistible strains on the fabric of the existing structures of European co-operation?

France's Historical Relationship with the EU

France has always had an ambivalent attitude towards its dealings with the EU. On the one hand, it encouraged supranational integration because this allowed it to project itself on the world stage. On the other hand, it has fought to preserve intergovernmental mechanisms that allow it to shape the Community to serve its own needs.[8]

France has always, rightly, seen its position within the European Community as special. Without the initiative of Frenchmen Jean Monnet and Robert Schuman, the original plan for a European Coal and Steel Community (ECSC) would never have taken off.[9] France was central to the moulding of the EEC: the French success in pushing for a small, cohesive Community that would meet the demands of its agricultural and industrial lobbies overcame French reluctance to join a supranational body.[10] This shaped the EEC, producing an organisation that ensured agricultural protection and an external trade barrier, while opening up markets in neighbouring countries.

Repeatedly, the fabled 'Franco-German motor' pushed the EU forward at times when it seemed to be stumbling: in 1963, the rapid divergence between France's high inflation economy and Germany's continuing trade surplus were smoothed over with the signing of the Franco-German Treaty of Friendship.[11] In the 1970s, as Europe was rocked by the collapse of the Bretton Woods regime, the close relationship between President Valéry Giscard d'Estaing and Chancellor Helmut Schmidt produced a panacea in the shape of the European Monetary System (EMS). Meanwhile, in the 1980s and 1990s, very serious disagreements over German reunification were hidden behind the veil of the Helmut Kohl–François Mitterand partnership.

Yet, from its earliest days, the European Community has also had to contend with France's very special view of how it should interact with its fellow member states. President Charles de Gaulle famously proclaimed that he wanted to see a *Europe des Etats* rather than a European superstate.[12] The idea behind this, that France could only retain its national integrity by avoiding excessive supranational integration, has formed a powerful under-current in French calculations about the EU. At its core, de Gaulle's European legacy sought to emphasise the importance of upholding French national interest even if it meant slowing the pace of European integration and defying the will of other members.

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This imperative is seen nowhere more clearly than in the Luxembourg Compromise of 1966. This document sought to smooth European relations after France's six-month boycott of the EEC in 1965. Yet it also entrenched a fundamental difference between the French view of the European project and that held by the rest of the member states. It set out the extreme significance that the French place upon upholding their national interest:

1. When issues very important to one or more member countries are at stake, the members of the Council will try, within reasonable time, to reach a solution which can be adopted by all members of the Council, while respecting their mutual interests and those of the Community.
2. The French delegation considers that, when very important issues are at stake, discussion must continue until unanimous agreement is reached.
3. The six delegations note that there is a divergence of views on what should be done in the event of a failure to reach complete agreement.[13]

While the other member states recognised the necessity of upholding the spirit of co-operation and compromise in European relations, France claimed the right to unilaterally delay decision-making indefinitely. This right to veto has since been used by many member states to block measures they find unsavoury. However, it has a particular significance for our understanding of

French attitudes to the EU because it highlights France's belief that its own national interest should be projected through the European Community and underscores the way in which France has been at the forefront of attempts to sustain an opaque and incomprehensible EU.[14]

It would be a mistake to imply that France has dominated the EU unfairly, that it always triumphs over its fellow member states or that it is the only country to pursue self-interested policies. But France does have a special leadership role that asserts subtle influence across the Union. Throughout much of the history of the EU, while Germany's leadership has been reluctant and Britain's role often uncertain, France has been the large country most consistently at the forefront of EU decision-making. It is not only because of the veto that a decision can rarely be made without French support. France has been the key EU deal-maker and provided an umbrella for the aspirations of smaller member states. But this has meant not only leading positive change but also enabling other countries to flout EU rules through the example of its own behaviour. In a system that relies heavily on consensus and behind-the-scenes deal-making, France has proved adept at making its wishes known and blocking initiatives that don't serve its interests.

