Why is the Maastricht Treaty considered to be so significant?

https://www.e-ir.info/2011/02/26/why-is-the-maastricht-treaty-considered-to-be-so-significant/

ANDREI ROGOBETE, FEB 26 2011

In the immediate post World War II period the European continent found itself in a state of ruin, both politically and economically. To put things into perspective, Europe was involved in two World Wars within only half a century. The need for securing peace and economic development in the post – 1945 era was immense. Arguably the European Coal and Steel Community (ECSC) established in 1951 sparked the chain of events that would eventually lead to modern day European Union. Over the entire span of this period the "European" project fluctuated from periods of rapid development (ex. mid-80's to early 90's) to times of almost complete stagnation (ex. Eurosclerosis in the 70's and early 80's). The events within the larger chain of events work together as buckles in creating the Europe we witness today. More importantly, they influence one another and provoke new ideas for further developments within the continent. Throughout this essay we will focus on the significance of one such crucial event leading to the contemporary European Union, namely the 1992 Treaty of Maastricht.

The Treaty of Maastricht marks a crucial milestone in the process of European development and integration due to a number of reasons. Seen from a chronological perspective, it elaborated and implemented concepts discussed in the previous Single European Act of 1986. Perhaps most importantly, it established the European Monetary Union (EMU) and the Treaty on European Union (TEU) which lead to the construction of the main pillars of the European Union and the introduction of the single currency. Last but not least, it paved the way for further developments such as the Treaty of Amsterdam, the Treaty of Nice, and others that were to follow. The primary aim of this essay is therefore to assess the question of the significance of the Maastricht Treaty by unpacking the points noted above and by showing their relevance to the ongoing process of European construction and development.

The Single European Act (SEA) of 1986 and the context created by the collapse of the Iron Curtain paved the way for the Maastricht Treaty to take place in 1992. A key player in this period was the French economist and politician Jacques Delors. Delors, who became president of the Commission in 1985 and who was commissioned in 1988 to present a report on the concrete steps to be taken towards reaching economic union, "sought to infuse the Commission with a renewed sense of purpose and to deepen political and economic integration" (Dinan. 2005: 97). In terms of economic policy, the Single European Act was based on the 1957 Treaty of Rome that established the foundations of the European Economic Community. Nonetheless, the SEA resulted in two major political and economic conclusions further developed by the Maastricht Treaty. Baring in mind the Cold War context of the mid-80's, the first important conclusion the SEA had reached was "that member states [should] coordinate their positions more closely on the political and economic aspects of security…and endeavour jointly to formulate and implement a European foreign policy" (Dinan 2005: 108). This matter is highly reminiscent of what we will soon see within the Maastricht Treaty. Another important goal of the SEA members picked up by the Maastricht Treaty was to develop an internal market that could be summed up as "an area without internal frontiers in which the free movement of goods, persons, services and capital is ensured" (Dinan. 2005: 109). Moreover, Delors went one step further to argue that the SEA needed "a certain monetary capacity [that would bring about] an alignment of economic policies [within the EC] and outside would enable Europe to make its voice heard more strongly in the world of economic, financial and monetary matters" (Delors in Dinan. 2005; 109-10). Both of these aspects were going to be highly advanced by the establishment of the European Monetary Union and the Treaty on European Union within the Maastricht Treaty. Let us begin by briefly looking at the socio-political and economic context of the Treaty.

The period between the completion of the Single European Act in 1986 and the Maastricht Treaty ratification in 1993 marked seven years of dramatic changes, both regionally and globally. The late 1980's were the final culminating years of the Cold War era. Events such as the fall of communism in former Soviet satellite states and more importantly the fall of the Berlin Wall in 1989 sparked major changes within the perspectives of European integration. The reunification of Germany brought back the nostalgic feeling of the brutal war years. In an effort of refuting any sense of fear the first German Chancellor of the newly reunified Germany, Helmut Kohl assured the people of Europe that "the future architecture of Germany must be fitted into the future architecture of Europe as a whole" (Kohl in Dinan. 2005: 115). Democratisation processes begun in all the former communist states, offering new perspectives for closer cooperation in an 'extended' Europe. Furthermore, the growing enthusiasm for a common market was justified by numerous European companies expanding beyond their conventional state borders. As noted by Dinan, "sixty-eight major mergers and acquisitions took place in 1986; by contrast 300 happened the following year" (2005: 112). This, for instance, lead Delors to conduct and organise a series of meetings composed of mainly bankers and professionals to assess the possibility of the European Monetary Union. All the events presented above collectively set the stage for the Treaty of Maastricht in the early 1990's – one may even go as far as saying that without these developments the Treaty of Maastricht would not have ever occurred.

