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The Wall and Maastricht: Exogenous Shocks and the Initiation of the EMU and EPU IGCs

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ABSTRACT Scholars disagree about the role of exogenous shocks in initiating the European political and economic intergovernmental conferences leading to the Maastricht Treaty. Initially, scholars viewed the intergovernmental conferences (IGCs) as a response to German reunification. Over time, the literature began emphasising the role of wider financial market instability. This article reconsiders the role of exogenous shocks prior to and including the fall of the Berlin Wall. It concludes that the initiation of the Maastricht Treaty was significantly influenced by a series of shocks starting well before, but not excluding, the collapse of the Berlin Wall. These shocks provoked the parties, particularly Germany and France, to alter their preferences and align their interests.

KEY WORDS: Maastricht Treaty, German reunification, BATNA, negotiation analysis, European Monetary Union, European Political Union

I. Introduction

In 2002/03 external factors — including the imminent accession of ten new member states — prompted the existing European Union members to initiate a Convention and a series of intergovernmental conferences (IGCs) on a constitutional treaty. These recent developments are reminiscent of the circumstances surrounding an earlier series of IGCs; those leading to the 1992 Maastricht Treaty. This article considers the role of exogenous shocks, in particular the collapse of the Berlin Wall and the reunification of

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Germany, in initiating these IGCs. Fifteen years after the fall of the Berlin Wall, a re-evaluation of the role of this shock in the initiation of the Maastricht Treaty IGCs is now called for.

Early observers of the IGCs on Economic and Monetary Union (EMU) and European Political Union (EPU) see the prospect of German reunification as the catalysing influence on the negotiating parties' preferences.¹ This view is exemplified by Van Wijnbergen (1992) and Tsakaloyannis (1991). Both highlight how swift progress towards reunification initially created serious strains for Franco-German relations, tensions that were addressed at the December 1989 European Council meeting in Strasbourg. There, after serious discussion regarding the developments in Germany, the Council members endorsed Germany's wish for reunification on the condition that reunification take place within the framework of European integration.²

Sandholtz (1993) argues that an accurate evaluation of the IGCs must acknowledge six other key political motives as well: the 1980s conversion to monetary discipline in several European countries; a neofunctionalist rationale that the 1992 programme motivated progress toward ever further integration; supportive opinion from business; desire for non-Germanic governments to have a greater influence in European Community (EC) monetary policy; desire among European governments to find an effective means of institutionalising a commitment to low inflation; and stronger EC bonds for Germany to counterbalance its growing ties with Eastern Europe and the reforming Soviet Union. Sandholtz concludes that even though monetary union provided few, if any, economic benefits to Germany, it assured the EC that a reunified Germany would remain engaged in European affairs.³

Baun (1995–96) further clarifies the Western European nations' desire to strengthen and deepen European institutions in order to permanently bind Germany to the EC. After the collapse of the Berlin Wall on 9 November 1989, many Europeans feared a united and unbound Germany might become increasingly independent and nationalistic. These forces would, in turn, push Germany away from the course of peaceful integration into Western institutions that had characterised the post-war identity and policy of the Federal Republic.⁴ Thus tighter integration was necessary for constraining the larger Germany.

Later scholars, particularly Moravcsik (1998), have rebutted the early view on German reunification. Moravcsik argues that reunification altered neither the preferences of the major parties, nor Germany's willingness to give concessions. Instead, the preferences were derived internally. In exploring geopolitical interests, ideological concerns, and economic interests, he determines that the core reasons for the Maastricht Treaty's final form do not include the triumvirate of German reunification, agenda-setting by supranational officials (i.e. the European Commission) and federalist ideology. Instead, he reasons, the treaty's primary goal was to rectify the divergent policies among countries of strong and weak currency. Such interests were essentially unchanged by German reunification. Moravcsik states: "Firm commitments by France and Germany to move decisively forward with EMU — and opposition by Britain to that goal — predate the fall of

the Berlin Wall and remained unchanged after unification was completed in August 1990.”⁵

Moravcsik offers three specific points to rebut the common conception that EMU was a French *quid pro quo* for German reunification. First, the German decision to move forward with monetary unification predates the collapse of the Berlin Wall. Second, the EMU negotiations continued long after reunification was complete. Third, though he acknowledges that reunification may have held some influence, he believes that economic considerations were more widely discussed in the German government in the lead-up to the Maastricht negotiations.⁶

König and Hug (2000) use Eurobarometer 37.0 survey data and factor-analysis to provide the most focused and quantitatively intensive study on the member states’ domestic political and economic restraints and preferences. König and Hug derive the preferences of political parties amongst the twelve IGC participants (excluding the European Commission) along a two-dimensional policy space (one dimension for the political component of European integration, one dimension for the economic component). These scholars then objectively measure the size of each country’s domestic win-set. By placing acute importance on party preferences and ratification procedures, König and Hug (like Moravcsik) find little evidence to suggest that German reunification drove the development of party preferences.

In light of such discrepancies, it is pertinent to consider what impact exogenous shocks, such as German reunification, had on French and German preferences. Did such shocks, in turn, alter the decision to initiate the IGCs on the Treaty of the European Union? France and Germany are the focus of this paper for two reasons. First, they were the focus of previous studies into the impact of German unification on the EMU and EPU IGCs. Second, when modelling negotiations it is considered useful and efficient to select the negotiation’s two most influential parties.⁷ Substantial literature deems Germany and France as the two most influential parties in any negotiation regarding European integration.⁸

To direct the evaluation, section II presents a basic framework for modelling negotiations. According to this framework, exogenous shocks motivate parties to change preferences, as depicted by a change in BATNA (Best Alternative To a Negotiated Agreement). If one party’s BATNA renders negotiations impossible because an agreement outcome is unlikely, an exogenous shock can initiate negotiations by worsening the party’s BATNA, thus making an agreement outcome possible.

Section III explores the preferences of France and Germany in regard to deeper European integration, from just after the ratification of the Single European Act in 1987 until just before the December 1991 EC Summit in Rome. The focus of this section is on how various international economic and security shocks altered these preferences. Substantial evidence suggests that initiating these IGCs was significantly influenced by a series of exogenous shocks, because these shocks altered the preferences of France and Germany. These shocks include international financial market instability, the US decision to remove Pershing II missiles from Western Europe, large

East-to-West immigration flows, and German reunification. Section IV summarises these findings by applying the theoretical framework of Section II.

II. The Model: A Negotiation Analysis Framework

The basic framework for negotiation analysis provides an ideal tool for conceptualising how (and if) exogenous shocks influence the preferences of a negotiating actor. The framework is based on the eight conceptual building blocks of parties, issues, objectives, BATNA, resistance points, possibility frontier, zone-of-agreement, and outcomes.⁹

The Basic Framework

Parties, quite simply, are the participants in the negotiation. *Issues* are those subjects that are discussed explicitly and appear as the points covered by agreements. Issues are not the underlying purposes or goals of a negotiation. Instead, *objectives* are the underlying goals of a party in a negotiation. The three most common objectives of trade and monetary negotiations are economic, relational, and domestic-political. Economic objectives allow countries to realise commercial or financial gain (or avoid loss). Relational objectives maintain or increase a country's future influence with the other parties. Domestic political objectives maintain or increase the popularity of a nation's chief executive, or ruling party, with constituents.

A *resistance point* is the value of the approximately perceived worst deal a party will accept. It is a visual depiction of each party's preferences relative to the other party. Each party has some maximum or minimum outcome, such that a hypothetical settlement below that point would seem worse than no agreement with the other party. The location of the resistance point depends on the party's BATNA (Best Alternative To a Negotiated Agreement). BATNA is the course of action that a party will take if the negotiation ends in a stalemate or is never initiated. Naturally, 'best' need not mean the best achieved through maximisation, but rather the perceived best, or approximately best alternative that can be found with average effort. The worse the alternative, the lower the resistance point; hence, the more likely the party is to engage in constructive negotiations. Conversely, the more improved the BATNA, the higher the resistance point; and the less likely the party will negotiate constructively with its partners. A resistance point can shift if the party perceives a worsening or improving of its BATNA during the course of the negotiation.