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In an enlarged EU that has been trying to move in a reforming direction, however unsuccessfully, this form of influence is more difficult to pursue and so France has lost its motivation for leadership. The EU is no longer the small, homogenous group, in which French authority was disproportionately felt. Instead it is a diverse group that often chafes against the restrictions of a model framed in the 1950s. France was only willing to take this leadership role while the EU was moving in a direction that suited France's vision of itself. Reformists' challenges to the security of the Common Agricultural Policy (CAP) and protectionist external trade policies, as well as moves toward economic liberalisation, have met with growing resistance. As a result, in recent years French self-interest has been less subtly pursued as French leverage has declined and the number of member states has grown.

In attempting to maintain support in a climate many French people see as increasingly hostile, President Jacques Chirac's rhetoric is now heavy with appeals to national self-interest. Following the rejection of the French referendum on the EU constitution in May 2005, M Chirac declared that: 'I shall act with the paramount concern for defending our national interests.'[15]

'I shall act with the paramount concern for defending our national interests.'
JACQUES CHIRAC

While M Chirac's politics can be dismissed as representing an outdated manifestation of Gaullism, it would be a mistake to see Chirac as the sole author of France's current attitude towards European co-operation, even if many in France are now only too keen to pin all their country's woes on him. Self-interest has always been central to French calculations in relation with the EU and in the mindset of the elite that has led France in Europe.[16]

The political culture of the French elite is remarkably homogenous. Many of France's political leaders are graduates of the Ecole National d'Administration (ENA), France's exclusive graduate political academy. Amongst them, President Jacques Chirac, Prime Minister Dominique de Villepin, François Hollande, leader of the Socialist Party, and his partner Ségolène Royal, potential presidential candidate. This has undoubtedly played a role in incubating hermetic thinking about France's relations with the EU. The culture of self-interest does not spring from M Chirac, but is inherent in the thinking of France's political and cultural elites. Today's political leaders maintain attitudes that are fundamentally identical to those of the elite that led France into the EEC in 1958. In an enlarged EU, the French emphasis upon national interest has left the nation increasingly isolated and its authority diminished. It is more and more apparent that, far from being a means of furthering its interests, dealing with the EU through existing structures does little to achieve French goals.

The existence of such a culture of self-interest does not bode well for the future prospects of EU reform because French interests are increasingly not the interests of other member states. Even amongst the 'bright young things' of French politics – such as the prospective 2007 presidential candidates – there is little vision for bold reform. Instead, debate about the EU is extremely introverted. While Nicholas Sarkozy's party, the *Union pour un Mouvement Populaire* (UMP), recognises the decline in France's influence, it seems unwilling to

countenance radical change.[17] When Ségolène Royal writes in a forthcoming book of a 'European reality far removed from our dreams,' it is not because it dreams of a more open and liberal Europe – quite the opposite.[18] At any rate, given the many pressing domestic challenges facing France, it is difficult to imagine Europe featuring high on the list of priorities of the incoming French president.

Yet the European Union has committed itself to reform. In July 2005, the European Council restated its commitment to the 2000 Lisbon Strategy for Economic Reform, which set out ambitious targets that all member states should reach by 2010 in order to create 'the most competitive and dynamic knowledge-based economy' in the world.[19] To date, progress in the Lisbon strategy has been slow, yet the imperatives that drive it – an aging population and fierce global competition – cannot be ignored. These pressures will not only be felt by the developed economies of western Europe, but by the former communist member states that joined in 2004.

