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Founding a Community: Germany and the Maastricht Treaty

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Introduction

Since the end of World War II, the dream of many European statesmen has been to create a common community in Europe that could speak with one voice in international affairs. On December 7, 1991, in the city of Maastricht, the capital of the southern Dutch province of Limburg, the leaders of twelve European states met to realize this dream. Four days later, an accord was reached. The resulting Maastricht Treaty was a series of agreements designed to bring political, economic, and social unity to Europe by 1993, and a common foreign and defense policy as well as a single currency by the end of the decade. While this treaty represented decades of work towards a common community, it was only the first step in the process of building complete unity. Implementing the terms of the treaty became a tremendous task and a test of the abilities of Europe's leading statesmen.

Yet the dream of the community has prevailed through the revisions and ratifications. The strong foundation of the Maastricht Treaty, anchored by the commitment to unity on the part of Germany, has kept the goal of economic, political and social unity attainable, despite the criticisms and doubts of many Europeans. These doubts arise mainly from concern and fear on behalf of Europeans that they will lose "their way of life, their traditions and their freedom to control their own affairs." (Fest, p. 51) It is these fears which have prevented complete integration in the past, and which have led European leaders of the present to construct a community which would preserve personal and cultural freedoms and traditions while allowing for unity and cooperation as a whole.

In this article I examine the Maastricht Treaty, looking at the steps that led up to the signing of the accord, the provisions of the treaty, and its problems. I also examine the role of Germany in this process as the European Community (EC) looks toward the future. I argue that, despite the negotiations, revisions and criticisms, the spirit of Maastricht has survived and the hope of a single European Community remains as strong today as it did in December 1991.
Building a Community: Before Maastricht

The idea of a united Europe can be traced back to the days of the Holy Roman Empire. In its modern form, however, it can be traced to Jean Monnet, a man who is generally considered to be the visionary and founding father of a united Europe. Although he never held political office, his leadership and support for the idea of a European Community laid the foundation for later federalists to build upon. Monnet knew that the process toward this community would be long, but that it would eventually be successful if given enough time. He once said that "the construction of Europe, like all peaceful revolutions, needs time: time to convince, time to adapt people's thinking, and time to adjust to great transformations." (Goldstein, p. 63) As the Maastricht Treaty came under fire, European leaders would remember his words. Yet Monnet's vision did not directly translate into the accord reached at Maastricht; a series of smaller steps were necessary before the dream of unity could be realized.

One of the first steps was the creation of the European Coal and Steel Community (ECSC) established by the Treaty of Paris in 1951. The ECSC was a basis for cooperation between European states on economic matters. In 1954 the European Defense Community (EDC) was signed and ratified by the ECSC member states. Although vetoed by the French Assemblee, the legislative branch of the French government, the treaty did provide for a European army with a common budget and common governing bodies. This was the first step in building a common defense and foreign policy which the Maastricht meetings would later expand upon. The various agreements known as the Treaty of Rome in 1957 provided for the establishment of the European Economic Community (EEC) and the European Atomic Energy Community (EURATOM) in 1958. In 1967, the ECSC, EEC, and EURATOM were merged under a single European Commission that included a single European Parliament. The European Council, a formally established group comprised of the heads of government of member nations, was established in 1975, and citizens of member states voted directly for members of the European Parliament for the first time in 1979. This council, although lacking any real power, was still important as a forum for discussion and negotiation. In 1979 the decision to create the European Monetary System (EMS) was reached. Although the feasibility of the EMS was questioned from the beginning and was ultimately rejected, its importance remains because it was out of the EMS that the EMU, the European Monetary Union, plan grew. In 1987 the Single European Act provided the measures necessary to implement the Single European Market. In July 1990, European leaders convened in Rome to iron out the last details of the creation of the community. Their success increased the support for unity in Europe and, combined with other key factors, moved the community toward Maastricht.