Figure 1 shows two parties' resistance points. Each point between the two axes of Figure 1 represents a possible outcome. The horizontal axis represents the value Party A places on each outcome, the vertical axis represents the value Party B places on each outcome. The origin denotes a value of zero for both parties, while the progressively increasing numbers on each axis

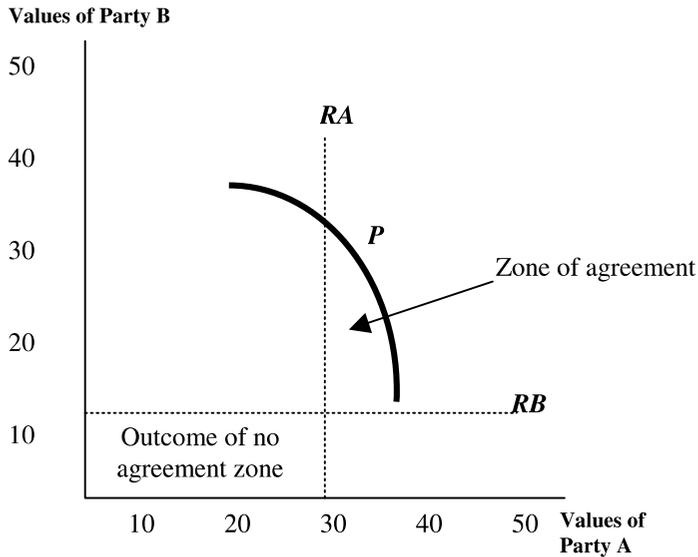


Figure 1. Two Parties' Resistance Points in a Negotiation

illustrates the increasing value of potential outcomes for each party. (Typically, these numbers have no true value to observers, as the secrecy of negotiators' positions makes reservation values unobservable.) The vertical dotted line, RA , is the resistance point for party A. The horizontal line, RB , is the resistance point for party B. Any agreement reached to the right of RA and above RB will be acceptable to the parties. Any agreement to the left of RA or below RB will not be acceptable to one of the parties. This is an area of no agreement.

The *possibility frontier*, P , is an abstract concept of outer limits in which an agreement is not feasible by negotiation for technological or other reasons. Its location is never exactly known by the negotiators, but an indication of where this frontier lies comes with better evidence about what possibilities and limits negotiators actually perceive. The combination of the resistance points and the possibility frontier creates a *zone of agreement*. Every point in the zone of agreement represents a Pareto improvement, thereby demonstrating that negotiations can create value that the parties would not enjoy without bargaining. The zone of agreement in Figure 1 is the area contained within RA , RB and P .

The negotiations will end in an *outcome* of either impasse or agreement. Only outcomes within the zone of agreement are acceptable agreements. When negotiated outcomes are assessed in terms of how well they serve the negotiator's home organisation (i.e., country of origin), that organisation will consider whether they are better or worse off than before. Agreements are categorised as: win-win, if both parties come out better; win-lose, if one comes out better and one worse than before; lose-lose, if both parties come out worse; or zero-sum.

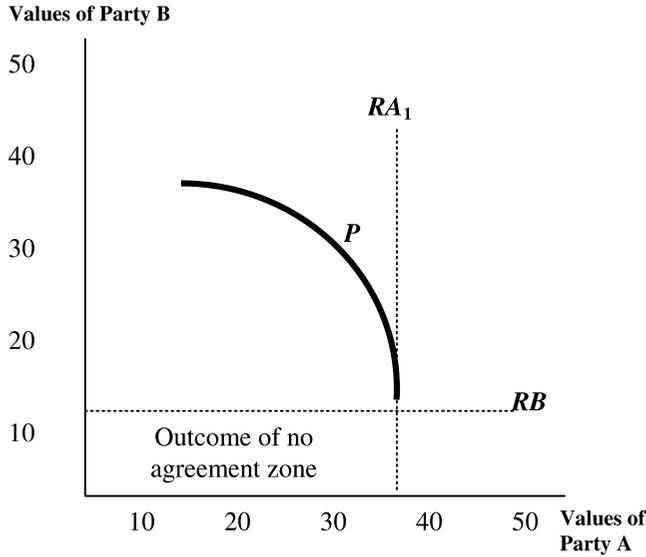


Figure 2. No Negotiations Due to Party A's High Resistance Point

Use of Model to Analyse the Impact of Reunification on the EMU/EPU IGCs

If exogenous shocks influenced the initiation of the Maastricht Treaty negotiations, there would be evidence that external events compelled the parties to perceive a change in BATNA, thereby rendering the parties amenable to meaningful negotiations. Figures 2 and 3 illustrate such a scenario. In Figure 2, negotiation is not possible because the resistance point of party A is so high that an agreement outcome is unlikely. However, when an exogenous

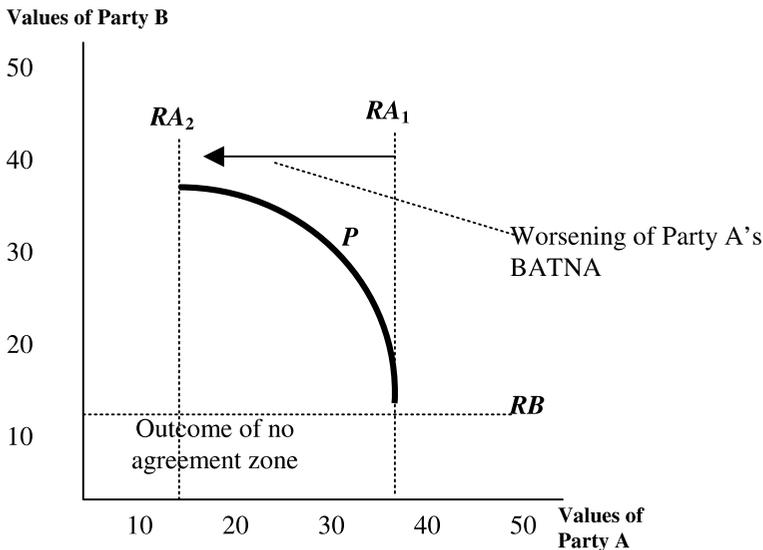


Figure 3. Exogenous Shock lowering Party A's Resistance Point

shock alters the preference of party A by worsening its BATNA, this result lowers party A's resistance point, as illustrated by the leftward shift of RA from RA_1 to RA_2 (Figure 3). This situation widens the zone of agreement, making it possible for the negotiation to end in an agreement outcome.

III. Case Study (1987–1990)

This case study concerns France and Germany from 1987 to 1990. It chronicles the preferences of the parties as articulated publicly by them before the start of the IGCs. The objective of this case study is to identify if the parties perceived a change in BATNA and, if so, did this change in BATNA alter their willingness to negotiate EMU or EPU. In particular, the case study discerns the impact of German unification on initiating the IGCs. To control for possible momentum created by the signing of the Single European Act (SEA) of 1986, the case study spans from just after the ratification of the SEA in 1987 to the completion of the 'two-plus-four' talks in September 1990. To provide structure, the case study is divided into two parts. First, it will explore how German and French preferences on EMU influenced the commencing of the Delors committee in 1988. Second, it will evaluate the impact (on party preferences) of two factors: Eastern European political instability and the fall of the Berlin Wall.

