

**MAASTRICHT TREATY 1991:
REACTIONS OF EEC MEMBER STATES**

*Dissertation submitted to Jawaharlal Nehru University
in partial fulfilment of the requirements
for the award of the Degree of*

MASTER OF PHILOSOPHY

SUBAS MOHANTY

**CENTRE FOR AMERICAN AND WEST EUROPEAN STUDIES
SCHOOL OF INTERNATIONAL STUDIES
JAWAHARLAL NEHRU UNIVERSITY
NEW DELHI-110067
INDIA
1993**



जवाहरलाल नेहरू विश्वविद्यालय
JAWAHARLAL NEHRU UNIVERSITY

NEW DELHI-110067

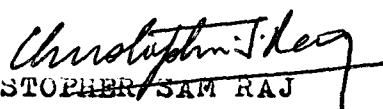
Centre for American & West European Studies
School of International Studies

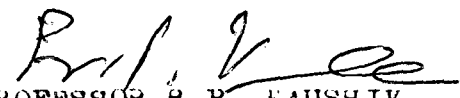
21 July 1993

CERTIFICATE

CERTIFIED that the dissertation entitled
"MAASTRICHT TREATY 1991: REACTIONS OF EEC
MEMBER STATES" submitted by Mr. SUBAS MOHANTY
is in partial fulfilment of Master of
Philosophy of this University. This dissertation
has not been submitted for any other degree to
any other University and is his own work.

WE recommend that this dissertation be
placed before the examiners for evaluation.


DR. CHRISTOPHER SAM RAJ
Supervisor


PROFESSOR R.P. KAUSHIK
Chairperson

Bapa

Bou

CONTENTS

	Page No.
Preface	
Acknowledgement	
Chapter - I European Integration Process - A Survey	1 - 34
Chapter - II Maastricht Treaty	35 - 83
Chapter - III Political and Unitary Issues	84 - 109
Chapter - IV Economic and Social Issues	110 - 124
Chapter - V Conclusion	126 - 135
Bibliography	136 - 144

ACKNOWLEDGEMENT

This work wouldn't have been possible without my academic mentor Dr. Christopher Sam Raj. I acknowledge the fact that this is a pale reflection of his profound teaching, scholarly guidance and masterly criticism. I can not repay his debt neither in kind nor in words, for his august self in an incorporation of highest human virtues.

Prof. R.P. Kaushik made an indelible mark in the course of my work and also there after with his noblest form of encouragement and assistance. My gratitude knows no bound for him.

I place in record my heartfelt thanks to Mr. Ashok Purang, the librarian of the delegation of the Commission of the European Communities for his kind cooperation.

I also would like to record the assistance extended to me by the staff of British Council library and American Centre library of New Delhi.

I would fail in my duty if I would not mention the help and assistance provided by the staff of Jawaharlal Nehru University.

Tapan Mohanty and Pradeep Sethy extended their valuable knowledge and time in the finishing of the work. And for those friends whose names have not been mentioned

will unforgettably go down the memory lane for their earnest support.

The manuscript was made possible by M/s S.S. Consultant. Their undaunted zeal and zest made this complete in time without which work may not see the light of the day.

Any shortcoming in this work is obviously of mine.

Subas Mohanty
Subas Mohanty

PREFACE

In the aftermath of World War II, Jean Monnet, the French statesman and political economist, dreamed of a United States of Europe, a federation of nations whose pursuit of common interests would ensure peace for a continent. However, his goal - a fulfilled European federation - is yet to be achieved; Monnet's belief that tighter economic ties would lead to closer political links was reaffirmed in December 1991 by the 12 members of the European community which he had helped in its foundation. The leaders met in the medieval Dutch city of Maastricht. They emerged with an agreement calling for unprecedented cooperation on monetary, economic, foreign policy and security matters - though with notable concessions to Britain. The landmark agreement amended the 1957 Treaty of Rome, the community's charter document, proclaims the birth of a "European Union".

The third chapter deals with various differences that existed among the EC members on the catalogue of functions during the Inter-Governmental conference that lasted from December 1990-91. The other issues which have been dealt with are subsidiarity, extension of majority voting, the issue of common foreign and security policy, immigration policy and the issue of citizenship. And also the various country's nature of ratification of the Treaty has also been examined.

The first chapter deals with the history of European integration starting from the organisation of European Economic Cooperation (OEEC) to the Single European Act (SEA) concluded in 1985.

The second chapter deals with the various matters enshrined in the Treaty signed at Maastricht.

The third chapter deals with the issue of economic union and social issue. Under the head issues such as the single currency (ECU), pan European Central Bank and above all the instability in the European Exchange Rate Mechanism has been discussed. Besides, this chapter also deals with Why Britain opposed the social charter tooth and nail.

The fifth chapter which is conclusion comprehensively and systematically delineates the delicacies and intricacies of the entire topic and attempts to present it briefly and neatly.

Chapter - I

EUROPEAN INTEGRATION PROCESS - A SURVEY

The concept of a United States of Europe was a part of a humanist-pacifist dream which was shattered by the conflicts which brought so much destruction to the European continent in the first half of this century. Europeans hardly got any respite. The second world war was hardly over and the threat of a third, between East and West was soon to loom on the horizon. On 24th April 1947, the breakdown of the Moscow Conference on the German question convinced the Western powers that the Soviet Union, their erstwhile partner in the fight against the Nazis, was about to become the source of immediate danger for the Western democracies. The creation of Cominform in October 1947, the Prague coup in February 1948, and the Berlin blockade in the Spring of 1949 heightened the tension further. Western Europeans laid the foundations for their collective security with the signing of the collective security in the form of North Atlantic Treaty with the US in April 1949.

The integration of European Community had been slow but steady ever since the dawn of the cold war. It encompassed a broad multi-sectoral integration; its objective competence extended to the economy, industry, politics, citizens rights and foreign policy. The Treaty

signed at Westminster establishing Organization for European Economic Co-operation (April 1948); the Treaty of Paris establishing the European Coal and Steel Community (1951); the Treaties of Rome establishing the European Economic Community and the European Atomic Energy Community (1957); the Pleven Plan establishing European Defence Community (1952); the Western European Union (1954); the Single European Act (1986) and the Maastricht European Union Treaty (1991) form the constitutional basis of the European Community. These agreements bound community member states more firmly than any conventional agreement between sovereign states.

ORGANIZATION FOR EUROPEAN ECONOMIC COOPERATION

Before the launching of the OEEC, there were various attempts towards European unity, such as French government initiative for a European Union prior to world war II, the Benelux Economic Union, the Economic Commission for Europe etc. However, a real move towards European union started with the establishment of Organization for European Economic Cooperation.

In April 1948, nineteen countries of western Europe established an Organization for European Economic Cooperation in order to launch a co-ordinated attack upon

their economic problems.¹ The main purpose behind the formation of the OEEC was to distribute the funds allocated by the Marshall Plan. On June 5, 1947, the Secretary of State of the US, General Marshall, made a historic speech at Harvard University in which he invited European nations to join in order to meet their common needs. Immediately European governments responded and set up a "Committee of European Economic Cooperation" which developed into the "Organization for European Economic cooperation" when the US Congress approved the Foreign Assistance Act providing for billion dollar aid for Europe in 1948.

The members of the OEEC were Austria, Belgium, Denmark, France, Western Germany, Greece, Iceland, Ireland, Italy, Luxembourg, the Netherlands, Norway, Portugal, Sweden, Switzerland, Turkey, the UK, and the Anglo-American zone of the Free Territory of Trieste.² Also the US and Canada associated themselves informally with OEEC and although they were not full members but were usually represented at its meetings.

THE COUNCIL OF EUROPE

The move towards greater European cooperation and

¹ Sennholz Hans F., How Can Europe Survive, (Toronto, 1955) p. 175.

² Ibid, p. 177.

cohesion has manifested itself at all levels of governmental activities, the executive, the judiciary and the legislative. The creation and proliferation of European assemblies has been a post world war II phenomenon.

Two principal and quite different concepts inspired those who created these assemblies. Firstly, there was the ambitious idea of a great European assembly in which all problems of common concern would be discussed and in which inspiration would strike and create new common institutions, and in which the foundation for settlement of differences would be solved through grand debates. Secondly, more modest hope was tied to the growth of the executive authorities of the new European Communities, especially the High Authority of the ECSC and the Commission of the EEC.³

The first of these assemblies was the Council of Europe, whose statue was signed in London on May 5, 1949 on behalf of the governments of Belgium, Denmark, France, Ireland, Italy, Luxembourg, the Netherlands, Norway, Sweden and the UK. Since then seven other countries have joined: Germany, Turkey, Greece, Austria, Switzerland, Sweden and

³ Neumann, European Government (New York, 1968) p. 674.

Cyprus. One of the remarkable and significant features was Britain's membership, which seemed at that time a significant step of Britain "toward Europe". A number of important statements favouring such a step had come from various British leaders. Winston Churchill had declared during the war, "Hard as it is to say 'no', I trust that the European family may act unitedly as one under a Council of Europe".⁴ The Labour Party leader Clement Attlee had already declared in 1939 that "Europe must federate or perish".⁵

The Consultative Assembly of the Council of Europe is composed of representatives chosen, since 1951, by the parliaments of the member countries.⁶ All the representatives are members of their respective national parliaments.

On paper the competence of the Council of Europe is very large, including economic, social, cultural, scientific, legal and administrative matters. The Council promotes the maintenance and further realization of human

⁴ George Lichtheim., The New Europe Today and Tomorrow (New York, 1963) p. 17.

⁵ A. H. Robertson., The council of Europe : Its Structure, Functions and Achievements (New York and London, 1961) edn. 2, p-2-3.

⁶ The first delegates were chosen by their respective governments.

rights and fundamental freedom. In fact, almost everything except defence, although that too has come in for debate very frequently.⁷ Its membership is the largest of any European assembly. But in reality the Council lacks the power. This absence of power is noticeable in both the Committee of Ministers and the Consultative Assembly.

The arrangements in the European Council were formalised by the Single Act in 1986. Initially the idea was to formalize the summit meetings which had been called periodically by one member state or another since 1961. As a launch pad for major political initiatives and a forum for settling controversial issues blocked at ministerial level, the European council soon hit the headlines.⁸ The European Council also deals with current international issues through European Political Cooperation (EPC), a mechanism devised to allow member states to align their diplomatic positions and present a united front.

THE EUROPEAN COAL AND STEEL COMMUNITY

The first and indispensable institutional step towards European unity was the creation of the European Coal and

⁷ Kenneth Lindsay., European Assemblies : The Experimental Period, 1949-1959, (London and New York, 1960) p. 17-18.

⁸ Pascal Fontaine., Europe in Ten Lessons, (Brussels and Luxembourg, 1992) p. 8.

Steel Community, the so-called Schuman Plan. The Schuman Plan was designed to meet a number of vital objectives. There was the indispensable, yet difficult task of establishing Franco-German friendship and collaboration without which no collective action and progress were possible. By that time the few years of harsh German occupation of France had just ended. Another task was of pooling the European Coal and steel resources, in particular those of France and Germany and making them intertwine in such a way that they could no longer be separated. Another poisonous issue of the Saarland, had to be solved permanently, which had twice endangered Franco-German relations. The plan also provided for a relatively painless end to Allied control over the German economy and in particular over the rich Ruhr Basin and for replacing it in fact with Franco-German control.

The plan was more than a free trade area and was an international authority with power to fix prices, control the flow of labour, assure the flow of raw materials, settle disputes and assess penalties. In other words, a supranational authority was proposed which within a limited but important sector was to regulate the conduct of the citizens and enterprises of its member states and to exercise vast rights which hitherto no government had

allowed to escape from its sole and exclusive control.⁹ However, it must not be misunderstood that these functions were purely economic because they were political in character too.

The French Foreign Minister, Robert Schuman, was given an urgent assignment by his American and British counterparts to come up with a proposal for reintegrating federal Germany into the Western concert. A meeting between the three governments was scheduled on 10 May 1950 and France was not ready to give up responsibilities.

The political stalemate was compounded by economic problems. A steel crisis appeared to be imminent because of the production potential of the various European countries. In the face of the post-war reconstruction effort, European economies could not allow their basic industries to slide into speculation or organized shortage.

Towards the end of April 1950, Jean Monnet and his closest colleagues-Etienne Hirsch, Paul Reuter and Pierre Uri produced a short paper containing the explanatory memorandum. Schuman lent his support behind the proposal the moment he saw it. The idea was to create a coal and Steel Community encompassing French and German production,

⁹ Neumann Robert G., European Government (New York, 1968) p. 669.

but to open to other states as well which will be run by an independent authority with delegated powers.

The idea was enthusiastically welcomed by the German Chancellor, Konard Adenauer. It would enable Germany to turn its back on the defeat and play a full part in a venture which gave concrete expression to the solidarity that the people of Europe yearned for after so many years of chaos and humiliation.

On 20 June 1950 France convened an Inter-governmental Conference in Paris, chaired by Jean Monnet. The three Benelux countries and Italy responded to the invitation and turned up at the negotiating table. There began a real attempt to evolve a policy of European unity. Monnet, presiding over the conference, persuaded the six participating states to accept the creation of a specialized community with a supranational High Authority which rather than the individual states, would control the common coal and steel market.