The coming years will see continental Europe's demographic and economic decline accelerate, while American power continues to consolidate and new economic powers, such as India and China, continue their meteoric rise to prominence. The European Commission has predicted that by 2050 the EU's share of global GDP will have fallen by 44 per cent, from 18 per cent in 2000 to 10 per cent in 2050.[20] Meanwhile, figures in the Green Paper on Demographic Change published by the Commission in 2005 show that, between now and 2030, the Union's working age population is projected to fall by 20.8 million, or 6.8 per cent, while the proportion of the population over 80 years of age will rise by 180 per cent by 2050.[21] In contrast, the US Census Bureau predicts that the US population will continue to rise over this same period, hitting 419 million by 2050.[22] The populations of China and India are also set to climb rapidly.[23]

This will place particular burdens on all members of the EU, and especially the new member states – which have low birth-rates but also a more rapidly aging population.[24] This will mean that, by 2050, there will be fewer than two working people supporting each pensioner in many central European countries, compared with more than four workers for every pensioner today.[25] The best means of combating the fiscal burdens that this will impose is to increase productivity. This imperative should create pressure amongst new member states to pursue economic reform through the EU. In the way of such reform stands France.

The French Challenge to European Reform

'When times are hard, when the world is changing, it is a question of gathering our strengths... and defending France and things French'.[26]

Prime Minister Dominique de Villepin, September 2005

The Lisbon strategy and its associated reforms seek to move the single market forward, building upon the major advances of the 1990s. This process builds upon the founding principles of the EU, most importantly that it should operate as a liberal market economy upholding four clearly defined economic freedoms: the free movement of goods, the free movement of capital, the free movement of people and free movement to provide services. However, in recent years these values have been undermined by the resurgence of French-inspired *dirigisme*. President Chirac claimed in March 2006 that France was one of the 'most economically liberal states in Europe' and that any suggestion that it had become more protectionist was 'absolutely absurd'.[27] Yet on the evidence of recent behaviour by the French government, it would appear that France is at the vanguard of attempts to turn back the clock on the liberalising measures implemented by the EU.

This makes France a less open economy than El Salvador, Armenia or Botswana.

The Heritage Foundation/Wall Street Journal Index of Economic Freedom, which provides an empirical measurement of economic freedom in countries around the world, highlights the extent to which France is out of step with the economic mood of the EU.[28] Its 2006 survey ranks France as forty-fourth globally and twenty-fourth of the twenty-five member states of the EU. This makes France a less open economy than El Salvador, Armenia or Botswana.

The French government feels itself justified in pursuing a protectionist agenda: there is a widespread view that France is under threat. Dominique de Villepin speaks of the need for 'economic patriotism'.[29] Yet, such behaviour is incompatible with the obligations and principles of EU membership. France's pursuit of economic nationalism means undermining the Four Freedoms upon which European economic co-operation is built. In doing this, France not only disregards its treaty obligations and the authority of the EU, but also makes it more difficult for other members to pursue economic liberalisation.

Free movement of capital

France has led the drive to create 'national champions' in industry in an attempt to direct the ownership of prestigious French companies, despite its commitment under the terms of the Treaty of Rome not to hamper the free movement of capital. The trend towards a closed, protectionist economy has been illustrated by a series of worrying interventions in the market by the French government in recent years. In January 2005, when the Swiss pharmaceutical firm Novartis launched a bid for Franco-German firm Aventis, it found its overtures firmly rebuffed by the French government who instead put pressure on a rival French firm, Sanofi-Synthelabo, to increase its own bid for Aventis. The resulting merger, worth $64 billion, was announced to the world to the strains of the Marseillaise.[30] In April 2005, the then Prime Minister Jean-Pierre Raffarin reversed previous plans to privatize Electricité de France and Gaz de France, and when Italian company Enel made a bid for Gaz de France in early 2006, the French government quickly announced its intentions to merge Gaz de France with fellow French utilities firm Suez, in order to protect French assets.

M de Villepin announced a list of industries that would be protected from foreign takeovers. This list included casinos and private security companies.

Some actions are truly bizarre. In July 2005, when it was rumoured that PepsiCo was planning a takeover of the French yoghurt manufacturer Danone, the French government reacted by declaring that the protection of French manufacturers was to become a major policy goal. Accordingly, M de Villepin announced in December that he had drawn up a list of industries that would be protected from foreign takeovers.[31] This list included some fairly incongruous candidates such as casinos and private security companies. Others, such as defence contracting and nuclear power, are direct attempts to block any future foreign takeover bids for French 'national champions' such as the aerospace and defence company Thales, and the giant utilities company Electricité de France, which runs many nuclear power stations both in France and abroad. Jacques Chirac went on to intimate that Danone would also be considered a national champion and could be protected under these laws.