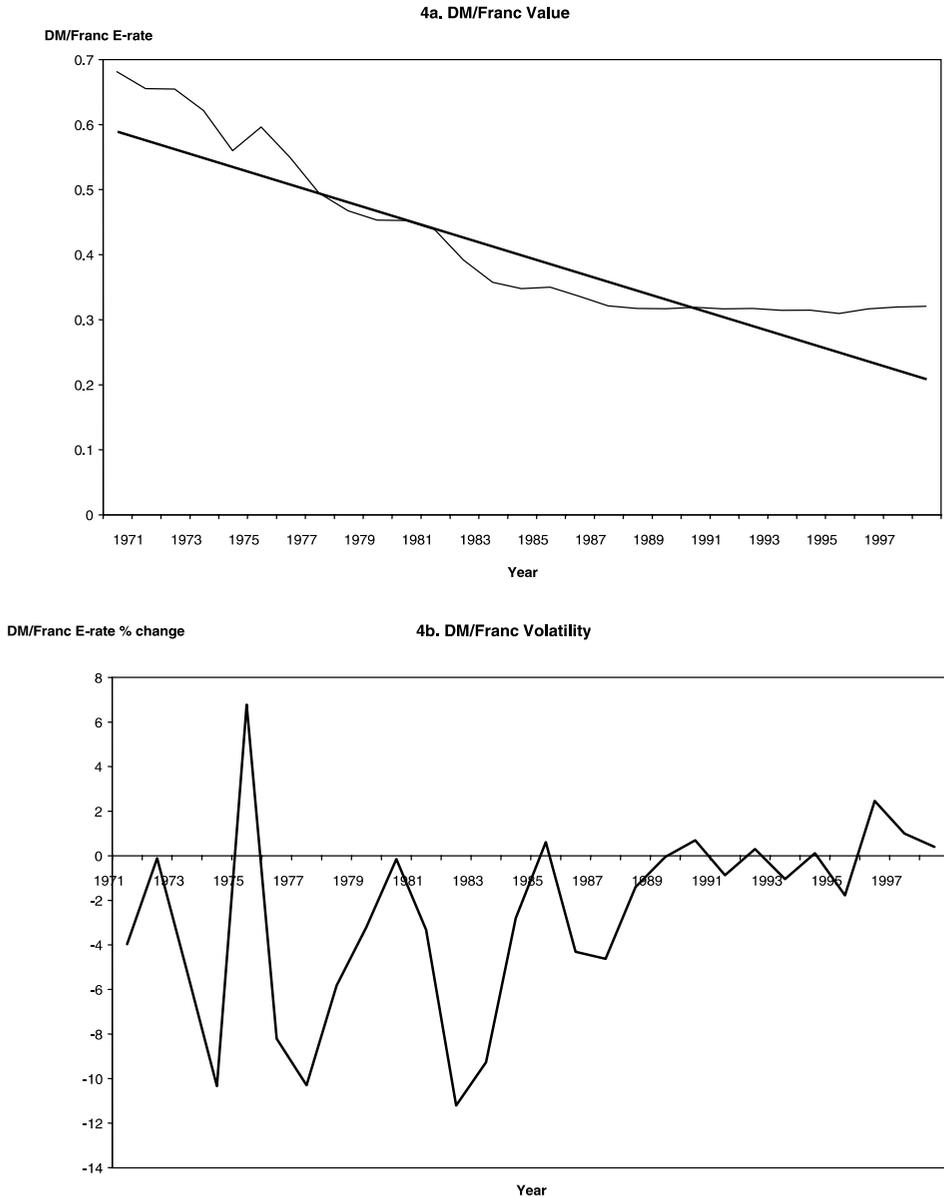
PART 1: Commencing the Delors Committee

German apathy. Jacques Delors, then President of the European Commission, sensed that member states would be reluctant to press ahead with further integration, after having expended a large degree of political capital in ratifying the 1986 Single European Act to create an integrated market by 1992. In September 1987 he called for a two-year respite on economic integration discussions: "Let us not speak about EMU for two years from now."¹⁰

No state exemplified this reluctance more than Germany. Though Germany had consistently and staunchly supported deeper integration, particularly of the political kind,¹¹ and despite its signing and ratifying the Single European Act, by mid-1987 the West German government lacked enthusiasm for deeper European integration. The European Commission was very concerned about Germany's reluctance, which the Commission viewed as a threat to further integration. So the seventeen European Commissioners took the unprecedented step, on the long-standing invitation from German Chancellor Helmut Kohl, of meeting the German Government in Bonn in April 1987 to ascertain German concerns. In an interview that same month, one Commissioner stated, off the record: "We have got to give the West Germans a real challenge, to galvanize them into action ... There are only two possibilities: to challenge them to exercise real economic leadership in Europe, in a truly integrated economic union; or to share leadership in European nuclear defence with France and Britain. Otherwise there is a real danger of them turning away."¹² This episode

simply marked another occasion for Delors to doubt in private German commitment to EMU.¹³

There were three reasons for Germany's reluctance: the American nuclear umbrella; its reticence to forgo the Bundesbank; and the strong performance of the German economy. First, the US's Pershing II intermediate-range nuclear missiles stationed in West Germany obviated any need for Bonn to



Source: Heston, A. et al.

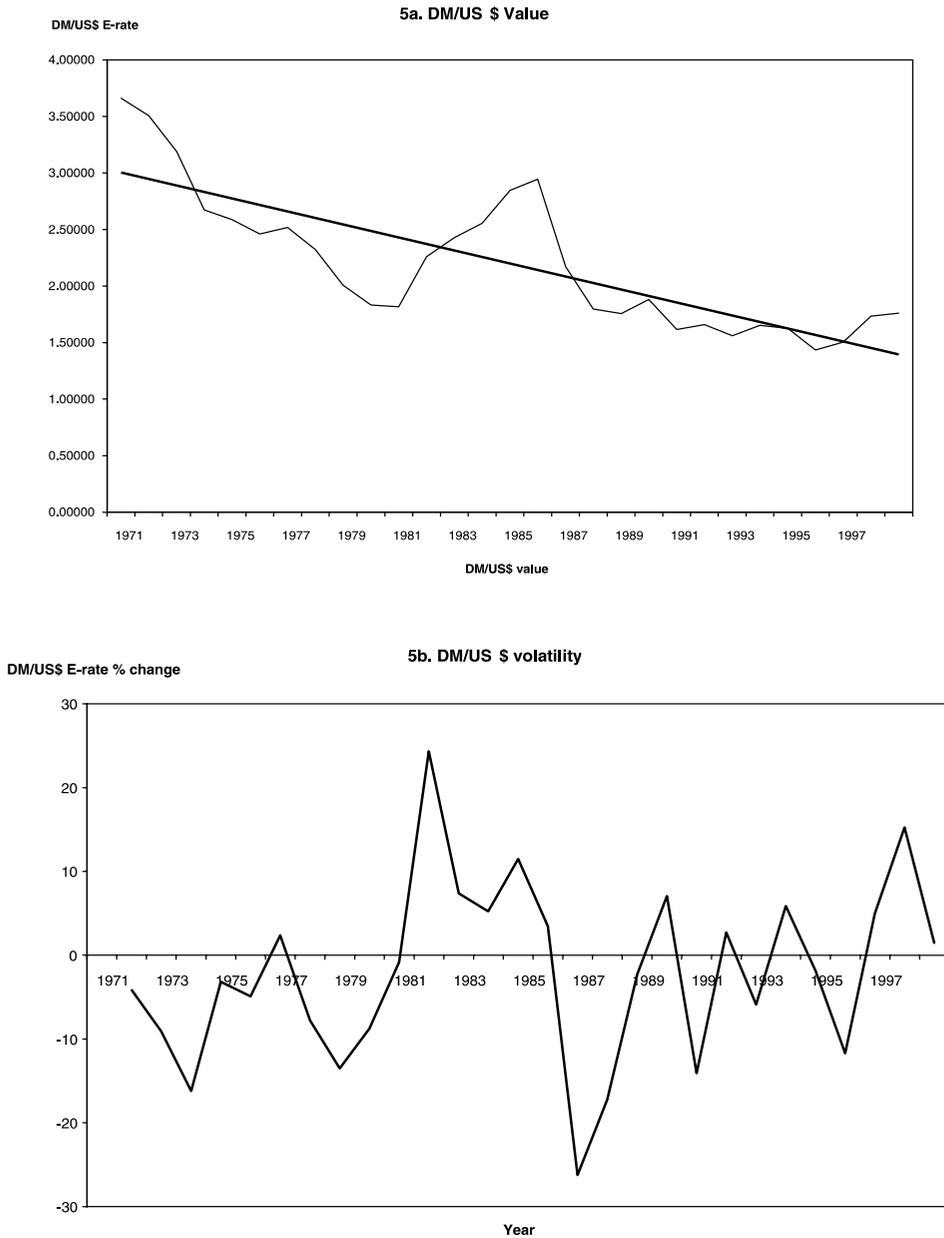
Figure 4.

rely on a European deterrent to the SS-20 intermediate-range nuclear missiles the Soviet Union had deployed in the 1970s. This protection was of prime importance to Kohl, who had stared down criticism in 1983 when fighting to garner Bundestag support for the US missiles in West Germany.

Second, the technocrats of the Bundesbank and conservative members of the Finance Ministry (particularly German Finance Minister Gerhard Stoltenberg) were wary of pursuing economic integration towards Monetary Union. This attitude stemmed, in part, from fear of losing autonomy on monetary policy. Also, from the German perspective, the monetary *status quo* of the European Monetary System (EMS) was beginning to offer a relatively stable exchange rate, as illustrated by Figure 4. Figure 4b shows the dampening of the French franc/Deutschmark (DM) exchange rate volatility, while Figure 4a shows the franc/DM value beginning to stabilise. Because EMU, unlike EMS, would require German ministers to share responsibility and power over European-wide exchange-rate policies, EMS was the preferred German option. In the *Report of the Deutsche Bundesbank, 1988*, Bundesbank officials state bluntly, “at all events, there seems to be no reason for subjecting oneself or being subjected to time pressure when taking the remaining and, in the final analysis irrevocable steps towards an economic and monetary union.”¹⁴ Stoltenberg himself had earlier stated point-blank in a Bundestag debate that there was no alternative to a system of flexible exchange rates.¹⁵

Third, the German economy was performing significantly better than its European neighbours. Economics Minister Martin Bangemann labelled as “satisfactory” the triumvirate of negligible inflation, a trade surplus, and projected growth of 2.5 per cent.¹⁶ Consequently, the global financial market instability precipitated by the falling US dollar did little to trouble German officials. Figure 5a illustrates the steep decline in the dollar’s value relative to the DM, while Figure 5b shows the large swings in the DM/US dollar (\$) exchange rate. German officials perceived little need to intervene substantially in the foreign exchange markets or alter domestic policy. One German economic policymaker said, “We did not cause the imbalances — they’re mainly the fault of the Americans — and we are not very eager to change what we think is a solid economic course.”¹⁷ By ‘solid economic course’ this official was referring to West Germany’s anti-inflationary policy. Bundesbank President Karl Otto Pohl insisted that though the Bundesbank was not “neurotic about inflation ... experience has taught us not to wait until prices go up, because then it is mostly too late.”¹⁸ In short, German economists believed the dollar’s plunge from 3.2 DM/\$ in 1985 to 1.70 DM/\$ in November 1987 would not dramatically impact the German economy.