The Treaty establishing the European Coal and Steel Community was signed on 18 April 1951 for a period of 50 years. It was ratified by the six signatory states and on 10 August 1952 the High Authority, with Jean Monnet as its President, opened for business in Luxembourg.

It is possible to identify four principles deriving from the Schuman Plan which underpin the present Community edifice.

Superiority of Institutions

Only institutions grow wiser: they accumulate collective experience; and, owing to this experience and this wisdom, men subject to the same rules will not see their own nature changing, but their behaviour gradually transformed.

Independence of Community organs

If they are to discharge their functions, institutions must have the power to act. The guarantees enjoyed by the ECSC High Authority are of three kinds :

- (i) Members are not national delegates, but individuals exercising their authority collectively. They can not accept instructions from the Member States.
- (ii) The Community's financial independence is assured by the levying of own resources.
- (iii) The High Authority was accountable only to the Assembly.

Inter - Institutional Co-operation

Jean Monnet saw the independence of the High Authority as the cornerstone of the new system. But during the negotiations he came to see the need to allow the Member states to defend national interests. It was the surest way of preventing the emerging Community being confined to overly technical issues. It had to be in a position where macroeconomic decisions are taken.

Equality between States

Jean Monnet was convinced that only the principle of equality between the States was likely to create a new mentality. But he knew just how hard it would be to persuade six countries of unequal size to forgo the easy option offered by a right of veto. The right to say "no" was the large countries' guarantee in their dealings with each other and the smaller countries safeguard against the large. So on 4 April 1951 Monnet met Konrad Adenauer in Bonn to win him over to the merits of the principle of equality.

The limitations of the European Coal and Steel Community were serious. The common market for these two important raw materials could not be completely divorced from the various economies of the member states, which continued as national economies subject to the control of

their respective governments and parliaments. The executive functions of the High Authority were strongly restricted by the ministers of member states, who sat in a special council and alone were empowered to pass on those measures involving the various national economic policies without which the ECSC would remain a pious hope. The Common Assembly of the ECSC had no legislative power whatever; this was retained by the respective national parliaments. At the time of the ratification by the six parliaments, the founders of the Community, Monnet, Schuman, and the delegates from the other states declared publicly that the ECSC would be long lived only if European unification proceeded along other roads.

THE EUROPEAN DEFENCE COMMUNITY

The Korean war highlighted the problem of the defence of Western Europe. Under the Atlantic Pact the US was bound to help Europe in case of aggression. It was American military protection following economic assistance, which saved Western Europe and the prospect of American intervention served as a deterrent to Soviet encroachment. But inspite of this protection, the fact remained that Germany was still disarmed and the other countries were poorly armed, which meant that Europe could not be

defended.¹⁰ As the threats did not abate, it rapidly became increasingly necessary to put Europe's defence on a firmer basis, and to raise the necessary forces, not only in America, but above all in Europe itself. The largest manpower was in Germany. But memories of German soldiers striding across Europe were still fresh and painful. An outright call for German rearmament would be bound to run into heavy opposition and apprehension. This situation led to the proposal of an integrated European army.

Although Winston Churchill had earlier proposed the creation of such an army, it was the plan of the then French Prime Minister Rene Pleven which accomplished the initial "squaring of the circle".¹¹ He proposed a European army, integrated down to the battalion level, which would produce German soldiers but not a German army.¹²

The Treaty for a European Defence Community (EDC) was signed in May, 1952, following this plan, providing for common institutions, common armed forces, and a common budget. Twelve German divisions were to be integrated into

¹⁰ Altiero Spinelli, "The Growth of the European Movement Since the Second World War" in Michel Hodges, ed., European Integration : Selected Readings (Middles-sex, England, 1972) p. 63.

¹¹ The Pleven Plan is the brainchild of Jean Monnet.

¹² Robert G. Neumann, European Government (New York, 1968) p. 670.

a European force under the NATO Supreme Commander. A giant step seemed to have been taken toward a supranational European community.

However, this was belied. Britain did not want to join EDC, despite Churchill's earlier proposal. Germany and Italy were bound to gain greatly from the proposal and were of course for it. France proved the real stumbling block. For two years the debate dragged on under one French government after another until the summer of 1954, when the French National Assembly rejected the treaty's ratification. Premier Pierre Mendes-France, head of the French government then in power, had introduced the measure in a lukewarm fashion clearly indicating his reservations, and had refused to fight for ratification. The adamant opposition of the Gaullists also played a significant role. Much of the opposition both in the French parliament and the press centred on the real or imagined threat of the revival of German militarism and had therefore strong support from the left¹³. However, only a few months later, the same French National Assembly without great difficulty approved the birth of German national army.

The defeat of EDC seemed like a crushing blow to those who thought that European unification had come to near

¹³ *ibid*, p. 671.

accomplishment. To many contemporary observers, it seemed as though a great and hopeful movement had come to a grinding halt. But the new "Europeans" had resilience and determination. Paul Henri Spaak has been quoted as saying that "those working for European unity are fated to be constantly on the verge of either triumph or disaster."¹⁴ The founding fathers of European unity did not give up hope. They accepted the fact that the attempted leap toward military and political unity had perhaps been too great, and they settled for the somewhat less ambitious but nevertheless highly significant goal : the creation of a common European market.

WESTERN EUROPEAN UNION

On 17 March 1948, Belgium, France, Luxembourg, the Netherlands and the UK signed in Brussels a "Treaty of Economic, Social and Cultural Collaboration and Collective Self-Defence", building upon the Dunkirk Treaty of 1947 between France and the UK. The organisation they created was known as the Western Union. The Western Union was designed to provide defence guarantees for its signatories in the event of an armed attack in Europe. It was, however, largely superseded by the signing of the Washington Treaty,

¹⁴ Michael Curtis, Western European Integration, (New York, 1965) p. 16.

establishing NATO, in 1949. In 1950, the Western Union's defence functions were transferred to NATO, to avoid unnecessary duplication between the two organisations' commands. It was stated, however, that "the obligations assumed towards each other by the signatory powers under the Brussels Treaty" still existed.

The Treaty therefore remained important in European security structures. This was emphasised in 1954 when, after failed attempts to set up a European Defence Community, Germany and Italy were invited to accede to the Brussels Treaty. Their membership of the renamed Western European Union was formalised in Four Protocols signed in Paris on 23 October 1954, creating the Modified Brussels Treaty. The first Protocol provides for certain amendments to the Treaty, including the creation of two new bodies: the Agency for the Control of Armaments (ACA), to monitor compliance with voluntary arms limitations agreed by member States, and the WEU Parliamentary Assembly (made up of member States' delegations to the Council of Europe), to which the WEU Council is required to report annually. The remaining Protocols develop the military aspects of the WEU, including the conditions governing forces assigned to NATO's Supreme Allied Commander Europe (SACEUR) in peacetime and the modalities for the operation of the ACA.

On 7 May 1955, a Standing Armaments Committee (SAC) was established in Paris, with the aim of increasing cooperation between WEU member States on arms procurement and production.

The WEU continued to operate on a limited scale after the transfer of its defence organisation to NATO. The Ministerial Council continued to meet, and the Permanent Council remained in being in London, where the WEU Secretariat was also based. The WEU was the obvious starting point for any more formal European contribution to the common defence.

The WEU's reactivation began with the 30th anniversary of the Modified Brussels Treaty, when WEU Foreign and Defence Ministers, at an extraordinary session in Rome in October 1984, expressed their conviction that the WEU should play an important role in ensuring the security of Western Europe and improving the common defence of all NATO countries. In order to bring the organisation's institutions into line with its changed tasks, they agreed that:

The WEU Council of Ministers (Foreign and Defence) would meet twice a year;

The Presidency of the Council would be held by each member State for one year in turn;

There would be greater contact between the Council of Ministers and the WEU Assembly, which remained the only European parliamentary body mandated by treaty to discuss defence matters; and

There would be liaison with non-WEU members of NATO—an important theme which continued to run through subsequent WEU communiques.

The WEU Council of Ministers, meeting in Luxembourg in 1987, noted that significant progress had been made on all these points. Two other key themes emerged for the first time at Luxembourg. Ministers stressed both the significant role the WEU could play in the development of a European Union; and the importance of further strengthening the European component of NATO.

These themes were continued in the key document called platform on European Security Interests, issued in The Hague by WEU Ministers in October 1987. The document states that a more united Europe would make a stronger contribution to NATO, enhancing the European role in the Alliance and helping to ensure the basis for a balanced partnership across the Atlantic.

At the same time, the WEU began to involve itself more in military operations. From August 1987, when the Iran-

Iraq war was in progress, WEU States co-ordinated their minesweeping activities in the Gulf. Although this was not a WEU operation as such, it created a framework for national operations. WEU Ministers noted, in October 1988, that the experience in the Gulf had strengthened Europe's potential for concerted action in the future.

New membership accompanied this increased role. In 1988, Spain and Portugal signed documents making them full members of the WEU. This full membership became active in 1990 when ratification was complete.

A further phase of institutional reform occurred in 1990. Ministers agreed to establish the WEU Institute for Security Studies, in Paris, to carry out research into European security.

In response to Iraq's invasion of Kuwait in August 1990, WEU Ministers agreed at an extraordinary meeting that month (attended exceptionally by NATO allies Denmark, Greece and Turkey) to co-ordinate their naval operations in the Gulf. This move contributed to the success of the international community's naval operations in the region.

THE TREATY OF ROME (EEC)

The European Economic Community-the Common Market:-

The European Economic Community is so far the most far

reaching and most important step toward European integration. Its major goal was to integrate the economies of the member states through the establishment of common institutions and policies that would ultimately lead to genuine political unification.¹⁵ The popular term is common market for the EEC.

The Treaty which was signed in Rome was the handiwork of Belgian Foreign Minister Paul Henri Spaak. The vivacious 56 year old Socialist probably did more for the creation of EEC than any other statesman. One of the extraordinary things about the Treaty of Rome, which brought the Common Market into existence, was the speed with which it was negotiated. The negotiators in Rome were anxious to have the treaty signed while regimes favourable to Europe were still in power in the two major countries of the Six, France and Germany.

The Treaty of Rome comprises 248 articles and certain additional texts, namely four annexes, thirteen protocols, four conventions, and nine declarations.¹⁶ Article 240 states that it 'is concluded for an unlimited period', it is in fact irrevocable and has been found so in the German

¹⁵ Roy Macridis, ed., Modern Political Systems : Europe (New Jersey, 1987), p. 352.

¹⁶ Richard Vaughan, Twentieth Century Europe: Paths to Unity, (London, 1979) p. 139.

courts. The European Economic Community is meant to be more than a mere Common Market, that is a customs union and single market for labour, goods, capital and services. It enshrines the principle that the economic problems of any one member state are problems of all the member states. It also includes the ultimate political goal of bringing the six countries-France, Germany, Italy, the Benelux countries-into some kind of federation. Besides the territories of the member states, the treaty was applied also to Monaco and san Marino, for whose external relations France and Italy were respectively responsible.

The European Economic Community was created by the Treaty of Rome on March 25, 1957. Even though the goal remained political union, the Common Market was essentially based on the functional approach. The Treaty of Rome specifically stipulated that its purpose was to establish the foundation of an ever closer union among the people of Europe.

The EEC's responsibilities are very vast, dealing with the whole range of economic activities. It has the following objectives.

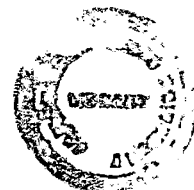
TH-4399

1. To free the movement of labour capital and enterprise within the Community.

DISS
321.04094
Su14 Ma



TH4399



2. To place restraints on governmental or private actions which have discriminatory or restrictive effects, which might be used to circumvent the effects of anti-trust regulations, or which would "distort competition within an area", i.e., create unfair competition;
3. To harmonize economic and social policies such as monetary and employment practices, social security policies, minimum wage lines, etc;
4. To establish common agencies including development and adjustment funds and to share responsibility for the development of overseas territory, particularly those having "special relationships" with member countries;
5. To move toward political unity involving at least the recognition of a high degree of mutual interests, underlining an aspiration toward increasingly closer association.¹⁷

The stated objectives are economic and also the means. The deeper motives are political and are stated clearly in the preamble to the Treaty of Rome.

¹⁷ Emile Benoit., Europe at Sixes and Sevens : The Common Market, The Free Trade Association and the US (New York, 1961), p. 30-31.

The organizational structure of EEC follows closely that of the ECSC. There is double executive composed of a Council of Ministers and a Commission, the Court, and the Assembly (European Parliament). In contrast to the Council of Ministers of ECSC, the Council of Ministers of EEC consists of one delegate from each member state. However, "delegate" does not mean one person designated to serve continuously on the Council. The pivot of the entire organization of the EEC is the Commission. It consists of nine members chosen for four-year terms. France, Germany and Italy provide two commissioners each, while the remaining three member states have one each. The Commission is aided by an executive secretariat of about sixty persons and is responsible for the recruitment and general administration of a staff of slightly under 3,000. In the Court all the four official languages are permitted, although French is most widely used. The interesting part is the role of two advocates-General who participate in the hearing and in the questioning and then write their conclusions and recommendations. Besides, the Treaty provides for a parliament which elects its president and eight vice-Presidents who are to represent all nations and political groups. The Treaty has renamed the parliament as European parliament. The inability of the European parliament has been unable to obtain greater power because

there is lack in balance between an increasingly powerful executive and a powerless quasilegislature. Moreover, the Treaty of Rome provides for an Economic and Social Committee to advise the Council and the Commission. The Economic and Social Committee is composed of 101 representatives of various categories of economic and social life, in particular, representatives of producers, agriculturists, transport operators, workers, merchants, artisans, the liberal professions and of the general (public) interest (Art 193).