One of these important factors was the political leadership in Europe during the 1980s and early 1990s. Europe's leaders were people inclined toward the idea of unity and were linked to each other through close personal contacts. These leaders also benefited from strong bases of domestic support. Former French head of state Charles De Gaulle's legacy of commitment to a unified Europe provided the encouragement for later leaders to realize this goal. So did the strength and commitment of Jacques Delors, who became the president of the European Commission in 1985. (Mazzucelli, p. 58) Germany's strong support for a united Europe, articulated by Chancellor Helmut Kohl, was of particular importance. The determination of Germany and Kohl to reunify and integrate simultaneously, even in the face of domestic opposition, proved crucial to the success of the entire movement. (Bini-Smahi, p. 6) The unification process also benefited from a long period of economic expansion in Europe.

International cooperation is always helped by economic growth, and the 1980s saw a long period of expansion in the economies of Europe. The strong economic climate helped smooth over disagreements concerning market share and member-state participation in the unified market. Europe's political leaders benefited from this growth because it gave them more room to negotiate the terms of unification,
especially concerning the idea of the EMU. This, combined with a receptive intellectual climate within the business community, helped form the idea of creating an internal market which would facilitate cooperation and maintain mutual recognition. These ideas were emphasized by such leaders as then Prime Minister Margaret Thatcher of Great Britain. She advocated economic deregulation and minimal government interference that furthered the idea of integration without compromising national sovereignty. (Bini-Smaghi, p. 6)

So as Europe moved toward Maastricht, there was a clear understanding among Europe's leaders as to what steps were still necessary in order to complete the outline for full unification. These ideas were embodied in the Delors Report, which described the EC not as an international organization, but rather as an arrangement to produce public goods for a group of sovereign states: the basic principle that was defined under the Single European Act, signed on February 17 and 28 in 1986. This top-down approach toward unification, one initiated by the leaders of the countries rather than by the citizens of those countries, created a clear legal and institutional basis for further steps toward political union and made the entire movement stronger. (Bini-Smaghi, p. 8)

When European leaders met in Maastricht, they did so at the height of support for a unified Europe, and the provisions of the treaty reflect this cooperation and coordination. The Maastricht Treaty was comprehensive in its scope, dealing with all issues of Community life. By the time the accord was signed, a strong foundation for the European Community was established.

**Provisions of the Maastricht Treaty**

One of the most important provisions of the treaty concerned the creation of a political union. The goal was to create an area free from international frontiers so as to promote balanced and sustainable social and economic progress. This would ultimately result in a single economic and monetary union with a single currency for all members of the Union. The common market and single currency issues have taken the spotlight as of late, but there are other provisions of the treaty that are just as important to complete integration. It is on these other provisions that I would like to focus first.

Maastricht contained provisions for the protection of the rights and interests of all citizens of the Community, granting the protection of their human rights and establishing the conditions for acceptance of other countries into the Union. Citizenship requirements for entry into the Union were also established by the treaty. A legal identity known as “Citizen of the Union” was created and made open to all citizens of member countries. However, the creation of a European citizenry is more of a symbolic nature, reinforcing the principles of free movement and non-discrimination already inherent in the original treaty. The important issue concerning citizenship is now more about making Europeans feel as though they are part of a community. The confusion surrounding Maastricht and the complex nature with which the accord was completed left many Europeans puzzled, lessening their confidence in total integration. To rebuild this confidence, The Union is currently taking steps to increase public awareness and participation by simplifying the treaties and making them and other Union-related documents more readily available, both in hard copies and on the World Wide Web.

A social policy was also established under Maastricht. Embodied in a text called the Social Charter, it was a commitment to the “promotion of employment, improved living and working conditions, proper social protection, dialogue between management and labor, development of human resources with a view to lasting high employment and the combating of exclusion.” (Lewis, p. 185) In addition, the charter provided for improvements in work environments for the protection of the health and safety of workers. As important as this social policy was, its impact was limited by its inability to impose administrative, financial and legal constraints on businesses, and by the fact that the United Kingdom initially refused its incorporation in the overall treaty. But with approximately 18 million people unemployed in the EU, pressure is mounting for policy reform. (EU Homepage, World Wide Web)