The effect of this self-interested attitude upon European relations was immediate and damaging, once again undermining the authority of the EU institutions. Responding to the government merger plan for Gaz de France and Electricité de France, Italian Economics Minister Guilio Tremonti told reporters that 'if the Commission does not act, my advice would be for it to close down because of a failure to meet its mandate'.[32]

Free movement of people

The spectre of the Polish plumber became a rallying call in France, symbolising the threat to French jobs that enlargement posed.

The free movement of persons is perhaps the most tangible, and certainly the most practical, EU benefit for citizens. Moreover, it is of vital importance in solving the EU's huge unemployment burden as the ability to move easily to find work is crucial to establishing a liberal, flexible workforce that can easily respond to market pressures and demands. This is not only of economic significance, but also a central symbol of European co-operation. In appreciation of this, the Commission has declared 2006 the year of worker mobility.[33]

It is therefore ironic that the free movement of workers is now the most restricted of the four freedoms. Following the enlargement of the EU to twenty-five members in May 2005, only three countries – Ireland, Sweden and the UK – opened their employment markets to migrants from the new member states. France was at the forefront of the counter-offensive against free movement. The spectre of the Polish plumber became a rallying call in France, symbolising the threat to French jobs that enlargement posed. Despite the advantages that this labour market flexibility brings, many of the EU's largest economies, spearheaded by France, will remain partly or fully closed to workers from former communist member states (EU-8). In early March 2006, the French government decided on a 'step-by-step controlled lifting of the restrictions' on the free movement of labour from the EU-8 countries over the next three years.[34]

These restrictions are both unfair, as free movement of workers is a fundamental right guaranteed by the Treaty of Rome, and heavily counter-productive to reform in France and the EU. At the end of May 2006, unemployment in France stood at 9.1 per cent, with youth employment (16-25 age group) at 21.9 per cent.[35] By contrast, in the UK, the latest Office of National Statistics survey on unemployment noted that 'the number of people in employment for the three months ending in April 2006 was 28.94 million, the highest figure on record. Employment increased by 130,000 over the quarter and by 272,000 over the year. The number of jobs in March 2006 was 30.98 million. This is the highest figure on record and is up 52,000 on the quarter and up 146,000 over the year.'[36]

As Britain is one of the few member states to have allowed migration from the new member states, this suggests that blocking access does not protect jobs but in fact damages the EU economy. Migrants from the new member states are more economically active than the domestic workforce (see Figure 1).

Country of Destination	2004	2005			
		Nationality			
	EU10	National	EU15	EU10	Non-EU
Belgium	64	62	60	55	35
Germany	:	67	68	51	48
Greece	47	60	53	47	71
Spain	68	62	64	78	71
France	61	64	69	62	44
Ireland	:	67	69	85	57
Netherlands	63	74	76	64	41
Austria	58	69	72	66	60
Finland	67	69	67	55	45
Sweden	62	74	73	62	45
United Kingdom	72	72	69	75	58
EU15	59	67	68	62	55
EU10	:	57	59	68	63
EU25	59	65	67	62	55

Source: Eurostat, LFS 2004–2005 Q2.
Notes: ':' data not available or reliable due to small sample size.
Italy is excluded, since it does not disaggregate by nationality. Denmark, Luxembourg and Portugal are excluded due to small sample size.
EU15 and EU10 aggregates in 2004 based on Germany and Ireland 2005Q2 data.

FIGURE 1: Employment rates of EU citizens resident in each EU member state. [NB: the EU10 are the most recent accession countries.][37]

Rather than stealing a finite number of jobs, immigrants from accession countries can help an economy to grow. Yet France chooses to block this process, disregarding the interests of new member states and its commitment to the spirit of co-operation.