On January 1, 1973, after long and difficult negotiations, the Common Market was enlarged to include Great Britain, Ireland, and Denmark (Norway refused to join). On January 1 1981, Greece became the tenth member and five year later, on January 1 1986, Portugal and Spain joined. Thus the original six had become twelve.

THE EUROPEAN ATOMIC ENERGY COMMUNITY (EURATOM)

Although the Treaty of Rome created two Communities, the EEC and the EURATOM, the latter has become almost overshadowed by the former.

The architect of ECSC and EDC, Jean Monnet, was largely responsible for the creation of EURATOM, the European Atomic Community. It was considered at that time

that the proliferation of nuclear weapons could be halted if the new atomic community could be given control of all fissile materials and if its members renounced individual nuclear armaments programmes. It was predicted that Europe's dependence on oil imported from the middle east would increase rapidly and dangerously and the development of some alternative energy source was essential and nuclear power seemed to be the best solution. The nationalization of the Suez Canal Company by the Egyptian president Colonel Gamal Abdel Nasser on 20th July 1956 pointed to the perils of increasing European reliance on imports of oil from the Middle east and thus greatly encouraged Monnet and others to go a-head for the creation of EURATOM.¹⁸ It was optimistically supposed at that time that nuclear power might soon provide a substantial proportion of Europe's energy needs. Though the Suez affair certainly contributed to the setting up of EURATOM, it also persuaded the French to step up their own national nuclear programmes which adversely affected on efforts towards integration in the fields of nuclear power (EURATOM) and of defense in general.¹⁹

However, like EDC strong differences appeared in the

¹⁸ Richard Vaughan, p. 124.

¹⁹ Ibid. p. 136.

EURATOM between the German and French governments. The German government favoured private industry as a principal developer, and the French insisted on development under public authority in an integrated European fashion. The French had started their own nuclear Programme and so were jealous of France's status as a great power and rejected supranational controls over their military nuclear programmes.²⁰

In spite of the differences the EURATOM was supposed to help in the modernization of Europe's technical evolution at a high rate of economy in manpower and fiscal outlays. At the same time, by collaborating in such a vital activity, EURATOM was to do its share in leading Europe toward greater unity. EURATOM has also played an important role in industry. It has brought into being a common market for all nuclear materials and equipment and has put into force a plan for the free movement of qualified atomic workers. Besides, it has elaborated an insurance convention providing joint Community coverage for large scale atomic risks and has earmarked considerable funds for help to power plants which are of special importance to the Community.

²⁰ Lawrence Scheinman., Atomic Energy Policy in France under the Fourth Republic, (New Jersey, 1965) chapter 5.

An assessment of EURATOM's activity will reveal that the quest for European unity has not been fulfilled by the EURATOM. It has proved an important tool in the encouragement of scientific development and nuclear progress, but in the political field has left the principal role to the Common Market.

CUSTOMS UNION

The day of July 1st 1968, will be remembered as a milestone in the history of Europe. On that day the first and the major stage on the road to the economic unification of the European continent was completed.²¹ Eighteen months ahead of the Treaty schedule customs duties disappeared within the Common Market. Simultaneously, on the same date, the separate customs tariffs of the six countries was given way to a single tariff, the external customs tariff of the Community. Finally, the first tariff reductions negotiated in 1967 at Geneva in the major discussions known as the Kennedy Round was implemented. By beginning the unification of the European territory in this first form, the six countries were taking a decisive step in the economic history of the continent.

²¹ European Commission (1968), Declaration on the Occasion of the Achievement of the Customs Union on 1 July 1968 in Michael Hodges, ed., European Intergration: Selected Readings (Middlesex, 1972) p. 69.

COMPLETING THE INTERNAL MARKET :

THE SINGLE EUROPEAN ACT

In a celebrated phrase Jacques Delors said it is hard to love the single market. What he meant was that if the goal was eminently desirable the means of getting there were undecidedly unglamorous. The starting point was a bureaucratic White Paper written in technical language and listing the 280 separate items of legislation that would require to be enacted to eliminate internal EC frontiers. This paper was issued by Delors' colleague Lord Cockfield, the Commissioner given responsibility for the single market in May 1985.

But the impetus came from two other sides as well.²² Business and industry wanted the single market. Fragmentation and border controls cost them money. The other source was the European parliament. Euro-MPs felt that 25 years after the Community began it was unjustifiable that trucks and private cars were still queuing at frontiers as they had done pre-1958.

The White Paper was immediately endorsed by the member states at the Milan meeting of the European Council (or

²² European Commission, The Single Market in Action (Luxembourg, 1992) p. 15.

summit) in June 1985. The European Council asked ministers to draft the Single European Act (SEA). The Act contained a series of amendments to the Rome Treaty which made it easier to negotiate the directives needed to make the single market work. Negotiations were completed in six months. The Single Act was agreed by the following European Council in Luxembourg in December of that year and came into force after ratification by member states in July 1987. The member states specifically asked the Commission to put forward concrete proposals to achieve that objective by 1992.

The Single European Act contains the first major amendments to the Treaty of Rome since its adoption in 1957. The Treaty has replaced the original Treaty requirement for decisions to be taken by unanimity with a qualified majority requirement as regards certain measures which have as their object the establishment and functioning of the internal market. Another major aspect of the Single Act was the new 'Cooperation procedure' which allows the European Parliament a greater input to the Community legislative process, in relation to those areas where the procedure applies.²³ The new majority voting

²³ European Commission., Europe Without Frontiers-Completing the Internal Market, (Luxembourg, 1989) p. 23.

rules in the Council and the timetables set down for the operation of the cooperation procedure appear already to have stimulated quicker decision making by all of the institutions involved.

The Single Act also sets out a number of amendments to the original Treaties covering such diverse subjects as economic and social cohesion, environment, cooperation between the institutions and political cooperation between the member states.

The objective of the Act was to create the largest frontier free market in the world and so increase the Community's competitiveness by stimulating business through competition and economic growth through increased trade.

Large scale application of the principle of mutual recognition has made it possible for whole areas of legislation to be replaced by common or compatible open systems between the member states to ensure the free movement of goods and services. Free movement of capital has been put in place very swiftly and has thus helped to drive the process.²⁴

²⁴ Bulletin of the European Communities, Supplement 1/92 1992: A Pivotal year-Addressed by Jacques Dellors, President of the Commission, to the European Parliament From the Single Act to Maastricht and Beyond. (strasbourg 12 February 1992).

The rules for standardization and procedures for awarding public contracts are the same for all.

Economic and Social Cohesion

The commitment contained in the Single Act to strengthening economic and social cohesion in the Community is different in nature from the commitment to completing the single market by 31 December 1992. The completion of the internal market may make certain regions more attractive than others. As a result, human, material or financial resources might move to the areas of greatest economic advantage. Existing differences in levels of prosperity between regions could therefore be exacerbated as the transition takes place. The Community, shall work towards narrowing the gap between poor and rich regions, in order not to threaten the unity and common purpose, i.e., the economic cohesion of the Community.²⁵ In the less advantaged areas the Act stressed for further funds to improve their infrastructure and provide the basis of further development. The creation of an internal market therefore ought not be seen as a threat but as an opportunity to develop the Community's poor regions.

²⁵ European Commission, "Completing the Internal Market : The Commission's White Paper of June 1985", Europe Without Frontiers-Completing the internal Market, Vol. 2 (1989), pp. 24.

A Social Dimension

The SEA also codified for the first time some of the flanking policies. All member states except Britain adopted in December 1989 the Social Charter, a solemn declaration committing themselves to a series of social policy objectives as part of the single market. Their concern was to add a substantial social dimension to a project that was being viewed in some quarters as being too pro-business.

The Charter of the Fundamental Social Rights of Workers, adopted in December 1989, sets out 12 basic principles.

1. The right to work in the EC country of one's choice.
2. The right to a fair wage.
3. The right to improved living and working conditions.
4. the right to social protection under prevailing national system.
5. the right to freedom of association and collective bargaining.
6. The right to vocational training.
7. The right of women and men to equal treatment.
8. The right of workers to information, consultation and participation.
9. The right to health protection and safety at work.

10. The protection of children and adolescents.
11. The guarantee of minimum living standards for the elderly.
12. Improved social and professional integration for the disabled.

Environment Policy

The new legal bases provided by the SEA has enabled the Community to adopt a more comprehensive approach and to make significant progress. This approach covers environmental concerns in many sectors. In transport, efforts have focused on reducing car pollution and promoting unleaded petrol. In agriculture, the use of fertilizers has been more narrowly circumscribed while measures to encourage extensive farming and the afforestation of agricultural land and improving the natural balance.

Finally, the member states have pledged themselves to stabilize their CO₂ emissions at 1990 levels by the year 2000.²⁶

²⁶ Under the structural Funds, substantial resources have been devoted to environmental protection measures, especially in the least prosperous regions.

Research and Technological Development Policy

The powers in relation to research and technological development vested in the Community by the Single Act have provided a basis for developing business competitiveness through research and technology programmes.

Activity has extended into new areas such as biotechno-logical and environmental research. Striking achievements have been made in the field of thermo-nuclear fusion. At the same time, sustained efforts in the field of nuclear safety have served to increase European know-how at a time when the seriousness of nuclear safety problems at the Community's doorstep is becoming all too apparent. Lastly the priority given to information technology has helped Europe to remain innovative and active in such important fields such as electronics, informatics and telematics.

CHAPTER-II

MAASTRICHT TREATY

The year 1992 marks the completion of the process of creating the Single Market. The Maastricht Treaty on European Union sets in motion a new and even more far reaching phase of European integration. The process for the greater European Union as manifested in the Maastricht Treaty began as early as 1988. The European Council began preparations for a new treaty on economic and monetary union. A special Inter-governmental Conference (IGC) was convened to start work on the new treaty in December 1990. The case for political union was also a strong one. Despite the increased powers for the European Parliament Contained in the Single Act, it's role is largely a consultative one. With EMU and the transfer of more power from national governments and parliaments to Brussels, the democratic deficit would increase.

At the same time, the ending of the cold war, German unification and the collapse of communism in Eastern Europe increased the Community's external responsibilities. Long-held aspirations to create a common foreign policy and even to give the Community a security and defense role became attainable. Community Heads of Government decided therefore in Dublin in June 1990 that in parallel to the Inter-

Governmental Conference to create EMU a second conference would be held to set up a political union as well. Together these two IGCs gave birth to the Maastricht Treaty to transform the European Economic Community into a European Union.

The Intergovernmental Conferences on EMU and political union began in Rome in December 1990. They were completed a year later at the meeting of EC Government Heads (the European Council) in the Dutch city of Maastricht, on 9th and 10th December 1991. The text incorporating both agreements was signed by member states' foreign and finance ministers on 7th February 1992. The leaders of the twelve debated for 40 hours and emerged with an agreement calling for unprecedented cooperation on monetary, economic, foreign policy and security matters-though with notable concessions to Britain. When the final session ended in Maastricht, the German Chancellor Helmut Kohl declared, This meeting has resulted in the fulfillment of a dream. Further integration is now inevitable. The course is irreversible.

The landmark agreement, which will be used to amend the 1957 Treaty of Rome, the Community's charter document, proclaims the birth of a "European Union". With its political dimension expanded, the E. C. - with 340 million

people the industrialized world's largest single market-should provide much needed stability in the face of turmoil in Eastern Europe and the former Soviet Union. Mr Thomas Jansen, secretary-general of Europe's Christian Democrats, the party that is home to six of the 12 current EC leaders: said: "We are at the stage where nations realize that the only way to keep their sovereignty is to share it."

Among the new provisions introduced in the Maastricht Treaty are a common European money by 1999 at the latest, new rights for the European citizens, the European Community's field of responsibility extended to cover more fields such as increased consumer protection; public health policy; the issuing of visas; the creation of major transport, telecommunications and energy infrastructures (trans European networks); bringing development cooperation under the Treaty; industrial policy; education; culture; increased activity in the fields of environmental protection, research and development and social policy (except in UK); cooperation on domestic and criminal policy, more rights for the European Parliament, extension of the co-decision procedures; the right to approve the appointment of the Commission; the right to approve all important international treaties, the introduction of a common foreign and security policy.

EUROPEAN COMMUNITY

The task of the European Community will be to promote a harmonious and balanced development of economic activities, sustainable and non-inflationary growth respecting the environment, a high degree of convergence of economic performance, a high level of employment, and of social protection, the raising of the standard of living and quality of life, and economic and social cohesion and solidarity¹.

The activities of the member states and the EC will include the adoption of an economic policy based on the close co-ordination of the member states' economic policies, on the internal market and on the definition of common objectives. This will be conducted in accordance with the principle of an open market economy with free competition. It will include the irrevocable fixing of exchange rates leading to the introduction of a single currency, the ecu, and a single monetary policy and exchange rate policy. The primary objective of both of these will be to maintain price stability and to support the general economic policies in the community. This will,

¹ The EC is the main part of the European Union. Technically, foreign policy and interior policy are not part of the community- they are part of the union.

again, be run in accordance with the principle of an open market economy with free competition. It entails complying with the following guiding principles: stable prices, sound public finances and monetary conditions, and a sustainable balance of payments.