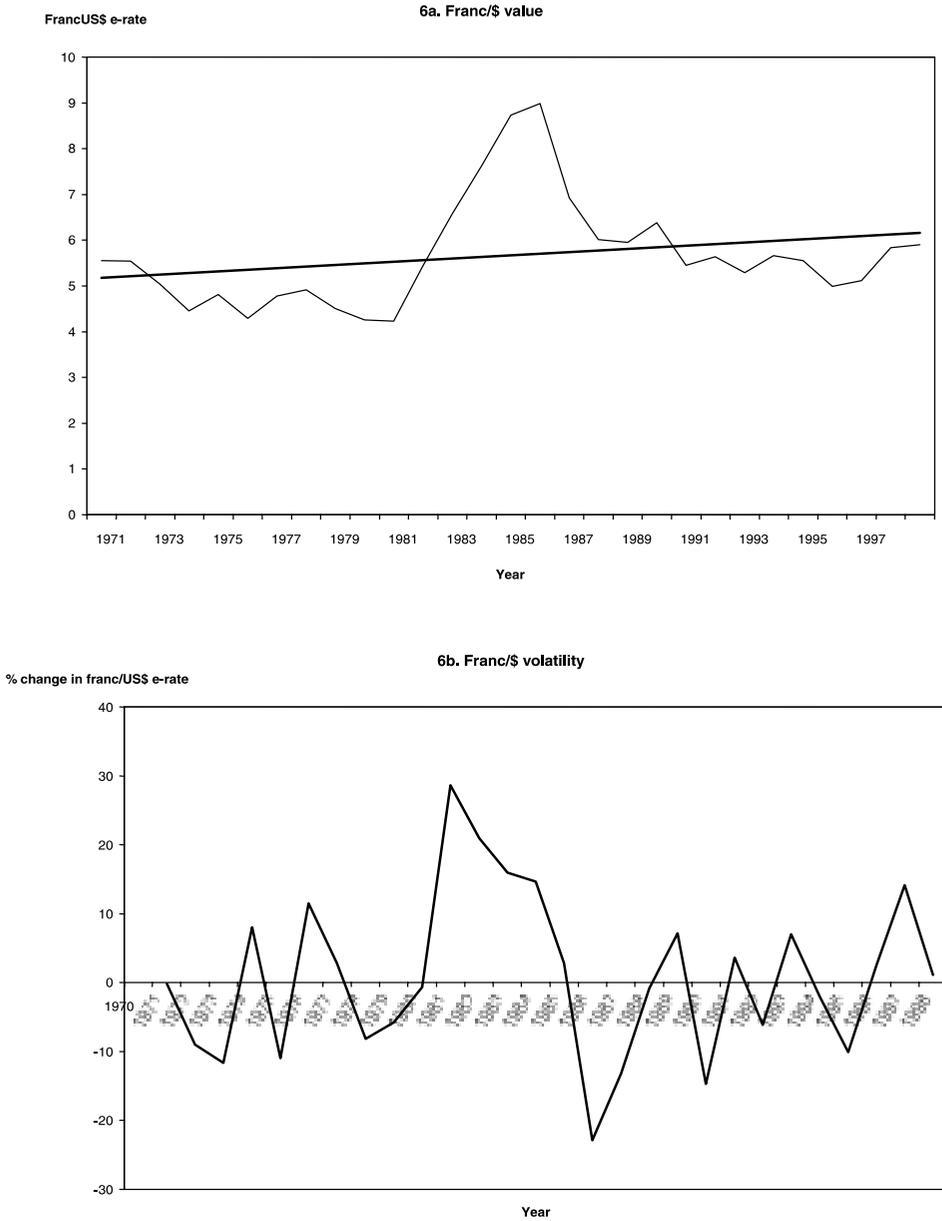
The French proposal. In contrast to Bonn, Paris was independently minded in its foreign and defence policy and held an unfavourable view of the economic status quo. In numerous newspaper interviews, French Finance and Economy Minister Edouard Balladur openly urged the US and West Germany to resolve what he perceived as financial turmoil.¹⁹ French President Mitterrand was more direct: “Get a hold of your economies.”²⁰



Source: Heston, A. *et al.*

Figure 5.

As Figures 6a and 6b depict, the French franc experienced exchange rate volatility similar to the DM. The difference in perception is the result of weaker conditions in the French economy; and the belief of Balladur and Mitterrand that interest rates must be lowered in Germany, so that rates



Source: Heston, A. *et al.*

Figure 6.

can, in turn, be lowered in France (with the end result of stimulating French demand).²¹

Disenchanted with the asymmetry of EMS, France sought to wrestle away from Germany some of the monetary influence that had left the Bundesbank as the only EMS central bank still operating an autonomous monetary

policy. The EMS designers intended that some burden of adjustment fall on strong currencies (like the Deutschmark) when they diverged from the rest. In practice, the weak currency countries (like France) had been forced to intervene, borrow and raise interest rates when their currencies hit the limits of the exchange-rate mechanism margins against the Deutschmark.

Hence, in January 1988, Balladur officially proposed creating a European central bank, an idea he had been advocating since late 1987.²² Balladur believed that tightening Western European financial cooperation would help Europe in two ways. First, it would enable the EC (and particularly its weaker currencies) to cope with the sharp decline in the value of the US dollar, which he blamed for the slide in world stock markets. Second, the strategy would recreate the financial stability lost with the collapse of the Bretton Woods system in 1971. However, he made it clear that “economic and financial policies in the Community should not be knocked out by a certain country, but be formulated through consultations among EC members.”²³ These comments were, of course, directed at Germany.

The German switch. Though it initially seemed unlikely Bonn would support a programme that reduced its economic and financial independence,²⁴ by late 1988 most German officials came to accept it, a reaction many scholars have viewed as “unusually conciliatory and positive.”²⁵ Yet, German support for the plan was actually quite tangible. First, Kohl and West German Foreign Minister Hans Dietrich Genscher were now simply continuing the ideological Europeanism of former Chancellors Adenauer and Schmidt. Second, Germany did stand to gain economically from deeper economic integration with France. France had demonstrated success in fighting inflation, thereby lessening the cost of monetary union. French eagerness for a European central bank would enable Germany to create a central bank on German terms, which meant a central bank independent from political influence and committed to low inflation. Currency union would eliminate German exporters’ concern that continued French trade deficits posed a risk to currency realignment.²⁶

However, even though ideology and economics aptly explain why deeper economic integration would be appealing, proposals for a common currency had been present since at least the drafting of the Werner report in 1970. Why Germany was now open to investigating deeper economic integration, particularly after Delors had already warned of pushing along too quickly, can be best explained by considering the potential impact of two exogenous shocks.

First, there was the ‘Black Monday’ stock market collapse in October 1987 that spread from New York across the Atlantic. In a speech to the European Parliament less than a week after Balladur’s proposal, Genscher said that the dramatic developments in the financial markets, particularly the stock market and dollar crashes, “demonstrated the necessity of closer co-operation in the monetary field.”²⁷ In reality, Genscher and Balladur were reiterating calls Delors made immediately following the ‘Black Monday’ stock market collapse. Specifically, Delors believed the crash justified ending a

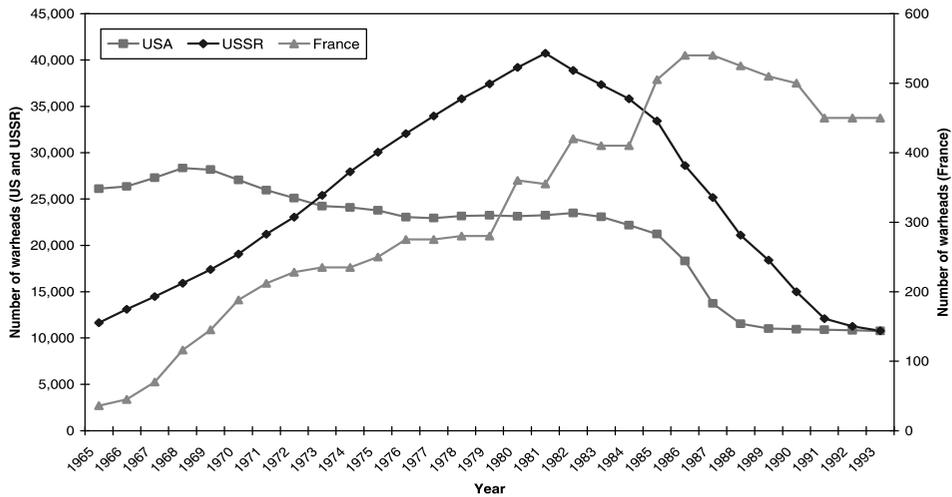
two-year ban on talk of EMU, in order to create a European reserve currency that would insulate Europe from external threats.²⁸

A second shock, often overlooked, was the decline in the US nuclear deterrent, an event that made closer relations with France a primary German foreign policy goal.²⁹ In mid-1987, the United States and the Soviet Union reached a prospective agreement to eliminate medium-range nuclear missiles (500 to 5500 km) through the intermediate-range nuclear forces (INF) treaty.³⁰ When the United States and Soviet Union neared the conclusion of their arms reduction talks in 1987, both countries held a large absolute number of warheads. However, the US Pershing IA and Pershing II intermediate-range nuclear weapons stationed in Europe were of relevance to Kohl and West Germany. Kohl had tried hard in the early 1980s to have these missiles deployed in West Germany so as to deter an attack by Soviet conventional forces, and as a match to the Soviet SS-20 missiles. Now, the United States had agreed with the Soviet Union to dismantle these weapons. Because the INF treaty still permitted the super-powers to maintain short-range weapons (with a range of 60 to 300 miles), the signing of the treaty left Bonn wary that a conflagration with the Soviet Union would jeopardize German lives.³¹ It also increased the probability that, if a ground war did occur, Germany would be overrun by conventional Soviet forces.³² More generally, questions emerged regarding America's reliability in securing Europe from a Soviet threat.