In the following part of the essay we will take a look at the Treaty of Maastricht itself. In order to find out why it is considered so significant, we will have to see what exactly was established within the Treaty. Due to its complexity, in order to unpack its content one reasonable approach is to use Andrew Moravcsik's 'Liberal Intergovernmentalism' theory. This theory can be broadly summed up in three core characteristics:

"First there is an assumption of rational state behaviour, which means that the actions of states are assumed to be based on utilising what are judged to be the most appropriate means of achieving their goals. Second there is a liberal theory of national preference formation. This draws on a domestic politics approach to explain how state goals can be shaped by domestic pressures and interactions, which in turn are often conditioned by the constraints and opportunities that derive from economic interdependence. Third, there is an intergovernmentalist interpretation of inter-state relations, which emphasises the key role of governments in determining the relations between states and sees the outcome of negotiations between governments as essentially being determined by their relative bargaining powers and the advantages that accrue to them by striking agreements" (Nugent. 2006: 565-66).

Given the context of the European Community at that particular time, the Liberal Intergovernmentalist approach is suited for our study providing, as Nugent again noted, "a reminder of the role of states and governments in the EU and [doing] so in a much more nuanced and sophisticated manner that did early intergovernmentalism" (2006: 567). With this in mind, let us discuss the content of the Maastricht Treaty and its achievements, whilst observing the vital role played by individual states.

The first major achievement of the Maastricht Treaty is the establishment of the EMU, arguably the most important economic development in the post-Maastricht era. As mentioned earlier, Jacques Delors was a strong advocate for this ambitious project. In 1989 he set up what is now known as the Delors Report, where he outlined three major phases of economic integration and offered an outline for the EMU. Furthermore, it discussed the 'convergence criteria' that every country must undertake in order to achieve monetary unification and proposed the establishment of a European Central Bank (Dinan in Bomberg, Peterson & Stubb. 2008: 36). In broad terms, the three main phases can be summed up as follows: the first phase includes free movement of capital between member states, closer coordination of economic policies and cooperation amongst the national central banks. The second phase ensures the convergence of monetary and economical policies and lastly, the third phase introduces the single currency and establishes the European Central Bank (Verdun in Cini & Borragan. 2009: 329). This process took over a decade to implement (considering the replacement of national notes with the EURO in 2002) and is still expanding at present. Any given state that wants to join the EMU must first pass the requirements set by the 'convergence criteria'; these include:

"Inflation rates no more than 1.5 per cent above the average of the three EU countries with the lowest inflation rates. Long-term interest rates should be no more than 2 per cent above the average of the three countries with the lowest rates. National currencies…must have remained within the normal (15 per cent) bands of the EMS for the previous two years. National budget deficits must be less than 3 per cent of GDP and lastly, the national debt must be less than 60 per cent of GDP" (McDonald & Dearden. 1999: 110).

Unless put into perspective, such economic details defeat the purpose of this essay. Therefore, baring in mind the Liberal Intergovernmentalist theory and in particular its assumption that states act rationally in achieving their goals, we will take a brief look at the stances of Germany, France and the United Kingdom on this matter. As mentioned earlier, first Chancellor of a unified Germany Helmut Kohl sought that, "Germany must be fitted into the future architecture of Europe as a whole" (Kohl in Dinan. 2004: 115). Kohl strongly acknowledged the popular demand and the economic benefits of the EMU. Furthermore, Germany's geopolitical position at the heart of the continent made the "German Mark [as] the system's de facto anchor currency, and other central banks followed the German Central Bank's anti-inflationary policies" (Dinan. 2004: 234). Similarly, France's president Francois Mitterrand had a strong pro-integration stance, "he favoured the EMU and, in the mid-1980's, nudged Kohl to take a stronger stand on the issue…Mitterrand spoke growingly of a common Franco-German destiny" (Dinan. 2004: 236). France and Germany saw the mutual economic and political benefits of the EMU and therefore represented a powerful partnership in advancing the greater European cause. The United Kingdom however, had a far more eurosceptical approach. Margaret Thatcher opposed these developments, despite a good deal of popular demand within the UK and her own conservative party. She perceived Delors as "the root of all evil: a French Socialist determined to establish an undemocratic European superstate" (Dinan. 2004: 233). The UK maintained, through Thatcher, its historically prudent and even isolationist approach towards European affairs.[1]

Based on our theory mentioned above, the overall conclusion here is clear: states behave rationally in achieving their goals, but at the same time such goals are determined by domestic pressures and interaction. Hence, governments play a key role in determining inter-state relations and common agreements on economic and political developments. The British isolationist approach contributed to the creation of the pillar system within the EU, whereby instead of renaming the European Economic Community as the European Union, the treaty had to establish a legally separate European Union comprising the renamed European Economic Community and the inter-governmental policy areas of foreign policy, military, criminal justice and judicial cooperation. The first pillar was the European Communities, while the second and third pillars were related to foreign policy and military matters (the CFSP pillar) and criminal justice and cooperation in home affairs (the JHA pillar). To an assessment of the significance of these pillars we will turn next, but not before having a concluding remark at this stage.