The Community will act within the limit of the powers conferred upon it by this treaty and of the objectives assigned to it. In areas which do not fall within its exclusive competence, the Community shall take action, in accordance with the principle of subsidiarity. The subsidiarity principle means that decisions (by parliaments, governments and other authorities) are to be taken as close as possible to the citizen, in other words at the lowest possible level (local or regional authority), they are to be taken at higher levels (central government, the Community) only if there is good reason. The treaty's fans say this limits the EC's expansion, by forcing it to justify new powers. Opponents say it is too vague and does not limit enough.

The tasks entrusted to the Community will be carried by the European Parliament, the European Council, the Commission, the court of Justice and the Court of Auditors. Each will keep within the limits of the powers conferred upon it by this treaty. The Council and the Commission will

be assisted by an Economic and Social Committee (ECOSOC) and a Committee of the Regions, both acting in an advisory capacity. A European System of Central Banks (ESCB) and a European Central Bank (ECB) will be established in accordance with the procedures laid down in this treaty. The establishment of European Investment Bank is also envisaged in the Treaty.

UNION CITIZENSHIP

Articles 8, 8a, 8b, 8c, 8d, 8e in the part two of the treaty deal with the concept of union citizenship.

The treaty creates citizenship of the European Union. Everybody holding the nationality of a member state would be a citizen of the Union, with rights and duties conferred by the Treaty².

Every citizen of the Union will have the right to move and reside freely within the territory of the member states, subject to the limitations and conditions laid down by this Treaty.

Every citizen of the Union living in a member state of the Union living in a member state of which he is not a

² This was designated to give the idea of the Union some meaning. But it has proved to be one of the controversial elements in some countries, since it means that "foreigners" get the vote.

national will have the right to vote and to stand as a candidate at municipal elections and to the European Parliament in that country, under the same conditions as nationals of that state. The detailed arrangements for this must be adopted before the end of 1993 by the Council-the next European Elections are in 1994. The Council will act unanimously on a proposal from the Commission after obtaining the assent of the European Parliament. Besides, every citizen of the Union will be entitled to protection by the diplomatic or consular authorities of any other member state, on the same conditions as nationals of the state, where his or her own country does not have diplomatic representation.

COMMUNITY INSTITUTIONS

PARLIAMENT

Articles 137, 138a, 138b, 138c, 138e contain the provisions regarding the European Parliament. The European Parliament will draw up proposals for elections by direct universal suffrage with a uniform procedure in all member states. The council will, acting unanimously after obtaining the assent of a majority in the Parliament, lay down the appropriate provision. It will recommend this to member states for adoption in accordance with their

respective constitutional requirements³.

The European Parliament participates in the process leading up to the adoption of Community acts. The Treaty lays down three main routes by which it does this. In one, the European Parliament gives its opinion but has little real power; in the second, it has the power to amend but not veto; in the third, newly introduced in Maastricht, it can amend and veto.

The European Parliament will appoint an ombudsman, who will be empowered to receive complaints from any citizen of the Union or anybody living in or doing business in a member state, concerning maladministration⁴. Where he finds that maladministration has taken place, the Ombudsman will refer the matter to the institution concerned, which will have three months to inform him of its views. The ombudsman will submit an annual report to the European Parliament on

³ The European Parliament gains new powers under the treaty, including the power of Co-decision making. This gives it the ability to veto as well as amend legislation. It consists of 521 representatives of member-states. The treaty also moves towards creating a common electoral structure.

⁴ The proposal for an Ombudsman appeals to countries like Denmark, where this is a long tradition. It is one of the parts of the treaty which proponents say put safeguards on the abuses of powers. Opponents say the post will be largely symbolic.

the outcome of his enquiries.

THE COUNCIL

Articles 146, 147, 151 and 154 relate to the Council. The Council of Ministers emerges as one of the most powerful institutions from Maastricht. The treaty extends the occasions where it votes by a qualified majority rather than by unanimity, weakening the national veto. As 54 votes out of 76 are required for a proposal to be adopted, a proposal can only be blocked by a minimum of three large states, two large states and a small one or five small states. The commission has the sole right of initiating legislation in EC policy areas. This is why it often seems as if the Commission is responsible for every thing. But the "Commission proposes, the Council disposes", as they say in Brussels. The council consists of a representative of each member state at ministerial level, authorised to commit the government of that member state. The office of President of the Council is held in turn by each member state in the Council for a term of six months. The Council meets when convened by its President on his initiative or at the request of one of its members or the Commission.

A committee consisting of the permanent representatives of the member states- ambassadors in Brussels-is responsible for preparing the work of the council and for

carrying out the tasks assigned to it by council. The council is assisted by a general secretariat under the direction of a Secretary-General.

THE COMMISSION

Articles 156 to 163 contain provisions regarding the Commission. The Commission is the "guardian of the treaty", it generates all proposals affecting European law. It gained some new powers under the Maastricht Treaty, though most of its procedures are unaffected.

The Commission will publish annually, not later than one month before the opening of the session of the European Parliament, a general report on the activities of the Community. The Commission will consist of 17 members, chosen for their general competence, whose independence is beyond doubt. The number may be altered by the Council, acting unanimously. The Commission must include at least one national of each of the member states, but may not include more than two members having the nationality of the same state. The members of the Commission will be appointed for a period of five years, subject, if need be, to a motion of censure in the parliament. After approval by the European Parliament, the President and the other members of the Commission will be appointed by common accord of the governments of the member states.

These arrangements will be applied for the first time to the President and the other members of the Commission whose term of office begins on 7 January 1995. The President and the other members of the Commission whose term of office begins on 7 January 1993 will be appointed by common accord of the governments of the member states. Their term of office expires on 6 January 1995.

THE COURT OF JUSTICE

Articles 165, 168a, 171, 172, 173, 175, 176, 177, 180 and 184 relate to the Court of Justice. The Court of Justice is said to be another bulwark against the Commission, since it can judge whether the treaty has been fairly applied. Critics say its main interest is in extending its own powers.

The Court of Justice consists of 13 judges sitting in plenary session, or in chambers of three to five judges for preparatory enquiries or particular categories of cases.

If the Court of Justice finds that a member state has failed to fulfil an obligation under this Treaty, the state will be required to comply with the judgement. If the Commission considers that the member state concerned has not taken such measures it will issue an opinion. If the member state concerned fails to take the necessary measures

to comply with the court's judgement within the time-limit laid down by the Commission, the later may bring the case before the Court of Justice, specifying the penalty to be paid by the member state. If the Court of Justice finds that the member state concerned has not complied with its judgement it may impose a penalty payment on it.

THE COURT OF AUDITORS

Articles 188a, 188b, and 188c contain relevant provisions regarding the Court of Auditors.

The Court of Auditors, which carries out the audit, will consist of 12 members, and is subject to the same obligations of independence which bind the Commission. Its members can also be compulsorily retired by a ruling of the Court of Justice. The Court of Auditors will examine the accounts of all revenue and expenditure of the Community, and all bodies set up by the Community. It will provide the European Parliament and the Council with a statement of assurance as to the reliability of the accounts.

THE ECONOMIC AND SOCIAL COMMITTEE

Articles 194, 196 and 198 relate to the Economic and Social Committee. The ECOSOC is largely advisory. It has not recieved a very good name among either the Treaty's supporters or opponents.

The members of the Committee will be appointed by the Council, acting unanimously, for four years. They may not be bound by any mandatory instructions, and will be completely independent in the performance of their duties. The Committee will be convened by its Chairman at the request of the Council or of the Commission, and may also meet on its own initiative.

THE COMMITTEE OF THE REGIONS

Articles 198a, 198b, and 198c of the Maastricht Treaty establishes a Committee of the Regions, with advisory status. Each member country has a specified number of members in the Committee. The members of the Committee and an equal number of alternate members will be appointed for four years by the Council, acting unanimously on proposals from the member states. The members of the Committee may not be bound by any mandatory instructions and will be completely independent. They will elect a Chairman and officers for a term of two years, adopt rules of procedure and submit them for approval to the Council⁵.

⁵ This is a new body, partly to reflect the changing political balance in Europe, partly to assuage the fears of Germany's strong states that their political influence will not evaporate. How powerful it will prove is a moot point.

EUROPEAN INVESTMENT BANK

Articles 198d and 198e contain provisions relating to European Investment Bank.

The European Investment Bank is given legal personality by the Maastricht Treaty. Its task is to contribute, by borrowing and using its own resources, to the balanced and steady development of the Common Market. Operating on a non-profit making basis, it grants loans and gives guarantees to improve less developed regions, modernizing businesses or developing new ones, and funds projects of common interest to several member states which they can not finance alone.

HOW THE EC WORKS

POLICY MAKING

The European Parliament, the Council and the Commission, acting jointly, make regulations and issue directives, take decisions, make recommendations, or deliver opinions. Regulations have general application are binding and directly applicable, in all member states. Directives are binding on the result to be achieved, but they leave to the national authorities the choice of form and methods. A decision is binding upon those to whom it is addressed. Recommendations and opinions have no binding force.

When the Council acts on a proposal from the Commission, unanimity is required for an amendment to that proposal. As long as the Council has not acted, the Commission may alter its proposal at any time during the procedures leading to the adoption of a Community Act.

There are two ways in which proposals can be passed by the Community institutions acting together when the Parliament is involved in the Process. In both cases, the Commission submits a proposal both to the European Parliament and the Council. The Council, acting by a qualified majority vote after obtaining the opinion of the European Parliament, adopts a "Common Position". This is then sent to the European Parliament, and if the Parliament approves it, the Council adopts it⁶.

The Parliament can either reject the proposal or put forward its own amendments, by an absolute majority. If the proposal falls in an area where there is no "co-decision making" power- the power of veto-and the Parliament has rejected it, the Council can still adopt it, but only by a unanimous vote. If the parliament attaches amendments to

⁶ The Commission has the sole right of initiating legislation in EC policy areas. This is why it often seems as if the Commission is responsible for every thing. But the "Commission proposes, the Council disposes", as they say in Brussels.

the proposal, the Commission, within a month, re-examines the proposal, taking into account the amendments, and sends it back to the Council. The Council can then either adopt the proposal by a qualified majority vote or amend it on a unanimous vote. The Commission may also forward to the Council any parliamentary amendments it has not accepted. The Council may adopt these, but again only by a unanimous vote⁷.

FINANCE

Relevant provisions regarding finance are contained in articles 199, 201, 201a, 205, 206, 209, 209a, 215 and 227.

All items of revenue and expenditure of the Community will be included in estimates to be drawn up for each financial year and shown in the budget. The revenue and expenditure shown in the budget should be in balance, and the budget should be financed wholly from the EC's own resources.

At the end of each financial year the Council and the Parliament will examine the accounts, the financial statement and the annual report of the Court of Auditors.

⁷ "Co-decision making", or the negative assent procedure, as Britain prefers to call it, is an important innovation. It gives the Strasbourg Parliament an effective veto and makes it a much more effective player than hitherto.

The Parliament, acting on a recommendation from the Council, acting by qualified majority, will give its approval to the Commission in respect of the implementation of the budget.

INTERNATIONAL AGREEMENTS

Articles 228, 228a, 231 and 238 contain the relevant provisions. The Treaty provides for the conclusion, in certain circumstances, of agreements between the Community and other states or international organisations. The Commission will make recommendations about such agreements to the Council, which will authorise the Commission to open negotiations.⁸

The Commission will conduct these negotiations in consultation with special committees appointed by the Council and within the framework of such directives as the Council may issue. Agreements will be concluded by the Council, acting by qualified vote on a proposal from the Commission, except when unanimity is required to adopt internal rule changes. The Council will consult the Parliament before it concludes agreements, and if the

⁸ The EC is often involved in making agreements with other countries or international organizations. These agreements only cover economic and financial matters; defence and security treaties are handled by the national governments, acting together or separately.

Parliament does not respond within the set time limit, the Council may go ahead. The exception to this is arrangements with other states that create reciprocal duties and rights, that establish a new institutional framework, that have important budgetary implications for the Community and that entail amendment of an act in an area where the Parliament has the right to veto legislation. In these cases the assent of the Parliament has to be obtained.

FREE MOVEMENT OF PERSONS, SERVICES AND CAPITAL :

Articles 48 to 73 are related to this provision.

The Parliament gains the right of amendment and veto over directives on the freedom of movement of workers and the right to establish businesses. All restrictions on the movement of capital and payments within the Community and between member states and third countries will be prohibited, without prejudice to existing restrictions on direct investment-including property-establishment, financial services or the admission of securities to capital markets. Where, in exceptional circumstances, movement of capital causes serious difficulties for the operation of economic and monetary union, or if the EC takes sanctions against a country, the Council may take special measures.

TRANSPORT

Articles 74 to 84 relate to the Common Transport Policy.

The EC's Common Transport Policy is expanded by the treaty. The Council may lay down common rules on international transport, measures to improve transport safety and any other appropriate provisions.

COMPETITION, TAXATION AND APPROXIMATION OF LAWS

Articles 85 to 102 relate to this provision.

The Council, acting by a qualified majority on a proposal from the Commission and after consulting the Parliament, may make any appropriate regulations on state aid to industry. The Council will adopt such provisions for the harmonisation of legislation concerning turnover taxes, excise duties and other forms of indirect taxation as are necessary to ensure the establishment of the internal market. The Council will issue directives to ensure that such laws, regulations or administrative provisions of the member states as directly affect the establishment or functioning of the Common Market are as close to uniform as possible.

