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The Maastricht Treaty – 20 years later

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Communication to members

Summary

European leaders face the twin challenge of extinguishing the flames of the crisis and laying the foundations of Europe's future. Much will depend on the extent to which the EU institutions can inspire governments to take common, decisive action, because European nations have more chance of achieving their goals by working together, former European Commission President Jacques Delors told participants in a conference on the Maastricht Treaty organised by Notre Europe and the European Policy Centre.

Full Report

Keynote speech by Jacques Delors: 'The Treaty of Maastricht: genesis and issues'

"A combination of events and political will lead to the signature of the Maastricht Treaty," said **Jacques Delors, former president of the European Commission**.

In the period 1988-91, the collapse of the Berlin Wall and conflict just beyond Europe's borders in the former Yugoslavia led to heated debate on the future of Europe, recalled Delors, currently founding president of the think-tank Notre Europe.

"The collapse of the Soviet Union had an enormous impact on Europe. The 'Eastern Spring' gave us hope. The vision of Europe's leaders made sure that the fall of the Wall didn't produce still more deaths and victims," Delors said.

Other European nations were concerned about the implications of developments in Germany and further east. "Chancellor Helmut Kohl had to allay their fears. It was a tough time and there were grounds to question Europe's future," Delors said.

"Once the Berlin Wall had fallen, the European Commission took its responsibilities and declared that East Germany belonged to Europe. Reunification occurred in 1990," he recalled.

"Chancellor Kohl recognised the difficulties of German reunification and French President François Mitterrand knew that a European political union would be required to address them," the former Commission president said.

"While Europe was wrestling with these issues, external conflicts were raging," Delors recalled, referring to the first Gulf War in Iraq – on which European nations were united – and the Yugoslav conflicts.

"Europe was powerless. I went to Belgrade and saw that a split was unavoidable. Germany, the UK, France and the Netherlands couldn't agree on recognising Croatia. We were experiencing a major crisis," Delors said.

"Eventually, France and Germany decided to put aside their differences and embark on the road to Maastricht," he said.

Despite differences of opinion between governments at that time, "there was trust and willingness to move ahead" with European integration, Delors recalled.

"12 million jobs were created in Europe between 1985 and 1991. French ministers were talking about Economic and Monetary Union long before it became a reality – the climate was promising," he said.

"Debate was dynamic and many letters were exchanged between France and Germany, just like today. But not all these exchanges were accepted by the UK – just like today!" Delors added.

UK Prime Minister Margaret Thatcher declared that 'Europe wasn't created by a treaty'. Britain was opposed to the concept of a European defence policy and was against the idea of a new treaty, the former Commission president recalled.

The UK and Denmark tried to secure a "general exception clause" from Maastricht, without success. Instead they were only granted opt-outs, Delors explained.

"The UK under John Major reminds me of the UK under David Cameron today," he said.

As for the issue of a common European defence policy, "many member states said that a common European defence existed already – NATO. The UK and the Netherlands were strongly against the idea," Delors said, explaining that the UK in particular would have preferred to strengthen NATO.

"I understood then that getting a common defence policy would be extremely difficult," he said.

The treaty had already been drafted when the Netherlands came out with a new one. No-one wanted Britain to be left out, so a huge effort was made to find a compromise acceptable to all, Delors recalled.

The Maastricht Treaty was like a tree with different branches, dealing with foreign policy, economic policy, and justice and home affairs – including internal security, he explained.

"Many countries thought I was extremely annoying! The battle for a new treaty seemed lost. Denmark rejected it in a referendum. The UK wanted more subsidiarity, so we spent months working on that," Delors said.

The idea of Maastricht was to move towards Economic and Monetary Union in three stages. The first stage was free movement of capital. The second was the creation of a European monetary institute, and the third was the introduction of a common currency, the former Commission president explained.