Free movement to provide services

The EU Services Directive, a measure to liberalise the services industry across the EU, represented the EU's long delayed attempt to meet its commitment to ensure free movement to provide services. It presented a significant chance to kick-start the European economy. With services accounting for 70 per cent of jobs in the EU, a study into the impact of the services directive carried out for the Commission estimated that liberalisation in this sector could provide 600,000 new jobs, increasing net employment in the EU by 0.3 per cent and generating added value in the services sector of €33 billion. Total consumption was predicted to rise by approximately 0.6 per cent or €37 billion. Britain, especially, stood to gain disproportionably, seeing value-added gains of up to 1.6 per cent.[38] Another report by the Netherlands Bureau for Economic Policy Analysis found that full implementation of the measures contained in the services directive 'could have a very powerful impact on trade: an increase in intra-European commercial services trade of between 30 per cent to 60 per cent'.[39] Put another way, this figure represents an increase of two to five per cent of the total intra-EU trade.

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The need for the Services Directive was further accentuated by a report from the OECD published in July 2005. The report stated that, without fundamental reform, the Eurozone would enter a period of long-term decline, with the non-inflationary growth limit set to fall from two per cent to one and a quarter per cent in the period 2010-2020, and just one per cent in the subsequent decade. To combat this, the OECD report called the implementation of the EU services directive 'essential'.[40]

'Liberalism would be as great a disaster as communism'.
JACQUES CHIRAC

In the face of such over-whelming imperatives, the French reaction to the proposed directive is baffling. At a meeting of the European Council in March 2005, Chirac denounced the proposals, saying that 'liberalism would be as great a disaster as communism'.[41] Throughout the summer of 2005, President Chirac, supported by German Chancellor Gerhardt Schröder, repeatedly decried the proposed directive, calling for its immediate withdrawal. French politicians across the political spectrum seized upon the directive as the embodiment of the new, 'ultra-liberal', Anglo-Saxon Europe, which many see as sapping French influence and transforming the EU into a structure more resembling a free-trade area.

In the light of ferocious French opposition, the Commission balked and the Internal Market Commissioner, Charlie McCreedy, withdrew the directive. When he presented a revised draft, many of the original proposals had been removed, leaving a hollow document. Public healthcare, broadcasting, postal and audiovisual services, temporary employment agencies, legal and social services, public transport and gambling were all sidelined, and the much-vaunted 'country of origin principle', which would have allowed service providers legally based in one member state to operate in another, was dropped. Instead, EU businesses can now look forward to reams of red tape from Brussels, as the Commission tries to produce harmonised standards for each sector.

France has no wish to become the bride of Bolkestein

France was central to the dismantling of this directive. Bolkestein, the surname of the Dutch former EU Commissioner who conceived the initial proposal, has become a byword for everything the French loathe about the EU and a rallying point for those frightened by the Anglo-Saxon influence in today's EU. The vocal efforts of the French political elite in opposition to this directive had a direct impact on its eventual outcome. Given the size and importance of the services sector in the EU, the emasculation of the Services Directive is a serious blow to our economic prospects and to those of the EU as a whole.

Free Movement of Goods

Free movement of goods is the best-established of the four freedoms, though there have been incidents where even this has come under threat – many will remember France's refusal to lift the ban on British beef, which it kept in place illegally from 1999-2002, repeatedly defying action by the European Commission. Today, while the internal market remains reasonably secure, France is at the forefront of attempts to impose its protectionist outlook on the EU's global trading position. While this does not challenge any of the four freedoms directly, it runs contrary to the principle of freer trade and prosperity upon which the EU's own wealth is built.

This reality is best illustrated by the 'bra wars' incident between the EU and China, which took place in August 2005. Following the expiry of the WTO multi-textile agreement in January of that year, quotas were agreed with China on textile imports into the EU in ten different categories. However, quotas in six of these categories were exceeded by August, largely due to the fact that European retailers had placed their orders with Chinese manufacturers before the quota levels were agreed. With 80 million items sitting in ports around Europe, France, backed by Spain and Italy, lobbied hard to keep these items out in the hope of boosting its own flagging textiles industry, which had had fully ten years to prepare for this moment but, having failed to act, found itself unable to compete.