COMMON COMMERCIAL POLICY

Articles 113 and 115 relate to the Common Commercial Policy in the Treaty.

This will be based on uniform principles, particularly in regard to changes in tariff rates, tariff and trade agreements, uniformity in measures of liberalization, export policy and measures to protect trade such as those to be taken in the event of dumping or subsidies. The Commission will submit proposals to the Council for implementing the Common Commercial Policy.

SOCIAL POLICY, EDUCATION TRAINING AND YOUTH

Provisions regarding these are contained in articles 123, 125, 126 and 127 of the Treaty.

The Council will adopt directives setting minimum requirements for conditions and technical rules in this area. It will do this by qualified majority and the parliament will have a right of amendment. In order to improve employment opportunities for workers in the internal market and to contribute to raising the standard of living, a European Social Fund is established. Its aim are to render the employment of workers easier, to increase their geographical and occupational mobility within the Community and to facilitate their adaption to industrial

change, in particular through vocational training and retraining.

The EC will encourage co-operation between member states in the fields of education, vocational training and youth. If necessary, the EC will support and supplement their action.

CULTURE

Article 128 of the Treaty contains provisions regarding culture.

The Community will contribute to the flowering of the cultures of the member states, while respecting their national and regional diversity. At the same time it will bring the common cultural heritage to the fore. Action by the Community will be aimed at encouraging co-operation between member states.

PUBLIC HEALTH

Article 129 is related to public health.

The Community will contribute to ensuring a high level of human health protection by encouraging co-operation between the member states. if necessary it will lend support. The Council will adopt incentive measures, but any harmonisation of the laws and regulations of the member

states is excluded.⁹

CONSUMER PROTECTION

Article 129a deals with Consumer protection.

The Community will contribute to consumer protection through measures adopted in the Single Market. It will also take specific action which supports and supplements policies pursued by member states to protect the health, safety and economic interests of consumers and to provide adequate information to consumers.

TRANS-EUROPEAN NETWORKS

Articles 129b, 129c and 129d deals with this provision.

To help complete the Single Market while achieving cohesion, and to enable the citizens of the Union, business and local communities to get the full benefit of a frontier-free Europe, the Community will contribute to the establishment and development of trans-European networks in the areas of transport, telecommunications and energy. This new area is intended to remove some of the invisible barriers at national borders and knit the different areas

⁹ No over-arching common health policy is planned, and no standardization of national health services.

of the EC together more tightly. It is potentially a very important policy, if the EC states can agree on what is needed and who should pay.

EC action will promote the interconnection and interoperability of national networks as well as access to them. In particular, it will take account of the need to link islands, landlocked areas and peripheral regions with the central regions of the Community.

INDUSTRY

Article 130 is related to the industry.

The Community and member states will ensure that the conditions necessary for the competitiveness of the Community's industry exist. Britain was very concerned that this would serve as an excuse for protectionist policies and subsidization of EC industry. It has written guarantees into it to make sure that does not happen.

In accordance with a system of open and competitive markets, they will aim to speed up the adjustment of industry to structural change, encourage an environment favourable to initiative and to business development throughout the Community, particularly small and medium sized business, encourage an environment favourable to initiative and to business co-operation, and foster better

exploitation of innovation, research and development.

COHESION

Articles 130a, 130b, 130c, 130d and 130e deals with cohesion in the community. For the poorer EC states-Greece, Ireland, Portugal and Spain-this was the key to the Treaty, along with the separate protocol on a Cohesion Fund. It will enable them to upgrade their economies to cope with economic union and the Single Market.

The EC will aim at reducing disparities between the levels of development of the various regions and the backwardness of least-favoured regions, including rural areas. Member states will conduct their economic policies and Co-ordinate them to achieve this. EC actions and the implementation of the Internal Market will take cohesion into account. The EC will also support it by the action it takes through the structural funds, the European Investment, Bank and other financial instruments, including the new Cohesion Fund. The Commission will submit a report to the Parliament, the Council, the Economic and Social Committee and the Committee of the Regions every three years on the progress made towards achieving economic and social cohesion and on ways various polices have contributed to it.

The European Regional Development Fund is intended to help redress the main regional imbalances.

RESEARCH AND TECHNOLOGY

Articles 130f to 130p deals with this aspect.

The EC will strengthen the scientific and technological bases of Community industry and encourage it to become more competitive at international level, while promoting research activities included in other parts of the Treaty. The EC will encourage business, research centres and universities in their research and technological development activities. It will support their efforts to co-operate with one another, aiming to help business to exploit the potential of the internal market to the full.

ENVIRONMENT

Environment is dealt in articles such as 130r, 130t.

European Community policy on the environment aims to contribute to preserving, protecting and improving the quality of the environment, protecting the human health, encouraging the prudent and rational use of natural resources, and promoting measures to deal with regional or worldwide problems.

Community policy will aim at a high level of

protection, taking into account the diversity of the various Community regions. It will be based on the precautionary principle; and on the principles that preventive action should be taken, that environmental damage should be rectified at source, and that the polluter should pay. But harmonisation measures should include, where appropriate, a safeguard clause allowing member states to take provisional measures for non-economic environmental reasons, subject to a Community inspection procedure.

Where action is to be taken by the EC, the Council will act on a qualified majority, the Parliament has the right to amend but not veto, and the Economic and Social Committee is to be consulted. The exceptions are provisions concerning tax, town and country planning, water resources and measures significantly affecting a member state's choice between different energy sources and the general structure of its energy supply.

DEVELOPMENT

Article 130x to 130y deals with the concept of development.

EC policy, which will complement the policies of member states, aims to foster sustainable economic and

social development of the third world, especially in the poorest countries¹⁰; the smooth and gradual integration of the developing countries into the world economy; and the campaign against poverty in the developing countries. Community policy in this area will contribute to the general objective of developing and consolidating democracy and the rule of law, and to that of respecting human rights and fundamental freedoms.

SOCIAL POLICY

Since 11 member states of the EC except Britain-wish to continue along the path laid down in the 1989 Social Charter, they have adopted a separate agreement within the Maastricht Treaty.

The protocol and the agreement are without prejudice to the provisions of this Treaty, particularly those relating to existing social policy¹¹, which constitutes an integral part of the EC law-as it stands.

¹⁰ On paper this is a forthright stance. This is party because some member states, such as the Netherlands, have very active policies and don't want them watered down. It is partly because the EC wants a stronger role on the world stage. There is also an element of pragmatism : development aid helps stop the flow of refugees.

¹¹ Critics say that what is left in the Treaty could still be abused. As for the rest, its relationship with normal Community activity is very unclear.

The 11 countries agreed that they will have as their objectives the promotion of employment, improved living and working conditions, proper social protection, dialogue between management and labour, the development of human resources with a view to lasting high employment, and the combating of social exclusion. The Community and the member states will implement the measures which take account of the diverse forms of national practices, in particular in the field of contractual relations, and the need to maintain the competitiveness of the Community economy. To achieve this, the Community will support and complement the activities of member states in the following fields : improvement of the working environment to protect worker's health and safety; working conditions; the information and consultation of workers; equality between men and women with regard to labour market opportunities and treatment at work; and the integration of people excluded from the labour market.

The council may adopt, by means of directives, minimum requirements for gradual implementation. These directives should avoid imposing administrative, financial and legal constraints in a way which would hold back the development

of small and medium sized businesses¹².

ECONOMIC AND MONETARY UNION

The relevant articles are contained from 102 to 115.

There are three stages envisaged for achieving Economic and monetary Union, or EMU¹³.

The first stage has already begun and the second stage will begin on 1 January 1994. Before that each member state would adopt measures on freedom of capital movement. They would also act to ensure the economic convergence necessary for EMU, in particular with regard to price stability and public finances. The Council would, on the basis of a Commission report, assess the progress made with regard to convergence, in particular with regard to price stability and sound public finances, and progress made with the internal market.

In the second stage, member states will endeavour to avoid excessive government deficits which will be monitored by the Council and the Commission. Each member state will,

¹² Business was concerned that the social chapter would discriminate against smaller enterprises and so this safeguard was inserted.

¹³ Here is the core of the Treaty. Economic and monetary union has long been a dream of firmer federalist, and a nightmare of their opponents.

as appropriate, start the process leading to the independence of its central bank. At the start of the second stage, the European Monetary Institute will be established. Its statute is set out in a separate protocol at the end of the Treaty.

The Institute, whose members will be the national central banks, will help to create the conditions for the transition to the third stage. It will also make preparations for the establishment of the European System of Central Banks (ESCB), for the conduct of a single monetary policy and the creation of a single currency in the third stage, and oversee the development of the ECU.

By 31 December 1996, the Institute will specify the framework for the ESCB in the third stage, in accordance with the principle of an open market economy with free competition. The Institute may also make recommendations to the monetary authorities of the member states concerning the conduct of their monetary policy. The Institute would also fulfil some functions for the existing European Monetary System, including some of those relating to intervention by national central banks in support of each other's currencies, and it would administer EMS financing mechanisms. Once a year it will address a report to the Council on preparations for the third stage. The report

would also examine the achievement of a high degree of sustainable convergence by reference to the fulfilment by each member state of the following criteria¹⁴.

First, the achievement of a high degree of price stability-price performance that is sustainable and an average rate of inflation that does not exceed by more than 1.5 percentage points that of the three best performing member states. Secondly, the sustainability of the government financial position- a government budgetary deficit less than 3 percent of the GDP. Thirdly, the observance of the fluctuation margins of the exchange rate mechanism of the EMS, for at least two years, without devaluation. Fourthly, an average nominal long term interest rate that does not exceed by more than 2 percentage performing member states in terms of price stability. These four criteria are set out in a protocol annexed to this Treaty.

By the end of 1996 heads of government will, acting on a qualified majority, decide whether a majority of the member states fulfil the necessary conditions for the

¹⁴ Convergence, an EMU buzzword, means that states must have roughly similar economies before they come together. This is particularly important for those countries which have low inflation and government debt and do not want their economies messed up by less virtuous neighbours.

adoption of a single currency. They will decide whether it is appropriate for the Community to enter the third stage, and if so set the date for its beginning. If by the end of 1997 the date for the beginning of the third stage has not been set, the third stage will start on January 1, 1999¹⁵.

Before 1 July 1998, heads of government would confirm which member states fulfil the necessary conditions for the adoption of a single currency. The Council acting by a qualified majority on a recommendation from the Commission will decide which member states will have, a derogation an exemption and not participate. A derogation will entail that most of the provisions of economic and monetary union do not apply to the states concerned. The voting rights of member states with a derogation will be suspended for most Council decisions relating to EMU matters.

Immediately after the decision on the date for the beginning of the third stage has been taken or after 1 July, 1998, the governments of the member states without a derogation will appoint the President, the vice President and the other members of the executive board of the European Central Bank. As soon as the Board is appointed,

¹⁵ Whatever happens, EMU happens. This "automaticity" was agreed at the last moment at Maastricht, and some countries including Britain were not very happy about it.

the ESCB and the ECB will be established and will prepare for their full operation as described in this Treaty and the statute of the ESCB. As long as there are member states with a derogation, the General Council of the ECB will be a third decision-making body of the ECB.

At the starting date of the third stage, the Council will, acting with the unanimity of the member states on a proposal from the Commission and after consulting the ECB, adopt the conversion rates at which their currencies will be irrevocably fixed.

BRITAIN AND EMU

The 12 signatories recognise that Britain will not be obliged or committed to move to the third stage without a separate decision to do so by its government and parliament.

Britain will notify the Council whether it intends to move to the third stage before the Council makes its assessment. Unless Britain says that it intends to move to the third stage, it will be under no obligation to do so. If Britain notifies the Council that it does not intend to move to the third stage, it will not be included among the voting by the member states which fulfil the necessary conditions for EMU. It will retain its powers in the field

of monetary policy according to national law.

The Bank of England will pay its subscription to the capital of the ECB on the same basis as national central banks of member states with a derogation¹⁶. If the UK does not move to the third stage, it may change its notification at any time after the beginning of that stage. In that event the UK will have the right to move to the third stage provided only that it satisfies the necessary conditions.

ECONOMIC UNION

Member states will conduct their economic policies with a view to contributing to the achievement of the objectives of the Community. They will act in accordance with the principle of an open market economy with free competition, favouring an efficient allocation of resources. They will regard their economic policies as a matter of common concern and will coordinate them within the Council, which will formulate broad guidelines for economic policy, acting by a qualified majority, adopt a recommendation from the Commission. The Council will then discuss these and the Council will, again acting by a qualified majority, adopt

¹⁶ If Britain does not join, it will have to pay up all the same, and it won't get the same decision-making powers. Some of the other provisions will also apply to Britain.

a recommendation setting out broad guidelines, informing the European Parliament¹⁷.

MONETARY POLICY

The primary objective of the European System of Central Banks will be to maintain price stability. The ESCB will act in accordance with the principle of an open market economy with free competition, favouring an efficient allocation of resources¹⁸. The Bank will be composed of the European Central banks and the national central banks and governed by the decision-making bodies of the ECB—the governing Council and the Executive Board. Before the end of 1992, heads of state will decide on the seat of ECB, and its statute, laid down a treaty protocol, comes into action on the first day of the third stage¹⁹.