"My report suggested that economic criteria, such as youth unemployment figures, should be more important than monetary criteria, like interest rates and participation in the European Monetary System," Delors recalled.

"But Spain, Portugal and other countries refused," he said.

"The UK got all mentions of 'federal' deleted from the treaty. But there were still major new steps forward, like the increased role of the European Parliament, for example. It's a shame that the media don't talk about that more: parliamentary democracy is a European tradition," he said.

Commenting on the Maastricht Treaty's stated aim of one day creating a common European defence policy, Delors admitted that he had "never really believed in that part of the treaty".

"Simply agreeing to cooperate on certain issues would have avoided a lot of disappointment," he reflected.

Maastricht also introduced a social dimension to the European Union's activities.

"Social rights like employment law, for example health and safety at work, were included. European citizenship and the Social Protocol were all important. But perhaps they weren't enough," Delors said.

"Not everything about the Maastricht Treaty was a success. The participants were very tired. Some compromises weren't good enough, so the UK opted out of two parts: Economic and Monetary Union and the Social Protocol," he said.

He cited the right of all European citizens to vote in municipal elections in their place of residence regardless of their nationality and the birth of the euro among the Maastricht Treaty's greatest achievements.

"Joint decision-making has been a success and awareness of Europe was raised. But the social dimension has not been mentioned enough and the focus has always been on the intergovernmental dimension," Delors said.

"Together we have a better chance of achieving our goals in this world. That's why we should celebrate the Community method and not despise the European Commission. Whatever has happened to the Community method, never mind federalism?!" he wondered.

"Our governments must put out the flames of the crisis and lay the foundations of the future. Neither task can be ignored," Delors said.

Much will depend on the extent to which the EU institutions can inspire governments to take common, decisive action. "Institutional pressure can help to push member states into line. But if governments fail to realise that it's in their own interests to act together, then any institutional efforts will come to nothing," he warned.

"Europe doesn't yet have the answers to all these questions. But maybe future generations can find them," Delors concluded.

Panel debate: '*The three pillars: legacy and challenges*'

"In my day, we tried to forge agreements based on content: not like the Lisbon Treaty, which focused on institutions, for example the European External Action Service," said **Joachim Bitterlich, former adviser to German Chancellor Helmut Kohl** and to former Vice-Chancellor and Foreign Minister Hans-Dietrich Genscher.

Bitterlich focused on progress made to date on the common foreign policy element of Maastricht.

"There are very few success stories, except for perhaps Yugoslavia. There are still no common EU policies towards China, Russia or Iran. So I'm sceptical about EU foreign policy," Bitterlich said.

"Today provides a window of opportunity, but we're still muddling through. It's much easier to create new institutions than it is to agree on content," he said.

"The Council needs to agree on a roadmap towards a common EU foreign policy. But is it really interested in doing so? We're in the middle of a completely different crisis. Why on earth would the Council focus on foreign policy instead?" he asked.

"In my day, we discussed foreign policy between our foreign ministries, but nowadays it's more unilateral," he claimed.

"Maastricht's monetary leg was very strong, but its economic leg was very weak," said European Policy Centre President **Philippe Maystadt, a former president of the European Investment Bank (EIB)**.

"We spoke of European economic governance, but it became a swear word. Germany saw it as an attempt to limit the independence of the European Central Bank, but that wasn't our intention," Maystadt said.

"So we didn't get genuine economic governance. We got the excessive deficit procedure and the Stability and Growth Pact. But this ersatz economic governance proved insufficient," he said.

The former EIB president outlined five major weaknesses of the Maastricht system:

- i) The Stability and Growth Pact was exclusively focused on budget discipline and ignored other aspects of economic policy.

"Delors knew that more was needed. Fiscal indicators for Ireland were good at the time. There was a quasi-religious belief among finance ministers that correcting budgetary imbalances would address others too," Maystadt said.

"People and businesses could borrow a lot from Irish banks, because interest rates were the same as in Frankfurt," he added.