In brokering an agreement, the European Trade Commissioner Peter Mandelson could not contain his frustration with what he saw as unacceptable French protectionism, comparing protectionist attitudes to the historic Maginot line which failed to defend against previous threats to the French nation. 'It inhibits innovation and adjustment,' he said. 'It entrenches uncompetitiveness. In the short term, it can bring desirable relief; but as we have seen, it can also have unforeseen and damaging consequences in a world where trade is flowing as fast and furious as today... I hold to my view that the wrong answer would be to build new tariff barriers and to protect us behind unrealistic walls. These walls are like the historic Maginot line of the past. It doesn't help to defend against a threat.'[42] This unscripted reference to the Maginot Line was widely interpreted as a barely veiled attack on the French government and underlines the threat that French unwillingness to face up to the realities of the global market poses to the whole of the EU.

In many areas of economic policy, French politicians are now indeed trying to reconstruct the Maginot line and distance themselves from the rest of the EU. This may be attractive and expedient in the short-term. However, it is causing long-term damage not only to France's economy, but to European relations. French economic nationalism represents a concerted attempt to pursue a self-interested national agenda in the face of EU membership obligations that are designed to bind the country to its neighbours and uphold a liberal market system. This pursuit of French exceptionalism creates an uneven playing-field, weakens the EU and creates suspicion between countries that can easily harden into mistrust. The next chapter demonstrates the ways in which French disregard for wider European interests, coupled with its increasing resistance to reform, are not only hampering economic growth but damaging the authority of the EU and the spirit of co-operation necessary to bring about wholesale reform.

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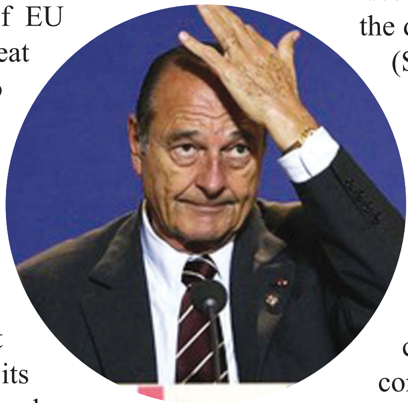
The French Challenge to EU Authority

Transposition of EU Directives into French Law



France's approach to the assimilation of EU directives into national law tells us a great deal about broader French attitudes to European integration. The European Union produces a large quantity of regulations every year, most often in the form of directives which have to be transposed into national law by each member state. Although not alone, France has consistently been amongst the most resistant to enacting this process. In its recent report, 'Une vision, de l'action, des frontières: notre projet pour l'Europe', the UMP summed up the situation well. 'France', it declared, 'appears as a bad pupil in terms of its respect for its community obligations. Regarding the transposition of community directives, France displays a marked delay. Thus in November 2003, in the area of the single market, France was last of the EU15 countries, on a par with Belgium and Germany.'[43]

France has the worst transposition record of EU-15 Member States... France compounds this by taking the longest to remedy delays in transposition'

EUROPEAN COMMISSION

The situation has scarcely improved since 2003. In the European Commission's Internal Market Scoreboards, published each year to illustrate the progress of each member state in the transposition of internal market legislation into national law, France is repeatedly one of the worst-performing countries. In July 2004 the Commission stated that: 'France has the worst transposition record of EU-15 Member States... France compounds this by taking the longest to remedy delays in transposition'.[44]

A further measure of a country's unwillingness to transpose EU directives can be found in the number of infringement cases bought. These statistics too highlight France's unwillingness to uphold its legal obligations: in 2004, France had 125 infringement cases pending against it – more than Denmark, Finland, Sweden and Luxembourg combined. The same picture emerged in both 2005 and 2006: in 2005, 117 cases were still open against France, second only to Italy; in 2006, this figure was 107, behind Italy and Spain.[45]

Disregard for EU Law

If France is prepared to ignore these legal obligations, it is equally prepared to contravene those EU laws which are already in place if it suits its interests.