¹⁷ Throughout the sections on EMU, the Council has a lot of influence. It is made up of national ministers, but its decision making is very opaque. In most areas, the European Parliament is only informed or consulted.

¹⁸ The fight against inflation is built into the Treaty. But so are the objectives of the EC, which include a high level of employment. Price stability will be used to crucify growth, says one group of critics. Another group says all the other objectives will crush anti-inflationary policy.

¹⁹ These bodies will wield a lot of power. Some say it would be too much. They will be independent, running their own policies with no regard for national sensibilities.

The ECB will be consulted by the EC and national authorities on any proposed Community act in its field of competence. The ECB will have the exclusive right to authorise the issue of bank notes within the Community, and notes issued by the ECB and the national central banks will be the only ones to be legal tender within participating countries. The member states may issue coins, subject to approval by the ECB.

The Governing Council will formulate the monetary policy of the Community including, as appropriate, decisions relating to monetary objectives, interest rates and the supply of reserves and will establish the necessary guidelines for their implementation.

In order to promote Co-ordination of the policies of member states, a monetary committee with advisory status is set up. It will keep under review the monetary and financial situation of the member states and of the Community and the general payments system and report on them to the Council and the Commission.

By exception to the EC's rules for international agreements, the Council may conclude formal agreements on an exchange rate system for the ECU in relation to non-Community currencies. It will do this only by unanimous

vote on a recommendation from the central bank or the Commission.

FOREIGN AND SECURITY POLICY

In the Title V articles from J to J.11 contain the relevant provisions regarding a common foreign and security policy.

The Maastricht Treaty establishes a common foreign security policy, to be defined and implemented by the Union and its member states.²⁰

The objectives of this policy are to safeguard the common values, fundamental interests and independence of the Union; to strengthen the security of the Union and its member states; to preserve peace and strengthen international security; to promote international cooperation and to develop and consolidate democracy, the rule of law and respect for human rights. The member states will support the Union's external and security policy actively and unreservedly in a spirit of loyalty and mutual solidarity. They will refrain from any action which is

²⁰ Here is the second "pillar" of Maastricht; not part of the European Community but still part of the broader European Union. This is to keep it out of the hands of the EC institutions such as the Commission and the Parliament, and to make it intergovernmental-done between governments.

contrary to the interests of the Union or likely to impair its effectiveness as a cohesive force in international relations.²¹

The common foreign and security policy will include all questions related to the security of the Union, including the eventual framing of a common defence policy-which might in time lead to a common defence. The Union requests the Western European Union, which is an integral part of the development of the Union, to elaborate and implement decisions and actions of the Union which have defence implications. The Council will, in agreement with the WEU, adopt the necessary arrangements. The policy of the Union will not prejudice the character of the security and defence policy of certain member states and will respect the obligations of member states which are members of NATO.

The Presidency will consult the Parliament on the main aspects and basic choices of the common foreign and security policy and will ensure that the views of the Parliament are taken into consideration. The Parliament will be kept informed by Presidency and the Commission of

²¹ Advocates of a common foreign policy say it will prevent EC states stepping out of line and creating messes like the yugoslavian fiasco. The critics say this is precisely what it will cause.

the development of foreign and security policy. The Parliament will hold an annual debate on foreign and security policy²²

WESTERN EUROPEAN UNION

The Treaty also includes a declaration by the WEU, binding on its members-Belgium, Germany, Spain, France, Italy, Luxembourg, the Netherlands, Portugal and Britain. These states agree to develop a genuine European security and defence identity. This will be pursued in a process involving successive phases. WEU will form an integral part of the process of the development of the European Union and will enhance its contribution to solidarity within NATO. Member states agree to strengthen the role of WEU, in the longer term perspective of a common defence, compatible with that of the Atlantic Alliance.

WEU will be developed as the defence component of the European Union and as a means to strengthen the European pillar of NATO. To this end, it will formulate common defence policy and carry forward its concrete implementation through the further development of its own operational role.

²² The role of the European Parliament is very vague, and it is virtually power less. Supporters of the European integration wanted a stronger role.

WEU's operational role will be strengthened. In particular, there will be a WEU Planning Cell, closer military co-operation complementary to the alliance in logistics, transport, training and strategic surveillance; meetings of WEU chiefs of defence staff, and military units answerable to WEU. WEU notes that the Union will decide to review the provisions of this article with a view to furthering the objective to be set by it. The WEU will re-examine the present provisions in 1996. The member states of WEU assume that treaties and agreements corresponding with the above proposals would be concluded before 31 December 1992.

IMMIGRATION AND CRIME

Articles from K to K. 9 in Title VI relates to immigration and crime.

To achieve the objectives of the Union, in particular the free movement of persons, member states will regard the following areas as matters of common interest. First, border related issues such as policy on asylum, immigration, conditions of entry and movement, residence, illegal immigration, and work. Second, cross border criminal issues such as drugs, terrorism, fraud and legal co-operation on civil law, criminal law, and customs. These

matters will be dealt with in compliance with the European Convention for the Protection of Human Rights and the convention relating to the status of refugees, and with regard to protection for people persecuted on political grounds. This does not affect member states' maintenance of law and order and internal security.²³

Member states will inform and consult one another on these issues within the Council with a view to co-ordinating action, and will establish collaboration between relevant departments of their administrations.

A Co-ordinating Committee of senior officials will be set up, which will give opinions to the Council.

Most of the EC's institutional provisions apply to justice and home affairs, and administrative expenditure will be charged to the EC budget. The Council may decide by unanimous vote that operational expenditure is to be charged to the EC budget, or it can charge it to the member states.²⁴

²³ This is the third "pillar" of the Treaty, officially called justice and Home Affairs. Like foreign and security policy, it is separate from the Community, though the links are clear. There is already considerable co-operation on all these issues.

²⁴ This section brings EC institutions much more closely into policy-making. The pillars are even less distinct-underlined by the next section.

The Council, acting unanimously on a proposal from the Commission and after consulting the Parliament, will determine the countries where nationals must have visas when entering the Community. In the event of an emergency in a third country posing a threat of sudden influx, the Council may, by a qualified majority vote, introduce a visa requirement for upto six months.

FINAL PROVISIONS

Articles L, M, N, O, P, Q, R, S contain the above provisions.

The government of any member state or the Commission may submit to the Council proposals for the amendment of the treaties on which the Union is founded. If the Council, after consulting the Parliament and, where appropriate, the Commission, delivers an opinion in favour of calling a conference of representatives of the governments of member states, the Conference will be convened by the President of the Council for the purpose of determining by common accord the amendments to be made to those treaties. The European Central Bank will also be consulted in case of institutional changes in the monetary area. The amendments will enter into force after being ratified by all the member states in accordance with their respective

constitutional requirements. A conference of representatives of the governments of the member states will be convened in 1996 to examine those provisions of this Treaty for which revision is provided.²⁵

Any European state may apply to become a member of the Union. It will address its application to the Council which will act unanimously after consulting the Commission and after receiving the assent of the European Parliament, which will act by an absolute majority of its component members. The conditions of admission and the adjustments to the Treaties which admission entails will be the subject of an agreement between the member states and the applicant state.

Maastricht treaty is concluded for an unlimited period. It will be ratified by the member states in accordance with their respective constitutional requirements. The instruments of ratification will be deposited with the government of Italy. This Treaty would enter into force on 1 January 1993, provided that it has been ratified by all signatories, or failing that, on the first day of the month following the deposit of the

²⁵ This is part of the Treaty which ties all the pillars together. It makes provision for ratifying the Treaty and for future changes to it.

instrument of ratification by the last signatory state.²⁶

The conferences of the representatives of the governments of the member states convened on political union and economic and monetary union have adopted the following texts. First the Treaty on European Union. This includes everything outlined above, and also changes to the Treaties governing the European Coal and Steel Community (ECSC) and Euratom-legal steps necessitated by the changes to the Treaty of the European Community. Second, protocols. Some of these have already been mentioned. The others relate to things such as overseas territories, Denmark's opt out on EMU, Irish abortion law and legal structure. Protocols are binding. Third, non-binding declarations : Some of these have already been mentioned. Others relate to topics as diverse as animal welfare, languages, tourism and the Vatican.

Maastricht : the role of the WEU

The Treaty on European Union, agreed by the EC Heads of State and Government at their Summit in Maastricht in December 1991, describes the WEU as "an integral part of the development of the Union". The WEU is asked to

²⁶ There is no deadline for the Treaty to be ratified, in theory. But it must be ratified by all the 12.

"elaborate and implement decisions and actions of the Union which have defence implications". Union policy must reflect the obligations of member States under the North Atlantic Treaty, and must be compatible with the common security and defence policy established in that framework.

WEU member States set out their views on developing a genuine European security and defence identity, and on a greater European responsibility for defence matters, in separate declarations which were then noted at Maastricht. The WEU's dual role emerges clearly. The organisation is to be built up in stages as the defence component of the European Union. It is to develop a close working relationship with the European Union by synchronising meetings and encouraging closer cooperation. At the same time, the WEU would be a means to strengthen the European pillar of the Atlantic Alliance, with which it would develop close working links. The role of WEU member States within NATO would be strengthened. Relations between the European security and defence identity and NATO would be based on transparency and complementarity. The WEU would act in conformity with decisions adopted in NATO.

The declarations set out measures to strengthen the WEU's operational role, including the establishment of a Planning Cell charged with drawing up a list of military

forces available to the WEU. The seat of the Council and Secretariat would be transferred from London to Brussels. (This happened in January 1993.)

Also at Maastricht, the WEU invited members of the European Union not in the WEU to join it or, if they wished, to become observers. Other European members of NATO were invited to become associate members of the WEU, in a way which would allow them to participate fully in its activities.

Building on Maastricht

Negotiations on the detailed arrangements arising from the principles laid down at Maastricht continued, in the first half of 1992, between WEU members and with potential new members. WEU Foreign and Defence Ministers, meeting at Petersberg, near Bonn, on 19 June 1992, issued the Petersberg, Declaration covering the following points :

A report was adopted on practical measures necessary to achieve cooperation with NATO and the European Union;

Ministers agree to strengthen the WEU's operational role by making available military units for tasks conducted under WEU authority, such as humanitarian and rescue operations, peace-keeping, and crisis

management and peacemaking. The Planning Cell was to be established by October 1992. The Cell would be responsible for preparing contingency plans for the use of forces under WEU auspices, preparing recommendations for command, control, and communications arrangements, as well as for keeping a list of forces available to the WEU;

The rights of associate and observer members were agreed. Associate members are to have similar rights to full members, though their participation in some meetings may be restricted. They can participate in WEU military operations. They will be asked to make a financial contribution to WEU costs. Observers' rights are more restricted. They are able to attend WEU meetings, other than of the WEU Council, only by invitation.

Work on implementing these measures continued in the second half of 1992, coming to fruition at the WEU Ministerial Council in Rome on 20 November, when the agreements allowing Greece to become the 10th full member of the WEU, Norway, Turkey and Iceland associate members, and Denmark and Ireland observers were signed. These agreements will take formal effect when all member States have ratified the Greek Accession Protocol. Meanwhile, the

future full and associate members of the WEU are invited to participate in most meetings as "active observers", and the future observers are participating in meetings on a temporary basis until their observership takes formal effect.

There have been the following key institutional reforms :

The last Council meeting in London was held on 16 December; the first in Brussels (at which the UK was represented by its new Permanent Representative to the WEU, Sir John Weston, also Permanent Representative to NATO) took place on 19 January 1993. The new headquarters of the Secretariat in Brussels is at 4 Rue de la Regence;

An advance party of the Planning Cell started work in Brussels in October 1992. As from January 1993 the Planning Cell is co-located with the Secretariat;

In response to an invitation from WEU Ministers, Ministers of the Independent European Programme Group (IEPG), the armaments cooperation forum for NATO's European members, agreed on 4 December 1992 that the IEPG would be merged with the WEU. This fulfils an important part of the Maastricht mandate and helps to

minimise the number of European organisations with a role in the security and defence fields. Discussion is also grouping of European allies, created to co-ordinate European defence efforts within NATO, on the transfer of Eurogroup activities to the WEU.

Chapter III

POLITICAL AND UNITARY ISSUES

Because of the various geopolitical factors that shook Europe since 1989 - the collapse of Warsaw Pact, the unification of Germany and the disintegration of the Soviet Union, combined with the resurgence of nationalist tensions, civil wars and the break-up of Yugoslavia - the Twelve decided to make a major move on political cooperation. Their conclusions, adopted in Maastricht in December 1991, form the basis of a genuine political union, built around a common foreign and security policy.

There are two different views as to how the European Community should evolve. A confederation of freely cooperating sovereign states, or a federation with a single currency, a single economic policy and a single foreign and security policy.¹ On the idea of building a prosperous and powerful trading bloc together and never going to fight with one another, there has been a true unity of views in Europe which is a remarkable achievement in itself. But it has not been enough to make the European Community a powerful and cohesive political force in the world, or even to enable it to defend itself properly.

¹ New York Times, 4 June 1992.

The Treaty signed at Maastricht was preceded by an Inter-governmental Conference that lasted from December 1990 to December 1991 which dwelled in various political and unitary issues related to the Union. The issue of the functions of the Union was at the heart of the Intergovernmental Conference. But apart from it, some other important issues were discussed vociferously by the members.