Of all the provisions provided for under Maastricht, the biggest disappointment came
in the handling of the section concerning common foreign and security policy and defense. Europe’s defense throughout the Cold War had been handled by NATO; but since the collapse of the Soviet Union in 1989, NATO’s future as a necessary force in Europe has been a subject for debate. NATO also felt that the EU member states should begin to take a more active role in their own defense. The problem was that the European Parliament was not strong enough to create a different system. Therefore, the delegates at Maastricht handed over security and defense issues to the existing Western European defense alliance called the Western European Union (WEU), and gave it the task of coordinating the defense policy for the EU. Although an entity separate from both NATO and Maastricht, the WEU was to coordinate a new policy while respecting the existing NATO policies concerning Europe, namely those which dealt with nuclear forces.

Creating common security, defense and foreign policies proved to be extremely difficult because of the issue of unanimity. Any actions concerning these policies would have to be fully supported by all member states, a feat which has not been accomplished on even relatively minor issues. There is, however, a strong foundation for common defense in Article 30, section 6, of the Single European Act. It states that “closer cooperation on questions of European Security would contribute in an essential way to the development of a European identity in external policy matters.” (Feld, p. 424) This foundation was strengthened by the Franco-German Council on Defense and Security in 1988 which stated that “European integration will remain incomplete if it does not encompass security and defense.” (Feld, p. 424)

Security goes beyond military issues, encompassing also diplomatic, economic and social dimensions. This being the case, the goal of Maastricht was to create a security and defense policy with the purpose of creating national and international conditions favorable to the protection and extension of national and regional values within the Union. By all accounts, the treaty has failed in this mission. The Maastricht Treaty did not go as far as establishing a common foreign or defense policy, nor did it create a common European army. But the fault does not lie with the delegates. Europeans are unsure of who should be in charge of their security and defense. In a survey in 1989, only 46 percent of the EC public felt that NATO has historically acted in the best interest of Europe. Yet, only 36 percent want the issue of security and defense to be decided by the EC Parliament, and 30 percent want NATO to continue in its role as protector of Europe. (Feld, pp. 426-27) As can be seen, there is no clear majority desire for a common security and foreign and defense policy to be decided upon by the EC.

Adding to the complication is the fact that eleven EC member states are also members of NATO, and American influence in NATO is still strong. This caused serious constraints during the crisis in the Balkan Republics as European interests clashed with American interests, thus resulting in a sluggish response by NATO. As far as the WEU is concerned, with only nine EC members and a constrained charter the involvement of this organization has been very limited. It would need tremendous operational and administrative expansion to effectively impact European security and defense, not to mention the admission of more member states. (Feld, p. 430)

With talk of continued support of NATO by Germany and England and the poor track record of European unanimity, a common security and defense policy is not likely in the near future. Considering the importance of America to successful European economic integration and U.S. support of NATO, the EC leaders and citizens may be satisfied to have their protection provided by a NATO with increased European influence and participation, a policy which would most likely be welcomed by NATO anyway.

The issue that received, by far, the most attention by the delegates was that of a common monetary union and the adoption of a single currency. Considered the most important achievement of the Maastricht Treaty, the deadline for a single currency was set for the year 2000. The treaty made the EMU an official goal of the EC and devised a strategy to achieve it and the institutional framework for its regulation. (Fratianni, p. 7) Also agreed upon were the requirements for joining the monetary union. To join, a country cannot have an annual inflation rate more than 1.5 percentage points above the rate of the least inflationary member states,
and a budget deficit above 3 percent of GDP. (Lewis, p. 182) These were ambitious, but not impossible, numbers designed to ensure the strength and flexibility of the EMU once implemented. The section of the treaty on economic and monetary affairs also set out the following agreements. First, the introduction of the single currency would follow an irrevocable fixing of exchange rates in order to maintain price stability. Member states would also need a sustainable balance of payments. The EC also stipulated that the policies of member states be in accordance with the principles of an open market economy with free competition. To manage this new federal economy, the treaty followed the suggestions made by the Delors Committee as well as provisions for the creation of a Central Bank.