German concerns of US decoupling played perfectly into the hands of France with its traditional policy of strategic autonomy from the United States and NATO.³³ Specifically, in mid-September 1987, Mitterrand offered Kohl a plan to form a Franco-Federal German defence council.³⁴ Most importantly, Mitterrand promoted French nuclear forces as a viable substitute to the Pershing II missiles. In his own words, these missiles could serve as the "deterrent of Europe" against Soviet conventional forces.³⁵ Figure 7 substantiates Mitterrand's claim. In contrast to the United States and Soviet Union, France continued to increase the number of nuclear weapons. Though France only possessed about 540 nuclear warheads in 1987, the weaponry available to Paris could more than compensate for the loss of the Pershing missiles.

This major step in the gradual deepening of the Franco-German strategic partnership also gave Kohl the desired flexibility to diplomatically address the Soviet Union; because Paris, unlike the United States, was far more willing to tolerate détente.³⁶ The sentiment forged by this partnership was finally codified by the European Foreign and Defence Ministers of the Western European Union (WEU) strategic forum in the *Platform on European Security Interests* document of late October, which called for increasing steps towards closer security cooperation.³⁷

Integration renewed. The spirit of cooperation fostered by these two shocks re-ignited movement towards EMU. Delors stated in early 1988 that seeing "the movement accelerating," he knew it was time to proceed with a committee to provide the intellectual and technical framework for constructing



Source: Natural Resources Defense Council

Figure 7. Nuclear Forces (1970–1988)

EMU.³⁸ Delors, however, was not the figure of central importance in forming a committee on EMU. It was Kohl, now enthusiastic over the prospect of deeper integration who, in early 1988, used his position as rotating president of the European Council to suggest not only that Delors chair a committee to investigate EMU; but also, most importantly, that the committee should study and propose concrete steps towards EMU, not simply determine the desirability of EMU.³⁹

With Kohl's assistance, the European Council summit at Hanover in June 1988 agreed to form a committee, with Delors as the chair, to study and propose concrete stages leading toward economic and monetary union.⁴⁰ The committee, made up of central bankers, members of the European Commission, and three experts on monetary issues (seventeen members in total), met eight times from September 1988 to April 1989. Though Delors was chair, the committee member who held the most sway over the committee's outcome was Bundesbank President Karl Otto Pohl. Pohl knew that EMU would be pointless without West Germany's participation. Simultaneously, despite Kohl's enthusiasm, Pohl was a reluctant participant who wished to model plans for EMU after the Bundesbank and its policies. As the then UK Chancellor of the Exchequer Nigel Lawson vividly remarked, "Pohl, indeed, was the key. He was known to have some doubts about EMU, nor did the Bundesbank relish its own extinction".⁴¹

Delors later admitted that this situation complicated his ability to run the committee; "It was suspense until the last moment; it was very difficult with Pohl. Sometimes he was intransigent and we wondered if he was going to block; sometimes he was cooperative ... I didn't try to isolate Pohl and I took into account what he said, which was sometimes very useful".⁴² For his part, Pohl, aware of the desire in Bonn and particularly of Kohl for closer Euro-

pean ties, had no intention of blocking final approval of the committee's report:

I was rather skeptical about the whole project. Nigel Lawson spoke in 1988 of the 'manifest nonsense' of the European Central Bank and I was with him. I was rather reluctant to work under the chairmanship of Jacques Delors and not enthusiastic about a proposal that would finally lead to the disappearance of the Bundesbank... [Yet] I said *if the national will is this, to get rid of the Bundesbank*, then let's try to create a good, prudent, solid central bank, modeled after the Bundesbank.⁴³

Therefore, Pohl exploited his influence to mould the committee's final report according to his preferences. As a result, the report conceded greatly to the German position — in particular that the European system of central banks should be modelled after the Bundesbank.⁴⁴

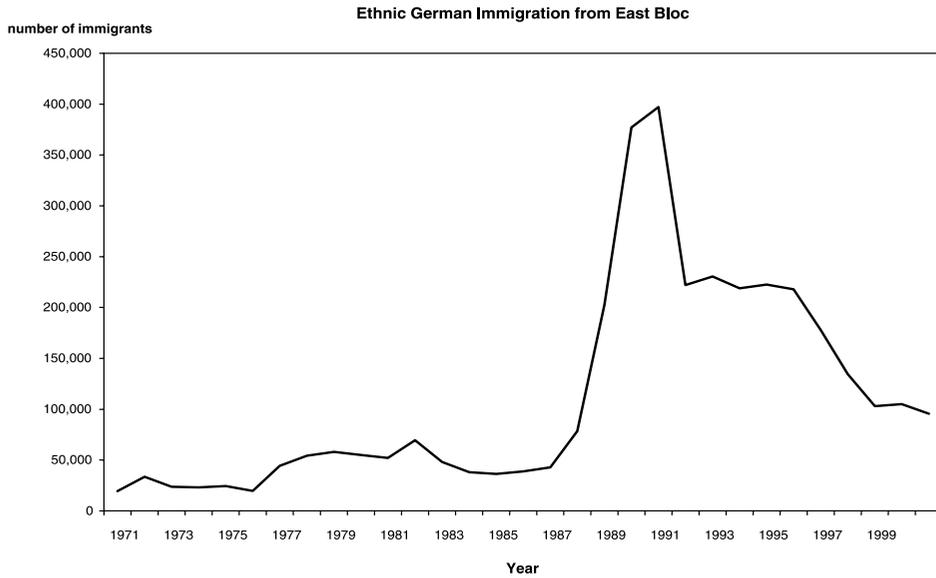
PART 2: Turmoil in Eastern Europe

Eastern instability. Following the publication of the Delors committee report, it was decided at the Madrid EC summit in June 1989 that the European Council should adopt the report's suggestions and that preparations for convening a special IGC on changes to the EC Treaty would be completed within six months.⁴⁵ Yet, even though the decision to schedule IGCs on EMU was made well in advance of the collapse of the Berlin Wall, one would be mistaken to believe that geopolitical changes transpiring in Eastern Europe did not impact this decision.

In May 1989, Genscher voiced concerns that economic and political reforms spurred on by Soviet General Secretary Mikhail Gorbachev were provoking a loss of political, economic and social control within the Warsaw Pact countries and particularly in East Germany.⁴⁶ Consequently, there was a demographic crisis of large-scale immigration flows from Eastern Europe to Western Europe. This migration, the largest since the 1950s, provides a unique quantitative measure-by-proxy of the rising political-economic instability in the East.

Figure 8 shows that immigration levels for ethnic Germans began to rise prior to 1988. By late 1989 and early 1990, the levels reached a dramatic peak that well exceeded all other post-World War II immigration levels. Fully 281,112 immigrants from Eastern Europe came to West Germany during 1987 and 1988. This number increased to nearly 400,000 in 1989. Even in August 1989, three months prior to the collapse of the Berlin Wall, official estimates anticipated over 100,000 East Germans entering West Germany, the highest number since 207,000 people had arrived in 1961. By March 1989, housing shortages in West Germany aggravated by this tide of immigrants began to foster anti-immigration sentiment. For instance, an opinion poll published on 18 March 1989 indicated 62 per cent of West Germans supported two archconservative parties advocating anti-foreigner policies.⁴⁷

Four forces and policies made West Germany the primary destination for many of the eastern immigrants. First, West Germany's constitutional



Source: Dietz (1999), Figure 1

Figure 8.

mandate allowed ethnic Germans to be granted full German citizenship upon entry into the country. Second, people were drawn to the strength and pre-eminence of the West German economy in Western Europe. Third, its location was adjacent to Eastern Europe. A final influence was Genscher's cordial relations with Gorbachev.⁴⁸

In response to this inflow of immigrants and the growing political instability and disintegration in the communist east, the French desired to accelerate European integration in the face of changes unfolding in Eastern Europe. Both Delors and Mitterrand argued that the EC must hurry along towards EMU in order to secure a united Western Europe as Eastern Europe broke apart. They wished for the Strasbourg summit to set a date for an inter-governmental conference to begin in the autumn of 1990, with a goal to amend the EC's Rome treaty before 1993.⁴⁹ In particular, President Mitterrand said, "I do not understand the logic of those who say that the political disintegration in Eastern Europe should automatically be followed by the political dislocation of Western Europe."⁵⁰ Delors, in October 1989, admitted to believing the pace of change in Eastern Europe had made the need for a more federal EC all the more urgent; and that the twelve EC members could provide a model of democratic cooperation and freedom that East European countries could follow.⁵¹

Fall of Berlin Wall and France. The sudden collapse of the Berlin Wall in 1989 only heightened the French urgency for enacting talks on EMU.