Hence, the EMU, one may conclude, made the Maastricht Treaty significant in the fact that it created an entirely new interstate economy, opened up new opportunities for economic development and therefore represented a major step forward for the European integration process. Moreover, it created the premises for the introduction of the singular currency with all its benefits.

The second major achievement of the Maastricht Treaty is the Treaty on European Union (TEU). The most important significance of the TEU is that it created the foundation of modern day European Union. Despite its legislative complexity, we will take a broad overview of the main composing parts. The TEU, as mentioned above, was divided into three main pillars. The first pillar is known as the European Communities pillar (the EMU was also included in this pillar). Briefly, this pillar was primarily concerned with giving EU institutions more legitimacy and to some extent more power. However, the European Parliament is widely regarded as a victorious institution within this particular pillar, while the Commission and the European Court of Justice seem to have lost some of their prerogatives. The reason for this is that the Treaty

"extended significantly the parliament's oversight role by giving Parliament a right of inquiry, a more formal right of petition, and the right to appoint an ombudsman to field complaints about maladministration in the EU's institutions. Finally, the treaty obliged member states to consult the Parliament before nominating a new Commission president…" (Dinan. 2004: 252).

Another important concept within this pillar was the rather vague 'principle of subsidiarity' – the claim that the "EU should only involve itself in issues that could best be dealt with at the European rather than the national level" (Dinan. 2004: 252). In fact, this ended up in giving more powers to EU institutions over the national parliaments of member states. Yet another significant aspect of the first pillar is the introduction of the notion of EU citizenship. Not only were new opportunities opening for travelling and/or living in any of the EU states, but Felipe Gonzalez, then Prime Minister of Spain who pushed for this notion also advocated for aid and redistribution of money to the poorer EU member states. This led to another major contribution of the Treaty, namely the birth of a policy known as 'cohesion' (Dinan. 2004: 253). All the above certainly attributed more significance to the Treaty, particularly seen within the context of EU enlargement and with the need for integrating the poorer, former communist economies.

If the first pillar primarily deals with the domestic structural character of the EU and its member states, the second pillar deals with the need for a more unified voice of the EU in external affairs and security matters. It is called the Common Foreign and Security Policy (CFSP), which attempted to achieve exactly what it says – a common foreign and security policy. However, the CFSP was not greeted with the euroenthusiasm that the EMU enjoyed. Liberal Intergovernmentalism tells us that states behave rationally in achieving their goals – a complete common foreign and security policy was not amongst them. As a result, the treaty only proposed, "the eventual framing of a common defence policy, which might in time lead to a common defence" (Dinan. 2004: 254). Perhaps one reason behind such weak result was that historically different states had different foreign goals and were therefore, not willing to refute them over night just in the name of achieving a common European goal, which was not even in the broadest forms defined.[2]

The third and last pillar is known as Justice and Home Affairs (the Schengen agreement was a major catalyser in these developments). It dealt with just about anything that could be associated with the title. From issues such as immigration, political asylum, control of external borders and customs cooperation to police cooperation in combating drugs and fraud, and judicial cooperation in criminal and civil matters – all were debated in the third pillar (Dinan. 2004:257). In all that has been presented above we merely skimmed the surface of the complex Maastricht Treaty. However, dwelling into details goes beyond the purpose of this paper. One last and very important aspect worth mentioning is the 'Copenhagen Criteria'- the criteria by which any given state is granted access into the EU. Interestingly enough, these vital criteria are surprisingly broad and vague as compared to most of the content that comprises the Maastricht Treaty,

"Membership requires that [any] candidate country has achieved stability of institutions guaranteeing democracy, the rule of law, human rights, respect for and protection of minorities, the existence of a functioning market economy as well as the capacity to cope with competitive pressure and market forces within the Union. Membership presupposes the candidate's ability to take on the obligations of membership including adherence to the aims of political, economic and monetary union." (Copenhagen European Council. 1993: 7 A-iii).

Bearing in mind the content that has been discussed above, one can see the vast changes the Maastricht Treaty has brought into the scene of European affairs: it implemented the EMU, created the EU and further developed on a wide range of internal and external policies. Although Maastricht is only one event in a larger chain of European events, the immense changes that took place make it one of the most significant milestones in post-1945 European history.