The Delors Committee had suggested the creation of a European System of Central Banks, the ESCB, with one European Central Bank at its center. In this respect, the monetary system of the new federal economy would resemble the Federal Reserve System of the United States. The committee also accepted the principles of independence and indivisibility as the key to the success of a federal economy. Under the principle of independence, national institutions other than the Central Bank could not share in the monetary policy responsibilities. The Maastricht Treaty provided for the creation of the ESCB and one Central Bank at its center, but added to its responsibilities by giving it authority to conduct foreign exchange operations and manage foreign reserves, in addition to stabilizing prices and defining and implementing monetary policies.

There have been many problems concerning the creation of a monetary union, not the least of which have dealt with the strict monetary and fiscal requirements. They have become problems even for core members such as France and Germany. Despite these economic problems, the deadline for EMU by the year 2000 remains in place; but even Germany is now admitting that this deadline may not be feasible. The reason for this is that economic growth has slowed, preventing many countries from meeting the economic criteria for joining the monetary union. Beyond these immediate threats to the monetary union, there are other issues which impact the feasibility of one currency for Europe. To begin with, by placing control of the currency in a central bank, states lose their sovereignty with respect to fiscal and monetary planning. In addition, since the economies of several states would affect the value of the single currency, trading against the dollar or yen would be difficult.

**Ratification and Domestic Support: Was Maastricht Good Enough?**

Although the delegates at Maastricht were careful to devise an agreement that could receive complete acceptance, political, social and economic problems throughout Europe made the ratification process a problem. As a result, problems with the treaty began to surface. One of the problems was that during the signing of the accord, Europe was experiencing a mood of “Europhoria” (Goldstein, p. 54), and the twelve nation states of the EC were in a period of economic boom. This feeling was quickly replaced by confusion and fear as to the impact of Maastricht on the day-to-day lives of Europeans. The negotiations which were necessary to reach agreement at Maastricht also had the effect of making the end result “almost entirely devoid of meaning.” (Fest, p. 56)

The EC was unable to keep the same cohesion which had led to Maastricht earlier because the economies of the twelve member states were entering into a period of stagnation. There were divisions between the strong and weak economies of Europe, and the trade wars between the U.S. and Japan were adding to these divisions. It was crucial to have the treaty ratified before any further progress could begin, but domestic ratification problems in France, Denmark and the UK were exposing an even greater lack of support.

On April 7, 1992, four months after the signing of Maastricht, the Treaty of European Union, the new official name of the Maastricht Treaty, was ratified by the European Council. The vote was 226 votes for to 62 votes against. There were 31 abstentions. (Lewis, p. 191) Yet there were still problems with regards to certain issues. Many nations objected to the special provisions given to the UK and to the inability to agree upon a common security and
defense policy. The most crucial issue was domestic ratification, and in Denmark the treaty was rejected in a national referendum on the grounds that the Danes did not like the idea of losing some of their sovereignty to the Commission, an unelected body. On June 2, 1992, the Danish rejection of the treaty was by a margin of 40,000 votes (Mazzucelli, p. 66), a narrow margin but one with a huge impact. This message was heard throughout Europe, and many people agreed with the desire of the Danes for more citizen input and less bureaucracy. Immediately, referendums were called for in France and Germany, but the European leaders did not waver in their support for the treaty. Mitterand of France, Kohl of Germany and EC President Premier Anibal Cavaco Silva of Portugal reaffirmed their commitment by jointly stating that there would be no renegotiation of the treaty. (Lewis, p. 195) As a result of this, the treaty barely passed in the French referendum. In the UK, the House of Commons approved the treaty partly because of the strong case made for it by Prime Minister John Major.