"The 'six pack' has broadened the list of indicators, largely solving this problem," Maystadt said.

ii) The methodology chosen for budgetary discipline in the Stability and Growth Pact was flawed.

"History should have told us that increased VAT revenue during the real-estate boom was only temporary," he said.

"The golden rule is that you can only borrow to finance productive investment. We need to distinguish between that and current expenditure. The 'six pack' will attempt to do this, and the fiscal pact may end up going further," the former EIB president explained.

iii) The Stability and Growth Pact was too weak in governance terms.

"Negotiators were politically schizophrenic. They wanted to keep economic policies purely national, while at the same time having a common monetary policy. I predicted problems at the time," Maystadt said.

"The breakdown of the Stability and Growth Pact in 2003 was particularly pertinent. The message in the Council was 'don't worry about budgetary rules'. The 'six pack' is an improvement," he added.

"The new system of sanctions is more progressive and more credible. Knowing that it will be applied has already forced the Belgian government to act," he claimed.

iv) Maastricht didn't provide a mechanism to manage or resolve crises.

"There was no mechanism to rescue a country that is still solvent but has liquidity problems. We were devoid of instruments when the debt crisis exploded. The negotiations to set up today's European Financial Stability Facility (EFSF) were completely ad-hoc, by which time the liquidity crisis was fast becoming a solvency one," Maystadt said.

v) Free movement of capital encouraged banks to use their customers' savings to finance investment in poorer countries.

"This is a good thing, because it boosts social and economic cohesion. But it requires proper cross-border banking supervision. National banking supervision is clearly no longer adequate, and the European Banking Authority is still too weak," Maystadt said.

The 'six pack' legislation is "an important step in the right direction". "But I'm not sure whether the Fiscal Pact adds much more," he concluded.

"Maastricht was the founding moment of European cooperation in justice and home affairs. It put together key elements of the Single Market and gave coherence to the creation of an area of freedom, security and justice by making it an EU objective," said **Antonio Vitorino**, a former EU commissioner for justice and home affairs, and president of Notre Europe.

"Judicial cooperation is now a central part of the EU integration debate, and citizens identify it as a key area for further integration," said Vitorino, who chairs the board of Notre Europe.

"Schengen is an important cementing stone of justice and home affairs cooperation. Current developments are a cause for major concern," he said.

Maastricht failed to give the European Commission the right to initiate EU legislation in this field: an oversight which has now been corrected by the Lisbon Treaty, the former commissioner said.

"Member states had created an intergovernmental pillar with a serious democratic gap – there were no powers for the Commission, the European Parliament or the European Court of Justice. Lisbon has addressed this," he said.

Vitorino spoke of a paradox in the EU migration debate.

"At treaty level, we've overcome the democratic deficit on migration and asylum. But at political level, current debate between member states is very worrying – there's a lack of mutual trust in the fields of freedom, security and justice," he said.

"Without political will, there's no hope for further cooperation in this area," he added.

"We attempt to re-establish internal border controls at the first sign of trouble. I hope member states can be more long-sighted," Vitorino concluded.

Discussion

Asked whether it was right for a single member state like the UK to prevent others from pursuing deeper integration and responding to comments that enhanced cooperation had never really got off the ground, **former European Commission President Jacques Delors** said "differentiation means respecting the basic concept of integration, without failing to respect the group as a whole".

"The UK moves in never-ending circles. It still talks about 'continental' Europe and its relationship with the USA. But the City and its financial services sector represent 12% of EU GDP, so the UK definitely has an interest in Europe," Delors said.

Asked whether the Maastricht Treaty could have established better economic governance structures, Delors said that focusing too heavily on monetary issues "was a mistake".

Asked why Europe hadn't seen much of the social dimension enshrined in the Maastricht Treaty, Delors said "when I developed the social dialogue, it was a positive time of almost full employment. That's no longer the case".