In the last section of this paper we will take a brief look at two further developments that amended and elaborated upon the Treaty of Maastricht which in turn are proof of its ongoing significance. The first treaty to make substantial changes and updates on Maastricht (more precisely the TEU) was the 1997 Treaty of Amsterdam. Without going into details, we shall only note that, as Hug & Konig correctly stated, "The Amsterdam Treaty provides a powerful illustration of the influence ratification constraints on the bargaining process of international treaties" (2002: 447-448). As we can see, the final outcome often heavily influences the negotiation/elaboration process of international treaties – a key evidence of sovereign state power (considering liberal intergovernmentalism).

The second amending treaty, directly related to the first, is the Treaty of Nice in 2001. Considering that all the treaties affect and influence each other, "The Treaty of Nice was essentially devoted to the "leftovers" of Amsterdam, i.e. the institutional problems linked to enlargement which were not resolved in 1997" (Europa: 2007). As a result, the treaty enabled European Union expansion, especially eastward expansion. The BBC reported at the time that "without it, the European Union would not be able to add 10 new members to its ranks on 1 May next year. What Nice does is to set out the institutional arrangements which will govern the new, enlarged EU" (Morris: 2003). Therefore The Treaty of Nice completed the Treaty of Amsterdam and, to some extent, amended the TEU, while still following in its ethos and therefore re-emphasizing its significance.

Considering all that has been argued in this paper, we can conclude with certainty that the Maastricht Treaty marks an important milestone in the process of European integration and development. It is consequentially considered to be so significant due to a number of reasons. From a theoretical and conceptual perspective, it firstly elaborated and implemented concepts discussed in the previous Single European Act of 1986. Secondly, and most importantly, it established the European Monetary Union (EMU) and the Treaty on European Union (TEU). Lastly, it paved the way for further developments such as the Treaty of Amsterdam, the Treaty of Nice, and others that were to follow. In practical terms, the Treaty created the notion of European Citizenship with all its benefits and responsibilities, including the freedom to travel and work, the notion of solidarity, the question of social cohesion, etc. It also created the framework for unprecedented possibilities of economic exchange and development, the single currency market, again with all its privileges and responsibilities. All these matters put together make the Maastricht Treaty one of the most (if not the most) significant intergovernmental treaties in post-1945 European history. It is now the duty of citizens and future generations to continue the chain of events. As for what the future holds – only time will tell.

Bibliography

Book Sources:

- Bomberg, Elizabeth; Peterson, John & Stubb Alexander. (2008) *The European Union: How Does it Work? – 2nd Edition*. Oxford: Oxford University Press.
- Cini, Michelle & Borragan, Nieves. (2010) *European Union POLITICS – 3rd Edition*. Oxford: Oxford University Press.
- Crouch, Colin & Marquand, David. (1990) *The Politics of 1992: Beyond the Single European Market.* Oxford: Blackwell Publishing.
- Dinan, Desmond. (2004) *EUROPE RECAST: A History of the European Union.* Houndmills: Palgrave.
- Dinan, Desmond. (2005) *EVER CLOSER UNION: An Introduction to European Integration.* Houndmills: Palgrave.
- McDonald, Frank & Dearden, Stephen. (1999) *European Economic Integration – 3rd Edition.* Harlow, Essex: Longman Limited.
- Nugent, Neill. (2006) *The Government and Politics of The European Union – 6th Edition.* Houndmills, Basingstoke: Palgrave Macmillan.

Journal Articles:

- Hug, Simon & Konig, Thomas. (2002) "In View of Ratification: Governmental Preferences and Domestic Constraints at the Amsterdam Intergovernmental Conference", *International Organization*, Vol. 56(2): 447-448.

Online Sources:

- Copenhagen European Council. (1993, 21-22 June). "Presidency Conclusions", www.europarl.europa.eu/enlargement/ec/pdf/cop_en.pdf. Accessed 20th November 2010.
- EUROPA: Gateway to the European Union. (2007, 10 July). "Treaty of Maastricht on European Union",http: //europa.eu/legislation_summaries/economic_and_monetary_affairs/institutional_and_economic_framework/treaties_maastricht_en.htm. Accessed 20 November 2010.
- Morris, Chris. (2003, 1st February). "Landmark EU treaty comes into effect", *BBC News*, http://news.bbc.co.uk/1/hi/world/europe/2715437.stm. Accessed 21 November 2010.

[1] This was to shift with John Major's term in office.

[2] This still is a major debated/contested issue today, when the EU has a foreign service in place/in the making.

—

Written by: Andrei Rogobete
Written at: Royal Holloway, University of London
Written for: Alister Miskimmon
Date: Nov 2010