Belgium made the first public proposals for EPU, calling for stronger powers for the European Parliament and the European Commission and closer cooperation on security and foreign policy.⁵² But the French were the first to place such proposals in the context of guiding a reunited Germany as tightly as possible into the West's security and economic structure. When asked if he anticipated economic and monetary union between the two Germanies to slow further integration of the EC, French Foreign Minister Roland Dumas replied: "Your question reinforces my view that we should accelerate the process of integration in the EC."⁵³ In a letter to President Bush in November 1989, Mitterrand argued, "Each of our governments is very aware of the role that the EC can and must play in the definition of a new European equilibrium, as soon as the EC has reinforced its own cohesion."⁵⁴ Prior to the 'two-plus-four' talks (among France, the United Kingdom, the United States, the Soviet Union, and the two German states) Dumas had also openly voiced the need to simultaneously proceed with German unification and the restoration of full sovereignty to a united Germany, but only if the strategy did not distract Germany from its obligations to the European Community:

The right to self-determination is inviolable. I do not lay down preconditions: reunification will take place ... but the security of France is played out beyond her frontiers and our country has always been interested in surrounding itself with solid allies. A neutral Germany would be the heart of an unstable Europe. She [Germany] has obligations which result from treaties and international conventions.⁵⁵

What motivated the French desire to link European integration with reunification? Mitterrand had stated on a few occasions that there must be a new Europe, or else Europe would be back where it was in 1913 and everything would be lost.⁵⁶ In particular, Mitterrand became increasingly worried that Germany, preoccupied with paying for reunification, would not have the time or money for European Monetary Union. "But I'm asking you," Mitterrand wrote to Genscher, "will Germany continue the process of European unification?"⁵⁷

EMU would indeed prove expensive, as Delors believed regional aid from the stronger EC economies would be necessary if the economies of Greece and Portugal were to fully participate in EMU.⁵⁸ This expense could have become an economic constraint that diminished the integration enthusiasm of a Germany already preparing to incur increased government expenditures associated with reunification. Table 1 illustrates the deterioration of the German fiscal position due to reunification. In 1989, the balance stood at a surplus of 0.1 per cent of nominal GDP. In 1990, the year of unification, the budget balance fell to a 2.0 per cent deficit, the largest deficit since 1983. By 1991 the deficit rose to 2.9 per cent, though some of the increase is attributable to financing the Persian Gulf War. The Bundesbank in particular was concerned that such lax fiscal policy would complicate its ability to contain inflation: "Public sector deficits of the magnitude recorded are unsustainable over a prolonged period. This holds true not least from the point of view of anti-inflationary policy, since monetary policy would be overtaxed if it were

Table 1. The West German Budget Balance 1988–1999

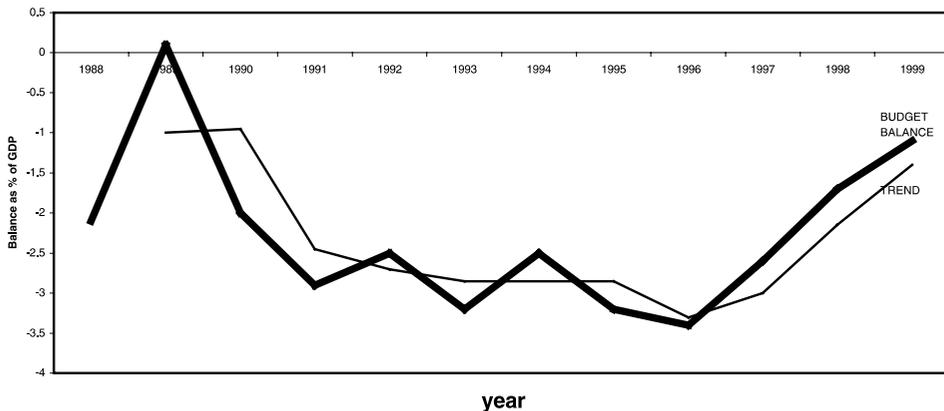
Year	budget balance (as % of GDP)
1988	-2.1
1989	0.1
1990	-2
1991	-2.9
1992	-2.5
1993	-3.2
1994	-2.5
1995	-3.2
1996	-3.4
1997	-2.6
1998	-1.7
1999	-1.1

Source: Data from Bibow (2001), Tables 2.1 and 2.2

expected, single-handed, to perform the task of durably containing the present relatively strong price upsurge.”⁵⁹

Subsequently, German fiscal policy began to tighten and stabilise starting in 1992, as illustrated in Figure 9 by the flat trend line from 1992 until 1996. After 1996, the Bundesbank believed further debt accumulation (to finance reunification) was unnecessary. During this four-year period, the German government introduced fiscal measures aimed at reducing borrowing requirements, including expenditure savings and increases in tax and social security contribution rates. Between 1992 and 1995, government consumption stagnated at approximately 19 per cent of GDP and government invest-

German Budget Balance (1988-1999)



Source: Data from Bibow (2001), Tables 2.1 and 2.2

Figure 9.

ment fell from nearly 3 per cent to 2 per cent of GDP.⁶⁰ This tightening did contain inflation. Headline CPI inflation, which had risen from 2.7 per cent in 1989 to 4.0 per cent in 1992, fell to below 2.0 per cent in 1995.

Fall of the Berlin Wall and Germany. The German leadership appeared divided on expediting moves towards EMU. In a January 1990 speech Genscher sought to assure Mitterrand of Germany's commitment to European integration: "We want to place the process of German unification in the context of EC integration, of the Conference on Security in Europe process, the West-East partnership for stability, the construction of the common European house and the creation of a peaceful European order from the Atlantic to the Urals."⁶¹ On the other hand, Pohl and German Finance Minister Waigel, still hostile towards EMU and concerned over the rising cost of German reunification, advised Kohl not to support, in the words of Pohl, "any political compromise which led to the weakening of the Deutschmark or a diminishing of the authority of the Bundesbank."⁶²

Yet Kohl did not seem to waver between these views. He stated bluntly in his New Year's address to the German people, "German unity and European unification have to be pursued together. Germany is our fatherland, Europe our future!"⁶³ He continued to voice this sentiment⁶⁴ and later, he, along with Mitterrand, came forward on 19 April 1990 with a proposal for an EMU and EPU starting date — 1 January 1993.⁶⁵ By thus committing himself for the first time to a specific date on EMU and EPU, Kohl, much to the delight of France, indicated his willingness to follow the quick route desired by Genscher, not the slow route favoured by Pohl.

Mixed German responses to shocks. It may seem surprising that despite the diminishment of the Soviet threat, thereby lessening German reliance on a French deterrent, Genscher and Kohl continued to favour a quickening of deeper European integration. There are three mutually reinforcing explanations: An interest in strengthening the EC's political institutions; a desire to allay Soviet fears of a reunified Germany; and offers of side-payments within the two-plus-four talks.

First, Germany desired a strengthening of the European Community's political bodies, particularly the European Parliament, so as to further democratise the community's decision making procedures: "it is no longer admissible that the Institution, which is the direct expression of the will of the people, be kept on the edge of the legislative process of the Community and that the 'last word' in this process be left to the Council alone."⁶⁶ Of course this demand was put forward by the Kohl government because the Bundestag had made the expansion of the European Parliament's powers a prerequisite for ratification of any eventual treaty. As one Bundestag Parliamentarian said in October 1990, "The European Union will be parliamentary and democratic, or there will not be a European Union."⁶⁷ Additionally, extending the powers of the European Parliament accorded Germany the potential for expanded influence in the Parliament, as reunification gave Germany numerical superiority.⁶⁸ The European Parliament had already admitted eighteen observers from former East Germany after

German unification. Bonn was actively seeking to increase its number of MEPs from 81 — the same as France and Britain — to 99. Many Socialist and Christian Democrat MEPs acknowledged that some adjustment in German representation was only fair. On the other hand, French European Parliamentarians complained about the danger of undue ‘dominance’ by Germany. French MEP Jean-Thomas Nordmann voiced his concern quite directly: “There should not be an imbalance.”⁶⁹