One issue was whether the Community should be widened or deepened. Widening the treaty meant the admission of new members, while deepening referred to increasing the powers of the existing EC agencies. Due to the problems of ratification, this issue was left open and is still not completely resolved. An EC summit meeting in Lisbon in June 1992 failed to make any progress on this issue, and the admission of any new members was put on hold. This summit also saw the five-year budget for the EC delayed. Heightening the urgency of these debates was the growing European recession and the fighting in the former Yugoslavia, all of which threatened the success of a federal Europe. (Goldstein, p. 59)

Budget problems arose when the EC announced that from 1993 to 1997 the EC budget would rise from $81 billion to $112 billion under the budget bill called the Delors Z. (Lewis, p. 188) Under the Delors Z, special attention would be paid to making sure the EC's resources would be equitably distributed among all member countries. A solidarity fund was also established to help the poorer periphery countries of Greece, Ireland, Portugal and Spain meet their EC commitments, especially to the monetary union. This was met with some opposition by the larger countries, especially the UK and Germany, and affected the debate over widening or deepening the EC. The problems the poorer nations encountered in meeting Community economic standards demonstrated the price that might have to be paid for enlarging the EC and delayed any attempts to resolve the issue. Due to this, any admission of new members was postponed until after agreement on the five-year budget. The EC also stopped taking requests for new admission until the year 2000, when the single currency is supposed to be in place. (Goldstein, pp. 60-61)

Other related problems concerned the CAP, or Common Agricultural Policy. Projects under CAP receive half of the EC's total budget, or 1.3 percent ($85 billion U.S.) of the total Community GNP. (Goldstein, pp. 60-61) Most of this money goes to subsidizing the French farming industry so that it can remain competitive in a European market where cheaper agricultural products will soon be available. This is seen as a necessary evil in order to keep French support for the Community. There is not enough money available to the EC to sustain these subsidies for much longer, and the constitution prohibits the EC from running a deficit or borrowing money. Agriculture is not the only beneficiary of EC subsidies and protectionist measures. The steel and coal industries also benefit from community protection which the EC can no longer afford. The issues of subsidies and protectionism are at the core of the EC's budgetary problems.

Beyond economic issues, the EC is also having problems with the military issues handled in the Maastricht treaty. It was tentatively agreed upon in Maastricht that the EPU, the European Payments Union, would eventually assume responsibility for foreign policy and defense issues. Yet there is little evidence to show that such a cohesive policy is close to being agreed upon. This became especially apparent as early as the Gulf War, where EC members distanced themselves from NATO/American issues. The EC again showed its ineffectiveness with regards to Yugoslavia.
Britain and France had very public disagreements about the size and scope of NATO and UN involvement. At the same time, moves toward creating a common defense force, which had been stimulated by a Franco-German alliance to raise an army for the nucleus of the EC military, were stalled by a general feeling in Europe that NATO could not be replaced. Germany and Britain agreed that a continuing U.S. presence “was vital and that the NATO structure be left intact.” (Goldstein, p. 59) France opposed the move on the grounds that Europe needed to give up the dependence provided by U.S. nuclear hegemony. The issue of a common defense for a federal Europe remains unresolved, as do many others; but the key to their resolution might lie in the steps Germany will make with regards to the Maastricht Treaty.

The Role and Impact of Germany

The role of Germany in creating and maintaining a federal Europe has been crucial. This is a role cherished by the country, as is clear in the words of Chancellor Kohl when he said: “Germany is our fatherland, Europe our future. The nucleus and basis for Europe’s integration are to us the European Community, which we aim to develop into a European union.” (Feldman, p. 314) Germany’s participation in the negotiations of the Maastricht Treaty reflected its commitment to stability in Europe.

Germany has served as both a model and testing ground for many EU policies, including issues of defense, monetary union, and unification. German unification provided the first real test of the EC’s ability to incorporate new members regardless of their economic standing. As one observer has stated, the ease with which the EC handled German reunification “revealed its institutions’ strength of purpose and capacity for adaptation.” (Feldman, p. 326)

For most of the period since the end of the Second World War, Germany found itself at the center of the Cold War, the dividing line between east and west. Since reunification, Germany has felt exposed to any potential instability in the region. (Brenner, p. 27) It is this feeling which has pushed Germany to take the lead in establishing a viable security and defense policy. Germany has also been instrumental in planning the common market and single currency. Although many Germans were opposed to the idea of one central bank and a single currency, the leadership of Kohl persuaded them that a European monetary system largely based on the German model would be the best way to ensure economic growth and stability. Seventy percent of Germans were against replacing the deutsche mark with a new currency. (Goldstein, p. 56) Despite the fact that the German Bundesbank’s tight monetary policy initiated to curb inflation and stabilize prices was hurting other EC countries, Germany felt that the other countries needed to reform their economies in order to ensure a successful union.