Two examples of this willingness to infringe European law deserve to be looked at in detail. The first is the disregard of the Stability and Growth Pact (SGP), a policy designed to ensure budgetary discipline for those member states in the Eurozone. The original policy stated that no member state could run a deficit on public expenditure over revenue of more than three per cent of its GDP, or allow government debt to exceed 60 per cent of GDP in any given year. If a country breached these rules for over three consecutive years, the Commission would ask it for a deposit of between 0.2 to 0.5 per cent of GDP; if the country then breached the pact for a fourth year, the Commission would keep this deposit.

From 2002-2004, France, together with Germany, was consistently in breach of these rules and made no attempt to rectify the situation. The situation came to a head when, having been asked by the European Commission to take action against France and Germany for persistently breaching these rules, the European Council failed to do so, instead relaxing the rules of the SGP in March 2005 at an extraordinary meeting of EU finance ministers.

While the Pact may have been widely derided – even Romano Prodi, then President of the European Commission, called it 'stupid' – France's decision to discount utterly a piece of European legislation seen as being central to the working of the Economic and Monetary Union is symptomatic of a high-handed attitude towards EU authority.[46] As a pivotal member state, France was prepared to flout major European legislation in the knowledge that it was highly unlikely that it would face any major sanctions, because of its weight on the European stage. This sent a clear message to smaller countries, such as Portugal and Ireland who had both previously been forced into measures to address their breach of the SGP, that there was one law for smaller member states and another for countries such as France and Germany.

France's decision to discount utterly a piece of European legislation seen as being central to the working of Economic and Monetary Union is symptomatic of a high-handed attitude towards EU authority.

A similar willingness to be seen openly flouting EU authority can be seen in the long running saga of French over-fishing. In July 2005, the European Court of Justice (ECJ), at the behest of the Commission, imposed a penalty payment of €316,500 a day on France, in addition to a lump sum fine of €20 million, for an infringement of EC law dating back to 1984.[47] For twenty-one years, France has refused to comply with EC measures for fisheries conservation, repeatedly offering undersized fish for sale and ignoring a 1991 judgement that had asked France to put a stop to this practice.

'The absence of effective action by French authorities were such as to prejudice seriously the Community objective of conserving and managing fish resources'.
EUROPEAN COMMISSION

This is by far the biggest penalty ever imposed on a member state and the first time the ECJ has ordered a member state to pay both a periodic penalty fine and a lump sum fine. Indeed, the ECJ has only ever imposed such a financial penalty twice before.[48] In both these cases, the sums involved pale in comparison with those imposed against France. This reflect the severity of the French infringement. In the words of the Commission report on this infringement, 'the absence of effective action by French authorities were such as to prejudice seriously the Community objective of conserving and managing fish resources'.[49]

Yet the issue goes beyond conservation. French failure to implement EU laws represented a direct challenge to the authority of the EU. It demonstrates an unwillingness to accept uncomfortable compromises, even when they are the product of painstaking EU-wide negotiation. It also creates a deeply negative precedent for smaller countries that look to France for leadership.

France turns its back on co-operation

For a country which has provided two Presidents of the European Commission and six Presidents of the European Parliament, perhaps most telling for the present state and future development of France's relationship to the EU is the country's attitude towards the European Parliament.