Second, both East and West German officials wished to allay Soviet concerns over a reunified Germany.⁷⁰ Since the fall of the Berlin Wall, Soviet leaders had grappled with fears rooted in history about the economic and military power of a united Germany; 27 million Soviet citizens were lost in World War II.⁷¹ Later, Soviet Foreign Minister Eduard Shevardnadze expressed reservations about the status of Soviet war memorials in what is now East Germany. The Soviet Union and Warsaw Pact countries also voiced concerns over German entry into NATO. To allay those fears, in early July 1990 Kohl offered Gorbachev two concessions. First, Germany’s future military strength would not exceed 370,000 troops. Second, Germany promised to continue economic cooperation with Eastern Europe and the Soviet Union. Additionally, NATO, in the 6 July London Summit, accepted a non-aggression pact between NATO and the Warsaw Pact countries; and, at the behest of the Soviet Union, accepted that the 35-nation Conference on Security and Cooperation in Europe (CSCE) would take on a larger role in European defence. The increased role of the CSCE was desired by Moscow because, as a collective European security system, it transcended the oppositional Warsaw Pact and NATO alliances.⁷²

Third, the ‘two-plus-four’ talks on restoring full sovereignty to a unified Germany offer several probable scenarios. Each of these scenarios presents different (but mutually supportive) perspectives on how these talks motivated the German government to support a quickening of European integration. A first scenario focuses on the German concern entering the negotiations. Specifically, Bonn worried that the talks would result in a ‘Versailles-like’ treaty proving highly unfavourable to Germany.⁷³ Given the importance Germany placed on a favourable outcome during the two-plus-four talks, Kohl supported a speeding-up of the negotiations on EMU in return for French support in the two-plus-four. This is not to assert that EMU was a French *quid pro quo* for support of reunification; instead, by recognising that the framework for EMU had been agreed upon well before the prospect of German unification, expediting the EMU negotiations was the reciprocity expressed by Germany for French support.

For evidence, the Polish border issue may be considered. West Germany had never officially recognised the western borders of Poland and preferred to secure reunification prior to addressing the final status of Poland’s border. It also wished to prevent Poland from taking an active role in the talks, thereby expanding them into two-plus-five. Initially, Mitterrand took the Polish position of insisting that a German-Polish treaty should be signed before German unification. In a 9 March press conference Mitterrand stated that, “a juridical act be negotiated as rapidly as possible, and in any case

before the likely unification of the two German states.”⁷⁴ However, after Kohl called Mitterrand to express his unhappiness with the French position, the French government soon muted its support for the Polish position and agreed to preclude Poland from taking any role in the talks beyond “when the question of Poland’s western border is considered.”⁷⁵ The ease with which Mitterrand backtracked from his initial support for the Polish position suggests his action was taken in part to avoid provoking Kohl into favouring the EMU position of Pohl, rather than Genscher.⁷⁶ Therefore, Genscher, in his opening speech at the two-plus-four talks in Bonn, linked the Polish issue, a united Germany, and the European process as all being possible because of the efforts of “clear-sighted statesmen and courageous nations.”⁷⁷ Then, he conveniently chose to restate the comments of Czech Republic President Václav Havel, as if to stress that German unification and continued movement towards European integration were now both possible because the Polish issue had been resolved. Havel, in January 1990, had told the Polish parliament in Warsaw: “It is difficult to imagine a unified Europe with a divided Germany. It is just as difficult to imagine a unified Germany in a divided Europe.”⁷⁸

In a second scenario, the German government used external concern over the prospect of reunification to gain deeper European integration coinciding with its internal preferences. Bonn wished to expedite the EMU negotiations because the French desire to refocus Germany on Western Europe gave Bonn the opportunity to ensure the creation of EMU on its terms. As evidence, consider that over the course of the IGCs, Kohl repeatedly voiced two strict German conditions for monetary union: EMU must take place simultaneously with European political union, and it must be based on convergent policies among member states.⁷⁹ With respect to security, France appeared pliant to German preferences. Kohl needed Mitterrand to keep conventional forces in the western half of Germany as long as Soviet forces remained in the eastern portion. Despite budgetary concerns and the collapse of communism (prompting a French desire to withdraw all 50,000 troops from Germany), Mitterrand complied with Germany’s requests and maintained a garrison of 30,000 troops.⁸⁰

In a final scenario, Kohl finally overcame domestic political constraints to deeper Western European integration. Initially, Kohl could not progress quickly with EMU because convening a key government conference on EMU prior to the 2 December 1990 legislative elections would strengthen West German opponents of the EC, who believed Western European integration barred the path to unity with East Germany. This concern of Kohl’s had first been reported nearly a month prior to the fall of the Berlin Wall.⁸¹ Therefore, hours before the December 1990 Strasbourg summit, Mitterrand, in a conciliatory move toward Kohl, settled on a December 1991 starting date for the EMU conference.⁸² Until unification was secure, Kohl remained reluctant to openly commit to a firm timetable for beginning EMU. Yet several factors bolstered Kohl’s public support: the 12 October signing of the ‘two-plus-four’ treaty; the positive result achieved by the Christian Democrats in the 14 October regional elections

in ex-East Germany and Bavaria;⁸³ and the implementation of Germany monetary union. These factors emboldened him to more openly and firmly advocate the completion of EMU.⁸⁴

IV. Analysis and Conclusions

The concepts of BATNA and exogenous shocks provide an interesting interpretation of German and French decisions to initiate IGCs on EMU and EPU. This interpretation can be summarised by two main findings. The first finding is that the initiation of the IGCs leading to the Maastricht Treaty does appear to have been significantly influenced by a series of shocks starting well before (and not exclusive to) the collapse of the Berlin Wall. Initially, after signing and ratifying the SEA, France and Germany were not jointly prepared to negotiate deeper European integration. Therefore, negotiations appeared unlikely, as talks would have resulted in non-agreement. Yet the shocks of global financial market instability and the removal of US Pershing II missiles worsened Germany's BATNA to European integration, thereby provoking Germany to alter its preferences and align its interests with France regarding EMU. Next, the French BATNA on European integration worsened, due to fear that the large flow of immigrants into West Germany would divert Bonn's attention from Western European integration. In short, these three early shocks, by worsening the BATNA of both France and Germany, prompted both to seek discussions on the form of EMU.

The second finding is that the shock of reunification drove the parties to bring EPU onto the agenda and apparently expedite movement toward EMU. The fall of the Berlin Wall made France, concerned that Germany would delay further negotiations on EMU, willing to support German reunification on the condition that Germany would respect its obligations to the EC. For its part, the fall of the Berlin Wall made Germany desire negotiations on EPU. With regard to EMU, Moravcsik (1998) may be right in stating that EMU was not a direct French *quid pro quo* for German reunification; but French support for reunification during the 'two-plus-four' talks did appear to be reciprocated by Germany through its acceptance of a shorter timetable for EMU. In theoretical terms, German unification, rather than directly altering BATNAs, does appear to have ensured that neither France nor Germany could possibly perceive their BATNAs as improving. This result ensured that negotiations could be initiated because an outcome of agreement was possible.

Because exogenous shocks had a role in provoking the EU member states to initiate the IGCs on EMU and EPU, the role of shocks in reaching final agreement in the IGCs should be explored in future research. For example, the 1991 Gulf War and the crisis in Yugoslavia impacted the 1991 IGCs leading to Maastricht. Similarly, the 2003 United States war with Iraq may have impacted the IGCs to create a European constitutional treaty. Future research could also apply the concept of exogenous shock, and BATNA theory, to the analysis of European integration negotiations earlier than Maastricht (such as the 1957 Treaty of Rome) and later (for example, the 1997 Amsterdam Treaty).