Despite the differences among European states, the agreement by Germany and France to support the notion of a unified community remains intact; and this could very well be the key to maintaining EC stability. Mitterand, when he was in power, believed that this alliance was a strong foundation on which the future of the EC could rest. According to him, it remains a “crucial political driving force for the emergence of a political, economic and monetary union.” (Krause, p. 324) Just as important, however, is the strong leadership Germany has provided and is committed to continue providing.

Yet, recent events have slowed Germany’s economic growth to levels below the Maastricht criteria and have caused a split in opinion between the politicians and the population. Germany has adopted tough austerity measures in the past few months and plans on continuing with this trend in order to meet the requirements for a single currency in 1997. These austerity measures include cuts in public spending by 50 billion marks and other cuts in social spending. (Kamm, p. A1) These policies have been necessary but have also created social unrest. Recently, 350,000 people demonstrated against these cuts in Bonn, illustrating how what is good for Europe is not necessarily good for Europeans. This scene is not limited to Germany, as strikes and union walkouts in response to deregulation and privatization are disrupting French productivity.
Conclusion

Europe after Maastricht remains an incomplete picture. The intent of the Maastricht Treaty was to create a federal union and give the agencies of the EC some of the powers previously held by member states. The treaty's goals were to unify Europe's strength through the EMU, which would promote a common monetary and fiscal policy so a single currency and a central bank could be created; to create the EPU to establish a common foreign and security policy so that the EC could speak with one voice in international affairs; and to give the European Commission authority to regulate public health, education, agriculture and the environment.

Provisions such as the Social Charter, a section of the Maastricht Treaty, were also provided to deal with human rights, citizenship and worker's rights issues in a cohesive manner. While Maastricht was successful in many of these endeavors, the single currency question remains, as does NATO's role with regard to European defense. In the end, the Maastricht Treaty left member states intact as sovereign actors, but forced unity in certain policy issues. The cohesiveness of the statesmen in the powerful EC nations remained intact, however, as political conflicts and uncertainties did not undo the progress made in the treaty.

As for the U.S., a federal Europe will probably not exclude it as the uncertainties in Europe will force the EC to strengthen its global links. The commitment to liberalizing trade leaves the door open to possible expansion of the EC to include NAFTA and other regional trading blocs. Europe listened to President Bush's warnings against limiting American exports (Lewis, p. 187), and it seems likely that the EC will adopt the trade agreements reached during the Uruguay round of GATT negotiations. The U.S. is also supportive of the WEU's desire to take more responsibility for Europe's defense. In the end, Maastricht will probably be faulted only for trying to accomplish too much too soon and ignoring the early warning of Jean Monnet.

For Germany, the period after Maastricht has been, and will continue to be, a time for proving its worthiness as a world leader. As Kohl said, "I am convinced that overcoming the division of Germany will be a gain not only for the Germans, but for all Europeans and will decisively assist European unification." (Krause, p. 308) The commitment on behalf of Germany to strengthen the rights and powers of the governing bodies of the EC will be a stabilizing factor, especially with regards to common defense.

On the eve of complete unity and federalism, the leaders of Europe who worked on the Maastricht Treaty have much to be proud of. As Jacques Delors said, "The community will have to take the lead in developmental aid and international action" (Krause, p. 313) to combat the problems facing both Europe and the world. Margaret Thatcher's vision of Europe, in which the members "increasingly speak with a single voice, where we work more closely on the things we can do better together than alone, where the concept that the community does those things, and only those things, which cannot better be done by individual nations is rigorously observed" (Krause, p. 304), seems to be the realistic path that the EC must follow.
References


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