THE ISSUE OF PILLARED STRUCTURE

During the Inter-governmental Conference there was a fierce debate regarding the question whether the Union should be based on one pillar or three.² But these new concepts of pillared architecture of the Union do not embody novelties that amount to much.³ This structure does not put significant constraints on governments to make joint foreign, defence, immigration or policing policies. In fact threats, not pillars, that would ultimately decide whether the members devise joint foreign or defence policies. Needs, not pillars, would push them towards more coordinated policies on immigration and crime.

² The three pillars are, (a) foreign affairs. (b) home affairs (policing, immigration), (c) Economic Integration.

³ The Economist (London) 1 May, 1993.

THE ISSUE SUBSIDIARITY

The Maastricht Treaty seeks greater cooperation of the members for successful European Community integration through application of the principle of subsidiarity. The principal significance of the inclusion of subsidiarity, is, however, political.⁴ It gives the clearest possible signal to those responsible for developing and managing the Community that from now on any extension of Community powers must be justified both in terms of general, reasonable reasonableness and, still more important, in term of the explicit provisions of the Treaty.

The crucial question regarding the concept of subsidiarity has been who shall define subsidiarity better the Commission, or member states? Not only the concept is vague but also contains potentials of dozens of court challenges. Opponents say, in any case few people in Brussels Commission are really ready to hand back powers to member states.⁵ And the concept is basically questioned by countries like Britain.

Britain believes that further encroachments on the

⁴ Peter Ludlow, "The Maastricht Treaty and the Future of Europe", The Washington Quarterly, (New York) Autumn, 1992, p. 128.

⁵ The Times, 5 November 1992.

powers of national parliaments would be contained by implementing the principle of subsidiarity, a doctrine setting out limits on the role of central institutions. In Britain, subsidiarity is understood to mean that laws should only be made at EC level if the national authorities are incapable of effective action.⁶ However, no attempt has ever been made to define what is meant by "effective action". This concept of minimum interference goes to the heart of tackling the Community's malaise. The British Foreign Secretary Douglas Hurd while speaking to the European policy Forum in London denied that the Treaty put Britain on the road to a federal Europe. It created no new supranational concept and it kept key areas such as foreign affairs, security, justice, and immigration outside the competence of the Commission. Instead, it provided a firmer basis for such issues to be dealt with through cooperation.

However, Jacques Delors, the European Commission President views subsidiarity as administrative devolution.⁷ Delors Viewed Subsidiarity - national and local governments and parliaments are, in areas where the Community decides to act, little more than agents of Brussels. Delors, steered his Brussels bureaucracy in October 1992 into a

⁶ The Times, 7 December 1992.

⁷ The Times, 7 December 1992.

collission course with Britain, stating that subsidiarity could not be used as an automatic escape clause from EC laws. Delors turned down any British motion that subsidiarity could give the member states the right of automatic veto over Commission policies.

THE ISSUE OF MAJORITY VOTING

There are some countries in EC who have expressed disappointment that the Maastricht treaty did not envisage greater extension of majority voting. They strongly upheld that sooner there would be a need for in an enlarged community, majority voting for effective use be across the board and unanimity must be reserved for exceptional decisions relating to questions of a constitutional character.⁸ However, the new treaty has widened the scope of majority voting perceptibly. Council decisions on economic policy, for example, will be on the basis of qualified majorities. So, will be decisions on visas, transport policy, large areas of social policy, and if the Council so decides, the implementation of common decisions on foreign policy and judicial affairs. These changes are very important in themselves. Eleven countries except Britain wanted to replace unanimity majority voting to streamline EC decision-making on foreign and social policy.

⁸ The Washington Quarterly, Autumn, 1992. p. 124.

But British insisted that member countries should not be dragged into adopting crucial policies with which they disagree. However, at the summit meeting in Maastricht unanimity was sought in the field of common foreign policy more than agents of Brussels. Delors, steered his Brussels bureaucracy in October 1992 into a collision course with Britain, stating that subsidiarity could not be used as an automatic escape clause from EC laws. Delors turned down any British notion that subsidiarity could give the member states the right of automatic veto over Commission policies.

THE ISSUE OF SOVEREIGNTY

There are sharp new disagreements over how much sovereignty different countries are willing to surrender. Foreign ministers of France, Germany and Spain have challenged initiatives begun by Italy and Britain on future foreign and defense policy.⁹ Britain is very much concerned about the devolution of sovereignty to supranational bodies like European Commission, because the British have cherished sovereignty since last so many centuries. The Britishers have upheld the parliamentary sovereignty and they object to the power of parliament being eroded. The apprehensions regarding the loss of sovereignty is the

⁹ The New York Times, 13 October 1991.

uppermost in the minds of Danes too. Danes feared of being overwhelmed by stronger neighbours in a federal Europe that would undermine Danish sovereignty. The Spaniards, however, do not worry about giving up sovereignty rights. The majority of the population and the political parties want rapid political unity of Europe.¹⁰

In the case of Germany, it showed its more readiness than any of its neighbours to surrender sovereignty to strengthen European Community at the time of signing of the Maastricht Treaty. Mr. Heidemare Weiczore-zeul, foreign policy spokesman for opposition party, says Germans, remembering two world wars, feel integration is the best way to protect peace. Chancellor Helmut Kohl was convinced that a united Europe was the only safe destination for a united Germany and he was an enthusiastic co-driver at the Maastricht Summit.¹¹ And though John Major pulled on the brakes, he stayed on board for fear of being left behind.

For the French, Maastricht has revealed that Mitterand's policies since 1983 have led directly to substantial loss of national sovereignty. Whether among

¹⁰ A Survey by the Staff the Frarkfurter Allegeminie Zeitung, "European Public Opinion and the Maastricht Treaty", World Affairs (Washington), Vol. 154, No. 2, Fall 1991. p. 75.

¹¹ The Economist, July 3 1993.

supporters of the far right, the agrarian lobby, the communists, the Gaullists, or even the Greens, the French have betrayed anxieties over the loss of national control.¹² But inspite of that french government is quite enthusiastic about political union.

The current integration process in the Community is promoted vigorously by Franco-German combination. They had repeatedly complained bitterly about Britain's inflexibility. The inflexible stand of Britain was visible ever since Britain was not enthusiastic about certain aspects during the drafting of the Treaty. The word 'federal' was taken out of the original draft because Britain considered that the word's inclusion would lead to the loss of parliamentary sovereignty to the European Commission. The French, German, Belgian, Spain and Italy had least reservation on "federal" aspect of European Union. specifically France, Germany and Belgium strongly supported "federal" nature of European union. The Spaniards don't worry about giving up sovereignty rights. The majority of the population and the political parties want rapid political unity of Europe. In the case of Italians, they have never shown displeasure with the Community.

¹² Ross George, "After Maastricht Hard Choices for Europe", World Policy Journal (New York) Vol. IX, SUMmer 1992. p. 503.

However, they now fear that they might not make it with the new Europe, and they might have to leave the exclusive circle of major-league countries decline into minor league. And as for as Greece is Concerned there were fanatic anti-European mood with the bomb attacks on the private cars of staff members of the EC office in Athens. The anti European mood is spreading more and more among the population, especially since the Yugoslav policy of the EC countries which is antithetical to the Greek position who are allied with Serbia. Mr. Wilfred Martens, the former Belgian Prime Minister, chairing a meeting of four Christian Democrat leaders including Helmut Kohl, the German Chancellor, in Edinburg EC summit in December 1992, said that other community states would quickly create European union if Maastricht could not be ratified by all the twelve.¹³ Helmut Kohl, the German Chancellor, and President Mitterand had agreed on the need for urgent progress towards European union and indicated their resolve to prevent Britain's hijacking the Maastricht Treaty. The French and Germans are worried that MR. Major could try to steer towards a British vision of Europe. The French perceived such a vision essentially included a vast free trade zone without the

¹³ The Times, 5 December 1992.

political links which France and Germany given priority.¹⁴ Germany's senior European Commissioner said in an apparent reference to Britain's parliamentary agony over the Maastricht Treaty that members of the European Community, who are hostile to a united Europe should leave.

THE ISSUE OF COMMON FOREIGN AND SECURITY POLICY

The discussion of political union was messier, particularly regarding proposals to establish a Common Foreign and Security Policy. The proposal for a common European foreign policy is backed by Germany, France, Italy, Spain, Luxembourg, Belgium and the Netherlands, and opposed by Britain, Denmark, Portugal and Ireland. It was proposed that the European Community should have its forces under the auspices of the nine-member WEU or it can remain as a mere extension of the Atlantic Alliance. France, Germany and Spain are in favour, but the proposal is opposed by the rest.

The final deal resulted in general acceptance of WEU which will serve the need of common defence of Europe. But

¹⁴ The Times, 23 September, 1992. Netherlands and opposed by Britain, Denmark, Portugal and Ireland. It was proposed that the European Community should have its forces under the auspices of the nine-member WEU or it can remain as a more extension of the Atlantic Alliance. France, Germany and Spain are in favour, but the proposal by the rest.

it still has some division because of some member's opposition especially Britain, who think that it might erode NATO's powers.¹⁵ The 12 countries agreed after long hours of debate to set up a European defence system separate from but linked to NATO, the guarantor of regional security for four decades. The European alliance would be an expanded version of the existing Western European Union (WEU), an nine Country alliance comprising all EC countries except Denmark, Ireland and Greece. However, in 1996, when the US would significantly reduce its military presence in Europe, the WEU will review its relationship with an evolving NATO.¹⁶

The EC failure to evolve an effective common policy in the two great tests of the past two years-yugoslavia and Gulf-is held up as absurdity in any effort to promote a "common" foreign and defense policy.¹⁷ Largely at Britain's insistence, both aspects remain outside the framework of Community institutions, and would operate as an extension of present inter-governmental cooperation. It was tentatively agreed at Maastricht that foreign policy and defense matters would eventually pass to the

¹⁵ World Policy Journal, Vol IX, Summer 1992 p. 499.

¹⁶ Deccan Herald, (Bangalore), 18 December 1991.

¹⁷ The Times, November 5, 1992.

jurisdiction of the EPU. No one is quite sure what that means.¹⁸ As for as "collective security" hopes go for a new Europe, the concept of a European "defense identity" remains an empty phrase.

France and Germany planned to raise a joint army corps to serve as a defense nucleus for a European army-or at least for the nine EC nations belonging to the Western European Union. Ignoring concerns, being voiced in Washington and London that they might be undermining NATO, the leaders of France and Germany approved in May 1992, the formation of a 35,000 joint army corps with the aim of turning it into the nucleus of a future European army.¹⁹ But the speed with which the two governments have formalized the initiative has stirred fears in some western capitals that the European Corps would challenge the NATO's traditional exclusive security role and damage its credibility. In spite of assurances from both Kohl and Mitterand, concerns remain above all because France which withdrew its troops from NATO's military command in 1966, has long regarded the 16-nation alliance as an instrument of American foreign and military policy and would like to

¹⁸ Walter Goldstein, "Europe After Masstricht", Foreign Affairs, (New York), Vol. 81 (1992) p. 126.

¹⁹ The New York Times, 23 May, 1992.

see its political influence reduced in the post-cold-war era. German, Britain and the neutral EFTA states agreed that a continuing US presence in Europe was vital and that the NATO structure be left intact. Two other European countries Belgium and Spain are now having second thoughts about joining the Franco-German "Eurocorps", according to senior British government sources.²⁰ When Yugoslav chaos intensified, it was clear that neither the Corps nor the WEU could ever replace NATO as the bedrock of European security.

Countries such as Britain and Denmark have strong reservations regarding the Common foreign and security policy. An official of the British Foreign office said that "the common foreign and security policy does not exist yet. We understand why the French, the Germans and the Poles are making the request, but peacekeeping is only possible when there is a peace to keep".²¹ Everybody in Europe is setting up units in their foreign ministries to study how to organize so that they could play an effective role in Europe from 1st Jan. 93, a British official said. But within days of the Maastricht meeting the civil war in Yugoslavia exposed the project's fragility, when Germany

²⁰ The Times, 19 June 1992.

²¹ The New York Times, 25 April 1992.

threatened to go on its own way and recognise Slovenia and Croatia as independent states. So far the Danes are concerned, they are still worried that the common foreign and security policy could mean that the twelve could vote to send Danish soldiers to fight in a war which Denmark and the Danish people do not approve of. However the treaty advocates assure that any unilateral step was not possible under unanimous voting procedures of the treaty.

THE ISSUE OF CITIZENSHIP

One aspect of the Treaty that has particularly disturbed some Treaty states and specifically opponents of the Treaty is the reference to "citizens of member states also simultaneous being citizens of the union". This would give them widespread rights. But anti-Maastricht campaigners say citizenship, in international law, is inextricably linked to statehood and the concept of a citizen of the European Union means that the EC is aiming to become a federal state. Britishers ask in such circumstances, what the position of the Queen would be? Denmark also objects to this aspect of the Treaty. The Danish foreign minister Elleman-Jensen said that it is more the notion of union citizenship than the contents of the plan that worries his country. Danes offer foreigners the right to vote in local elections after a few years in the

country, but they definitely do not want to become union citizens. Danes consider themselves as descendants of the Vikings, they want to remain so-even as they also consider themselves Europeans.²² In France too, there is apprehension regarding votes for foreigners.²³ So the French dislike the concept of Union citizenship.