"The power of the trade unions has also declined. We have more non-believers these days," he added, suggesting that social dialogue was no longer the unquestioned European model.

Asked where he would start if he were tasked with drafting a new treaty for the EU today, Delors said that with Maastricht, he had started with the economic dimension, proposing a common European defence policy and a common European currency.

“These were interesting ideas because they created jobs, so I’d do the same today,” he said.

“We need more qualified majority voting instead of unanimity. We need enhanced cooperation and differentiation to maintain the dynamic of integration. In that sense, nothing has changed since Maastricht,” he added.

Asked whether troubled countries like Spain, Italy and Greece should have been left out of the euro at the beginning, Delors replied: “The spirit of the European Union is that everyone should participate in everything one day. The 17 mustn’t forget the 27.”

“Those countries joined the euro because they’d made the necessary preparations to be there. But not enough people in the Council were concerned about mounting debt, because economic performance and employment were good. There was an obsession with money,” the former Commission president said.

Asked whether enlargement had created a positive dynamic for EU integration, Delors said “enlargement was good and happy. It’s a difficult dynamic to manage, but the mood was – and is – happy. Yes, things have become more complicated, but Europe was never supposed to be only for a few countries”.

Asked what the consequences of a Greek implosion would be for the EU, Delors said “I hope that all Greek parties can agree and allow the government to continue its work. I hope the troika will then adjust its stance accordingly”.

Asked whether the free movement of people was reversible, **former EU Commissioner Antonio Vitorino** insisted that “free movement of people is not at risk” despite the Schengen controversy.

“Rolling back on this or other freedoms of the Single Market is unacceptable. There can be no cherry-picking. We need a coordinated immigration and asylum policy, because without it, the other elements of the Single Market are at risk,” Vitorino said.

Asked whether Eurobonds could be part of the response to Europe’s problems, **former European Investment Bank President Philippe Maystadt** said “I’m in favour of Eurobonds, because they offer the financial solidarity required of monetary union”.

“But they’re only acceptable if common rules are followed by every member. You can’t expect Germany to agree to them if others don’t show budgetary discipline,” Maystadt said.

On the same topic, **Joachim Bitterlich**, former adviser to German Chancellor Helmut Kohl, said “talking about Eurobonds only increases Euroscepticism in Germany. Leadership is totally lacking in Europe”.

Asked why a common EU foreign policy had taken so long to materialise, Bitterlich admitted that mistakes were made: not least by establishing Eurocorps, the EU military body, which many countries – including the Netherlands – saw as a thinly-guised Franco-German attempt to leave NATO.

“For me, that was the end of any chance of a common EU foreign policy,” Bitterlich said, adding: “Let’s get over the crisis, and then we need someone to launch the debate on a common EU foreign policy.”

The Maastricht Treaty created the European Union and made it political by giving Brussels power over justice and home affairs, economic and defence policy. Previously Europe's remit was primarily restricted to trade and agriculture, said **Hans Martens**, chief executive of the **European Policy Centre**.

The Single European Act, the Maastricht Treaty and the Single Market all came into being under Jacques Delors' presidency of the European Commission, Martens recalled.

"Some people say we should have anticipated Maastricht's shortcomings. Mistakes were made, but in entering the unknown, not all shortcomings can be anticipated. We now have to deal with this. Politics takes time, but better late than never," he said.

"Without the euro, we'd most likely see instability and further crises. Maastricht's common foreign policy has only got off the ground recently. On justice and home affairs, we saw progress in the 1990s but now there are political difficulties at a time when common policies are more necessary than ever," the EPC chief added.

"The past can shed new light on the present. A new treaty will soon be ratified, but its scope won't be like Maastricht's. When the Treaty of Maastricht was signed, negotiators anticipated events which are now occurring but could build optimal compromises at that time. Not all Delors' proposals were listened to at the time," said **Yves Berttoncini**, secretary-general of **Notre Europe**.