

# Merkel urges slow move to 'more Europe'

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parties of the left, like the ecologists, it will be easier for Mr. Hollande to join Ms. Merkel in a practical push for more fiscal and political convergence. But if the Socialists also need the support of more anti-Europe parties farther to the left, the future will be muddier.

"He was raised on Delors' knee and for him, 'European Commission' are not dirty words," said François Heisbourg of the Foundation for Strategic Research. "He won't be shocked by Merkel moving toward the 'community method.' But what will be the substance? Nothing is really defined. The basic issue is political, and is anyone ready to stand behind the pulpit and say to voters, 'You don't want federalism, you voted against it, it's less and less popular, but you're going to get more of it and this is what has to be done?'"

Jean Quatremer, the Brussels correspondent for the newspaper *Libération*, said that Mr. Hollande "is a real European," but those around him are less so, and that the outcome of the legislative elections will be key. "Today there is a government more federalist than the one of Nicolas Sarkozy, but it's necessary to see the proof and the details."

The French fifth republic is quasi-monarchical and centralized, quite different from a German federalism and coalition government. While "Merkozy" was supposedly running the European Union, Ms. Merkel would always be careful to speak to her legislators before meeting Mr. Sarkozy, while he did as he pleased, and told his party about it afterward, sometimes. The Germans, occupied after World War II, are accustomed to limited overignty and still see the European Union (and NATO) as welcome restrictions on their power and free will.

While Mr. Sarkozy often gave in to the more powerful Germany, he resisted too much Brussels influence, holding to the traditional French idea of a Gaullist Europe, directed and controlled by nation-states — especially the Franco-German couple — and not by the unelected European Commission, or the European Parliament.

"So can the most structurally sovereign country in the euro zone, France, agree on the abandonment of sovereignty that Merkel is right to insist on?" asked Justin Vaïsse, a French scholar at the Brookings Institution. "Common debt liability in some form needs to be accompanied by greater political and economic integration, that's just logical," he said.

Mr. Hollande's convictions push him that way, but he will not have the 3/5 majority in Parliament he needs for constitutional change, Mr. Vaïsse said, while "the right will harden its stance, talking about no abandonment of sovereignty and no 'sellout to Berlin.'"

Nonetheless, Mr. Hollande will be at his most powerful in the first two years



POOL PHOTO BY BERTRAND LANGLOIS

**Mr. Hollande speaking Thursday in Dieudonné, near Paris. It is unclear that France would be willing to cede the power that a real fiscal or political union would require.**

of his five-year term, all agree. And he is pushing for more European solidarity from Berlin.

Still, Ms. Merkel and her team are worried about Mr. Hollande's commitment to reducing the French budget deficit and carrying out domestic structural reform, said Charles Grant, head of the Center for European Reform, who was just in Berlin.

Even *Le Monde* on Thursday criticized Mr. Hollande for continuing vagueness about his economic plans for France, especially on how he intends to get the budget deficit down to 3 percent of gross domestic product next year, as he has promised. "The euro zone is on fire," the paper wrote. "Not only does this persistent vagueness not help to control the fire,

## The French right "will harden its stance."

but French voters should have the right to know, when they return to the polls, the true intentions of the government."

The Germans are looking for a sort of "grand bargain" with Mr. Hollande, Mr. Grant said: French commitment to domestic reform and fiscal discipline in return for Berlin accepting the beginning of a European banking system, a "growth pact" and a discussion of collectivized debt — and as important, "shifting the policy mix on austerity to be a little less austere," he said.

That could mean a willingness to renegotiate the bailout agreement with any credible new Greek government and to give Greece, Spain, Portugal, Italy and other troubled economies, all trying to cut deficits during a recession, more time to reach fiscal targets.

As usual, there are few details about what Ms. Merkel means by union, though German officials initially sug-

gest closer euro zone coordination of labor market rules, pensions and corporate taxes. The package of measures the Union is working on for its summit meeting at the end of June are important but incremental, having mostly to do with more unified regulation of Europe's banks and a European-wide system of bank deposit guarantees, to try to eliminate the risk of bank runs from countries like Greece and Spain.

The Germans are also working on a package of "growth measures" — structural reforms to promote economic activity but without incurring new debt — to go along with the fiscal discipline embodied in the fiscal treaty the Union voted to accept last December and which is undergoing ratification. And Berlin supports the Commission and French idea of shifting some European Union funds toward "targeted investments" in key countries to produce growth, as well as pumping up the European Investment Bank and exploring "project bonds" for private investment to create jobs.

At a town hall discussion with students in Berlin on Thursday, Ms. Merkel, teasing Mr. Cameron about his resistance to more European unity, suggested the election of a European president by all European voters. "I don't think David is so keen on this," she said.

But she mused about the need to create a European democratic public rather than purely national constituencies and a "public European identity," and said that just as students move freely through the Union, the same should be true of workers. "We need to develop Europe's market as a common market," she said. "Then a generation will grow up with a very different idea of how their lives can be lived."

Nicholas Kulish and Melissa Eddy contributed reporting from Berlin.