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Notes

1. Some of earlier works that are better known, such as Garrett (1994), Wolf & Zangl (1996), and Milner (1997), are not reviewed here because they focus exclusively on the EMU negotiations. For a complete listing of such works please see footnotes 1, 2, and 3 in chapter 6 of Moravcsik (1998).
2. See Van Wijnbergen (1992) p. 56; and Tsakaloyannis (1991) pp. 87–89.
3. Sandholtz (1993), pp. 36–38.
4. Baun (1995–96), p. 609.
5. Moravcsik (1998), p. 381.
6. *Ibid.*, pp. 396–397.
7. From Sebenius (1991) and (1996), as cited by Odell (2000), p. 191.
8. See Dyson & Featherstone (1999), p. 31–32; and Webber (1999), p. 4. Also, this opinion is held not just by academics, but is well recognised by the participants themselves. Consider the following excerpt: “Mr Genscher faced sceptical questioners for four hours. Yes, he was sure agreement would be reached on making the proposed European central bank as independent of politicians as the Bundesbank is. Why? Because the issue was ‘in the end one between Bonn and Paris’ and he was certain those two would be able to fix it.” *The Economist*, 13 May 1989, p. 53.
9. These building blocks can be found in several preeminent works on negotiation analysis, including Walton & McKersie (1965); Raiffa (1982); Lax & Sebenius (1986); Walton *et al.* (1994); and Odell (2000).
10. Interview with former Directorate General Official, in Endo (1999), p. 156.
11. This interest stemmed from more than the legal obligations in the Preamble of German Basic Law and the 1963 Elysée Treaty with France. It also came from the diplomatic inertia of Germany’s entrenched position in the integrationist camp ideologically supported by previous chancellors, including Adenauer and Schmidt. See Dyson & Featherstone (1999), pp. 401 & 418; Pinder (1991), p. 152; Pryce (1996), p. 60; and Sandholtz (1993), p. 38.
12. *Financial Times* (London), 3 April 1987, p. 26.
13. From a summary of a speech by Delors at Clithène, his private discussion club; 30.9.1989, cited in Endo (1999), p. 157.
14. *Report of the Deutsche Bundesbank* 1988, p. 8.
15. *Bundestag Debates, Stenographic Record*, May 14 1985; no. 10189C in Hanrieder (1989) p. 314.
16. *The New York Times*, 24 January 1987, p. 38.
17. *The New York Times*, 5 November 1987, Section D, p. 1
18. *Ibid.*
19. *Financial Times*, 23 November 1989, p. 3.
20. *Ibid.*
21. *The Financial Times*, 30 October 1987, p. 2.
22. McCarthy (1993) p. 32; and *International Banking Report*. Informa Publishing Group Plc. 14 March 1988.
23. The Xinhua General Overseas News Service, 14 January 1988.
24. McCarthy (1993), p. 32.
25. Endo (1999), p. 158.
26. McCarthy (1993), p. 33.
27. *Financial Times*, 21 January 1988, p. 2.
28. *Official Journal of the EC, Parliamentary Debates* No. 2–357, 28.10.1997: 121–6, 129–30; cited in Endo (1999), p. 157.
29. *International Banking Report*. Informa Publishing Group Plc. 14 March 1988

30. Article IV and V of the *Treaty Between the United States of America and the Union of Soviet Socialist Republics on the Elimination of Their Intermediate-Range and Shorter-Range Missiles*, 8 December 1988. Available at <http://www.state.gov/t/np/trty/18432.htm> (accessed [date])
31. See Hanrieder (1989), p. 117–118 and 363–367; McCarthy (1993), p. 145; and *Financial Times*, 28 October 1987, p. 4.
32. See Genscher (1998), p. 229.
33. For an excellent discussion of the French Cold War policy of non-alignment, see Menon (2000), pp. 37–39 and 92–96.
34. See Mason, in Le Prestre (1989), p. 74.
35. See “La stratégie nucléaire de la France s’adresse à l’agresseur et à lui seul,” *Le Monde*, 21 October 1987, cited from McCarthy (1993), footnote 20, p. 149; and The Xinhua General Overseas News Service, 26 September 1987. Also see Hanrieder (1989), pp. 125–126, for further discussion on the attractiveness and rationale of forming a Franco-German security structure.
36. See McCarthy (1993), p. 36. Also see Mason, in Le Prestre (1989), p. 74 and Menon (2000), p. 94.
37. *Platform on European Security Interests*, WEU Ministerial Council document. The Hague: 27 October 1987.
38. Mazzucelli (1997), p. 52.
39. See Endo (1999), pp. 159–160.
40. *Excerpts from the Conclusions of the Presidency presented after the meeting of the European Council in Hanover on 27 and 28 June 1988*. Office for Official Publications of the European Communities. 1989.
41. From Nigel Lawson, *The View From No. 11: Memoirs of a Tory Radical* (1992) p. 908 cited in Endo (1999), p. 161.
42. From Grant, C., *Delors: Inside the House that Jacques Built* (1994), p. 124, cited in Endo (1999), p. 164.
43. Interview in *The Observer*. 17 February 2002. (Emphasis added by this author).
44. *Report on Economic and Monetary Union in the European Community*. Office for Official Publications of the European Communities, 1988.
45. Conclusions of the European Council held in Madrid on 26–27 June 1989 (extract), in Corbett (1993), p. 96; and PR Newswire, 13 July 1989.
46. Genscher (1998), p. 264.
47. Data in this paragraph comes from “Refugees Pour Across Europe’s Borders in Biggest Migration in Years.” AP International News wire report, August 26 1989, and “Thousands from East Bloc Drawn by Westward Hopes,” *The Washington Post*. 31 March 1989, p. A1.
48. Dietz (1999), p. 5.
49. *The Economist*, 4 November 1989, p. 58.
50. *The Guardian* (London), 27 October 1989.
51. *The Independent*, 6 October 1989, p. 9.
52. *Belgian Memorandum*, 19 March 1990 in Laursen & Vanhoonacker (1992), p. 269.
53. *The Economist*, November 4 1989, p. 58.
54. Message from President Mitterrand to President Bush, 27 November 1989, in Zelikow & Rice (1995), footnote 44, p. 116.
55. *The Independent* (London), 9 February 1990. p. 12.
56. Drawn from a Memcon of the meeting with President Mitterrand, St. Martin, 16 December 1989; letter of Scowcroft to President Bush, “Scope Paper: Your Meeting with President Mitterrand,” 15 December 1989; and a letter of Scowcroft to President Bush, “Mitterrand, the Germans, US-EC Cooperation, and the CSCE,” December 15 1989. All in Zelikow & Rice (1995), pp. 141–142.
57. Quoted in Zelikow & Rice (1995), p. 116.
58. *The Times* (London), 12 February 1990.
59. *Report of the Deutsche Bundesbank*, 1990, p. 30.
60. Data in this paragraph comes from Bilbow (2001), pp. 4–5.
61. “German Unity within the European Framework,” a speech by Foreign Minister Hans-Dietrich Genscher at a conference at the Tutzing Protestant Academy, 31 January 1990. Cited in Ikenberry (2001), p. 224. Also see Zelikow & Rice (1995), p. 116.
62. *Deutsche Bundesbank’s Statement on creating Economic and Monetary Union in Europe*, 19 September 1990; and *The Times* (London), 19 September 1990.

63. Helmut Kohl's *New Year's Television Address to the German People* (1 January 1990) in Gray & Wilke (1996), p. 107.
64. See, for example, the section "German Unity - European Security" in the *Positions of the Round Table for the Negotiations between the Two German Heads of State*, Helmut Kohl & Hans Modrow, in Bonn (12 February 1990) and the transcript from the subsequent Press Conference (13 February 1990). Both found in Gray & Wilke (1996), pp. 132-135.
65. Kohl-Mitterrand Letter to the Irish Presidency (19 April 1990) in Laursen & Vanhoonacker (1992), p. 276.
66. *Joint Declaration by Germany and Italy on Strengthening the Power of the European Parliament* (10 April 1991), in Corbett (1993), pp. 242-243; and Kohl-Mitterrand, *Letter to the Irish Presidency* (19 April 1990), in Laursen & Vanhoonacker (1992), p. 276.
67. *Deutsche Bundestag*. 30 October 1990, cited in Mazzucelli (1997), p. 77.
68. Information for the rest of this paragraph comes from Mazzucelli (1997), p. 75. For media accounts, see *Financial Times*, 19 February 1991, p. 4; and *The Guardian* (London), 9 October 1991.
69. Mazzucelli (1997), p. 75f
70. *Government Policy Statement* by Lothar De Maizière, First Freely Elected Prime Minister of the GDR. Statement made before the Volkskammer (19 April 1990) in Gray & Wilke (1996), p. 216.
71. "No to the State Treaty." *Declaration of Opposition to the State Treaty* by Renegade West German Social-Democratic Parliamentarians (22 June 1990), in Gray & Wilke (1996), pp. 238-241.
72. See Chancellor Helmut Kohl's report on his Discussions with Mikhail Gorbachev in the Soviet Union (17 July 1990), in Gray & Wilke (1996), pp. 245-246.
73. Quoted in Zelikow & Rice (1995), p. 146.
74. *Ibid.*, p. 219.
75. Dumas letter on Two-Plus-Four and the Polish-German Border, 13 March 1990, quoted in Zelikow & Rice (1995), footnote 46, p. 219.
76. *The Times* (London), 18 September 1990.
77. Statements by West German Foreign Minister Hans-Dietrich Genscher at the Opening of the Two-Plus-Four Talks in Bonn (5 May 1990), in Gray & Wilke (1996), p. 224. Also see *Government Policy Statement* by Lothar De Maizière, First Freely Elected Prime Minister of the GDR. Statement made before the *Volkskammer* (19 April 1990), in Gray & Wilke (1996), p. 215.
78. *Ibid.*
79. See *Joint Declaration by Germany and Italy on Strengthening the Powers of the European Parliament* (10 April 1991), in Corbett (1993), p. 242 and *Financial Times*, 1 March 1991, p. 6.
80. *The Times* (London), 19 September 1990.
81. *Financial Times*, 11 October 1989, p. 2.
82. *Financial Times*, 9 December 1989, p. 1.
83. European Report. European Information Service. 20 October 1990, p. 2.
84. *The Independent* (London), 20 November 1990, p. 12. Also see McCarthy (1993), p. 103.

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