At the 1992 Edinburgh European Council, France demanded that the European Parliament maintain its base in Strasbourg, in the face of growing momentum towards the creation of a single seat in Brussels. In the compromise that followed, it was agreed that the Parliament would spend one week in three in the French city of Strasbourg. Despite this, French MEPs seem particularly reluctant to sit in it. A study by the Robert Schuman Foundation shows that the attendance level of the French MEPs in Strasbourg for the 2004-05 plenary sessions was 83.17 per cent, significantly under the European average of 87.36 per cent, even though it is in their own country.[50] When the attendance levels of French MEPs are compared to those of the twenty-four other member states, France has the third worst attendance record of all member states. Small wonder that over 820,000 people have signed an on-line petition calling for the abolition of the European Parliament seat in Strasbourg, which costs the EU taxpayer over €200 million a year.[51]

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This disregard for the institution charged with carrying the representative, democratic responsibilities of the EU, goes hand in hand with the reluctance of the French government to implement or uphold EU laws. It demonstrates the way in which France's self-interested attitude operates. France refuses to implement EU laws because they do not suit French interests and its MEPs disregard the European Parliament because it has little capacity to deliver quantifiable benefits. Yet, while this may make sense at a national level, its EU-wide effect is to undermine EU authority, thus making it more difficult for positive measures to be pursued.

Conclusion: J'Accuse!

French membership of the EU has always been seen as a one way street.[52] The ties that bind EU member states are not only economic and legal but psychological. It is hard to imagine that the EU in its present form could cease to exist. Yet, with France moving away from the principles of EU membership, has the time come for us to consider what lies beyond the EU? This pamphlet has presented evidence that suggests that by many practical measures, France is already distancing itself from the EU – where might this lead?

With France moving away from the principles of EU membership, has the time come for us to consider what lies beyond the EU?

There is a strong case to suggest that France's relationship with the EU is going to undergo a significant alteration in the coming years. We have seen the way in which France has turned its back on many of the core principles of EU membership embodied in the EU treaties. France has sought to protect domestic industries from foreign takeover, to uphold a closed labour market regardless of the consequences for the French economy and bar economic innovation by preventing liberalising measures. It has continued to treat the EU as a means of projecting its own national interest without due heed for the community spirit that membership requires. This not only damages France, but has the effect of preventing necessary change across the Union.

Yet with reform an unavoidable task in the coming years if Europe is to keep pace with its competitors such as the USA, China and India, it is difficult to see how France's current position can continue to be compatible with the EU. In the same speech quoted above, former President Giscard d'Estaing went on to observe that the 'resumption of the project for reform of the European Institutions can only come through a change of attitude by France'.[53] The arguments presented here and the positions of those who seek to lead France in the future do not suggest that this change is going to come soon.

France is no longer the leader of Europe and, if it continues upon its chosen course, it may soon find itself in a position incompatible with the principles of the organisation it played such a part in creating.

The rest of the EU cannot wait for France to make up its mind to reform. The new member states of eastern Europe are in a race to catch up with the affluence of their western neighbours before their population ages and their GDP plummets. The need to compete in a truly global marketplace makes the single market, based on the Four Freedoms, more important than ever. Moreover, the EU simply cannot operate under a system of French exceptionalism with twenty-five, soon to be twenty-seven, members. The old core of fifteen formed a relatively homogenous group that was willing to bend to accommodate France in order to maintain good relations. However, the EU is now more diverse and will rely more heavily upon the rule of law and a fair playing-field. It is questionable whether France wants to participate in this sort of Community. From the evidence presented in this pamphlet, it would appear that France is set on a course that will diverge increasingly from the principles of the European Union. Its abrogation of the Four Freedoms, its resistance of the reform agenda and its disregard for the cohesion of EU institutions all bode ill for the future.

The consequences of this divergence will depend on a number of unknowable factors. Given France's recent history, one might predict that change is most likely to be forced through a crisis – such as that of 1958 or 1968. It might come through the strengthening of the far-right in France, which has always maintained a strong resistance to the EU.[54] Alternatively, an economic crisis – perhaps spurred by Italian withdrawal from the Eurozone – could spark a wider reappraisal of the role of the EU. These scenarios do not amount to anything more than speculation about an unpredictable future. Yet there is a serious point to be made. France is no longer the leader of Europe and, if it continues upon its chosen course, it may soon find itself in a position incompatible with the principles of the organisation it played such a part in creating. Were this to happen, European leaders would have to confront the question of whether future EU co-operation might only be possible without France.

Notes

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