Another country which has expressed apprehensions regarding European citizenship is Luxembourg. The people in Luxembourg fear about the vote by foreigners in Municipal and European elections. In a place known as Grand Duchy about 30 percent are foreigners among whom portuguese constitute majority. Many Luxembourgers now seem to fear that in some communities the foreigners might be the determining factor in future. However, the government has dispelled such fear by pointing out in the future no foreigner can occupy the mayor's seat and in order to assume the office of a lay judge, he must speak the language of the country "Letzeburgisch", which might be a big obstacle for foreigners.

The just opposite situation is prevalent in Portugal. Voting rights for foreigners in municipal and European

²² Times of India, 16 November 1992.

²³ The Economist, 19-25 September 1992.

elections create no constitutional difficulties for Portugal. The principle of mutuality is in force. Under it, in case of a joint regulation, all citizens from EC countries would be able to go to the ballot box and even run for various posts.

ISSUE OF IMMIGRATION POLICY

Regarding a common European immigration policy, Germany has lent its support. However, Britain and the Netherlands have voiced their reservations on the common immigration policy. Britain had voiced serious opposition at the Maastricht summit. According to London, all immigration matters must be under the jurisdiction of the Home Ministry in each country.²⁴ The British argument is based on the premise that every European nation has its own kind of individual immigration problem. In the case of the Netherlands, many Dutchmen are uneasy about the consequences after the elimination of residence permits, more workers from poorer EC countries could push into the labour market as competitors. Many Dutchmen are also sceptical regarding the uncertainties of a border-free federal state.

²⁴ The Hindu, (Madras), 8 Dec. 1991.

EUROPEAN UNION : MEMBER STATE'S REACTIONS

Nine countries approved the Maastricht Treaty without serious reservations. However there were problems in Britain, Germany and Denmark. The Danes had two referendums on it. The Danes delivered the first popular verdict on 2nd June 1992 on the European Community's complicated, compromise plan to build an European Union on the foundations of its economic strength as the world's most powerful trading bloc. The fear of being overwhelmed by stronger neighbours in a federal Europe that would eliminate Danish sovereignty, a long time concern in Denmark seemed to be the main reason for the rejection. In Denmark, opposition to the Treaty centred mostly on fears that the Danish economy would be dominated by Germany and that Danish political decisions would be taken by a French speaking bureaucracy in Brussels.²⁵ Only two of the eight parties in the Danish parliament- the Socialist People's Party and the Progress Party-took position against the ratification, on the grounds that European political unity had gone far enough as it was and that Denmark's membership in the European Community would not be endangered even if it rejected the Treaty on European unity.

²⁵ The New York Times, 3 June 1992.

But the Danish foreign minister, Uffe Elleman-Jensen, kept assuring his colleagues that solid concessions were necessary to secure a "yes" in the second referendum. Both the government and the opposition believe they had found the way to the hearts of the public by agreeing on what they call a "national compromise." Seven of the eight parties in Parliament, including popular Socialist party which ran a very successful campaign against the Treaty in June 1992 backed the paper. That left only an extreme-right Nationalist Party in opposing the plan. The compromise provided that the Danes be given an option to opt out from monetary union, joint defense, common law enforcement and finally the plan for creating an union citizenship.

None of the first three points were opposed in the other countries.²⁶ Denmark already had a protocol under which it could be exempted from monetary union if it wanted. Despite exemptions on law enforcement, Denmark would continue to have inter-governmental cooperation on this issue. But there was opposition in other countries regarding Denmark's desire to opt out of the European citizenship, as it was already offering the same right to EC citizens living in the country as would be granted by the Treaty. The compromise also had a statement on the

²⁶ The Times of India, 16 November 1992.

democratic control within the EC but that was something everybody could agree on. Initially, there were protests in other countries on the "national compromise" but the tone grew friendlier as the British prime minister, John Major, said that the final British ratification would not be held until after the second Danish referendum.

Finally, at a summit meeting in Edinburg in December 1992, the Community agreed to allow Danes to vote this time on a Treaty that no longer committed the country to adopt a single currency, to take part in Community's common defense strategy, to accept the notion of European citizenship or to join the community police or security programmes.²⁷ On May 18, 1993, the Danish voters ratified the Treaty on European Union by 56.8 percent to 43.2 percent which they had narrowly rejected in June 1992. The vote kept alive the prospects for greater economic and political unity. The Danish prime minister Paul Nyrup Rasmussen said after the Danish vote was announced that "I am a happy man tonight and we have taken a decision of historic importance. We have taken a step toward bringing Europe closer to ordinary citizens, to make it more open, even more democratic."²⁸

²⁷ The New York Times, 17 May 1993.

²⁸ The New York Times, 19 May 1993.

FRANCE

After a 25 hour debate in the French National Assembly, the lower house adopted a bill transferring certain powers to the European Community by 398 votes to 77. Ninety-nine members abstained, including most of the largest conservative opposition party, the neo-Gaullist Rally for the Republic. There is a provision in the French constitution that such kind of changes must be endorsed either by a public referendum or by a three-fifths majority in a congress of both the houses. However, the French President Francois Mitterand opted for a referendum in June 1992.

The referendum was not an easy affair in France as Mitterand had staked his reputation and his polices. At the heart of the considerable voter resistance in France to Maastricht was the deepening divide between EC governments and their 340 million people. The Brussels' vision of a federal, united prosperous European superstate which would forever bury the fear of war between its member nations which has been shared by the media, the political and business establishment did not convinced the French. The campaign against the Treaty ratification was mainly led by Jean-Marie Le pen's National Front and the neo-Gaullist Rally for the Republic. The country was divided into two,

with agricultural areas heavily against and the cities were in favour of the ratification.²⁹

The referendum was the most momentous French plebiscite since Charles de Gaulle was ejected in 1969 which had averted a crisis.

President Mitterand campaigned frantically for a 'yes' vote in the referendum. Foreign minister of Germany Klaus Kinkel had also urged the French voters to give the European Community the chance it needed to develop by voting "yes" to the Maastricht Treaty in their country's referendum.³⁰ The German Chancellor Helmut Kohl too had also appeared in the French television to urge for a "yes" vote. This indicated the alarm among German politicians at the danger of a 'no' result.

After three months of soul searching and political battle, France had narrowly assented to the Treaty of Maastricht on 20th September 1992 by less than 51 percent. President Mitterand said after the referendum that there are no winners or losers. Pierre Beregovoy, the then French Prime Minister responded to the results of the referendum by saying that the narrow yes was a warning directed at all

²⁹ The Times, 21 September 1991.

³⁰ The Times, 4 September 1992.

sides of the political spectrum. He said it means the country can no longer be talked to as it was yesterday... Everything will be undertaken to perfect the construction of a more democratic and humane community."³¹

IRELAND

Ireland was the first country to approve the Treaty on June 19, 1992. She had voted for the Treaty on European political and monetary union by a resounding margin, according to the referendum results announced on June 19, 1992. The results showed 69 percent in favour.

The Prime Minister Albert Reynolds expressed after the results were declared "today here in Ireland after much hard pounding and what many feared would be a damn close-run thing, we have succeeded in putting European union back on the rails".³² The result was immediately hailed in other European capitals as reviving the Treaty, which was rejected in a referendum on 2 June 1992.

LUXEMBOURG

The second country to approve the Maastricht Treaty was Luxembourg on 2 July 1992. Luxembourg's lawmakers had

³¹ The Times, 21 September 1992.

³² The New York Times, 20 June 1992.

overwhelmingly approved by 51 to 6 vote the European Community's Treaty on union after a vigorous debate about rules that would allow foreigners to vote in elections in a place known as Grand Duchy.

Luxembourg's parliament ratified the Treaty only after agreeing to negotiate an exemption to a provision that would allow European Community citizens living in a community state other than their own to vote and run in local elections. The issue was important in Luxembourg, where a third of the 400,000 inhabitants are foreigners, mostly Italians and Portuguese.

Jacques Delors, president of the European Commission responded after the voting that Luxembourg had brought the trading bloc closer to the goal it set at Maastricht", the Dutch city where Community leaders agreed on the Union Treaty.

GREECE

On July 31, 1992 the parliament in Athens overwhelmingly ratified the Maastricht Treaty on European union with 286 out of the 300 deputies voted in favour.³³

³³ The New York Times, 4 July 1992.

ITALY

Italy ratified the Maastricht Treaty on European union on October 29, 1992 with an overwhelming vote of support by its lower chamber of parliament. The Chamber of Deputies voted 403 in favour, with 46 opposed and 18 abstentions.³⁴

SPAIN AND BELGIUM

Both had approved the Treaty in November 1992.

PORTUGAL

Portugal's single chamber parliament voted overwhelmingly on 10 December 1992 to approve the ratification of the Maastricht Treaty on closer European union. The vote was passed by 200 to 21 with no abstentions.³⁵

Netherlands

The Dutch lower house had ratified the Maastricht Treaty: 137 of the 150 members voted in favour on 12 November 1992. Then the bill went to the upper chamber in

³⁴ The New York Times, 1 August 1992.

³⁵ The New York Times, 30 October 1992.

December 1992 where it was passed.³⁶

Britain

Britain has formally ratified the Maastricht Treaty on 2nd August 1993. The Treaty went ahead following a decision by Lord Willman's plan to challenge the Treaty's legality. The government officials said the necessary papers have been deposited in Rome where the European Community was first established. However, there are criticism in Britain regarding the timing of the ratification which is said to be ironic as one of the aims of the Treaty, the single European currency, seems to be more distant than ever. Some senior politicians have commented that the Treaty has become irrelevant because the kind of things happened to the European Exchange Rate Mechanism (ERM). The ratification is a victory for the British Prime Minister John Major which would have cost his job. The Foreign Secretary Douglas Hurd denied that the Treaty is already dead. He said by signing it the British government could win support in Europe for its vision of a free market community with lower regulation from Brussels. However, it is clear that Prime Minister Major might have won procedural battle over Maastricht but it is equally clear his political fight with his own party is far from over.

³⁶ The Times, 11 December, 1992.

GERMANY

Although the German parliament had approved the Treaty on European Union on 2nd December 1992, but Germany is yet to formally ratify the Treaty. Of the 568 members of parliament who voted, 543 voted in favour of ratification.³⁷ In the debate in Bonn, many of those who voted for the Maastricht treaty also criticized parts of it. Chancellor Helmut Kohl said even he wished the Treaty had been written quite differently. And the first opposition speaker Heidemarie Wiecezorex-Xeul, described it as very short on democracy. Germany is yet to formally ratify the Treaty because the President Dr Richard Von Weizsacker, has yet to append his signature. This has not been possible because of the legal challenges to the ratification in Germany's Constitutional Court. The petitioners want the issue to be settled through a referendum on the ground that only the people could cede sovereignty guaranteed to them by the constitution.

³⁷ The New York Times, 3 December 1992.

Chapter - IV

ECONOMIC AND SOCIAL ISSUES

The agreement on economic and monetary union (EMU) is an ambitious one. It sets the structure, goals and timetable for achieving a high degree of economic convergence among member states and the creation of a single currency, the ECU. Full economic and monetary union would be attained in three stages. The deadline for the start of the third and final stage of EMU is 1999 at the latest.

In the second stage, a forerunner to a Central European Bank will be set up and all governments shall endeavour to avoid excessive budget deficits. In Britain, this is seen by opponents as an erosion of the Chancellor's right to make his own decisions.¹ All member countries had to promote economic convergence including low inflation and stable exchange rates. Opponents in Britain argued that this would again tie Britain to the policies of Countries such as Germany, whose economic and political conditions are not suitable for export but whose dominance would effectively set the pattern for pan-European economic policy.

¹ The Times, 5 November 1992.

The third stage, locking all currencies under the control of an independent central bank, was envisaged for implementation by 1996. The Treaty lays out fine economic criteria that each nation joining the currency union must meet, which covers inflation, government budget deficits, total government debt, interest rates and Currency stability.² Only France, Denmark and Ireland, for example, had been meeting the limits on budget deficits. All indications are that the first deadline of 1996 will have to be ruled out, since neither France nor Germany will be ready in time. The general opinion among EC members is that since both will be ready by 1996, and without one or other of them monetary union would not be worth having.³ often the question being raised whether the convergence criteria be softened to make EMU entry easier. However, it is certain the Bundes-bank would vehemently oppose it.

The former foreign minister of Italy Gianni Di Michelis was asked what he thought was Europe's most important achievement last year (1992). He replied "Maastricht". Then, asked about Europe's worst failure, he answered: "Maastricht".⁴ He was simply reflecting a growing

² The New York Times, 21 May 1993.

³ The Economist, 3 July 1993.

⁴ The Times, 26 April 1992.

belief that the visionary plan to create a single European currency is falling apart. In Germany, currently there is much resentment regarding the dropping of Mark in favour of ECU. In the past, Germany faithfully signed every plan to increase European integration. Today, depleted by recession and the cost of rebuilding eastern Germany, its attitude has changed. Almost three quarters of all Germans now believe that their country can not afford further European Union, according to a Wickert Institute poll.⁵ The findings underline the way in which public opinion has been aroused against the dropping of the Mark in favour of an European currency and they show concern has grown about the cost of European integration since the Maastricht summit. Many now seem afraid that the difficult East German Experience which involves pumping billions of dollars for convergence with the West, might be repeated with the rest of Europe.⁶

So, the Germans want to renegotiate the treaty. It is an irony that Chancellor Helmut Kohl had been strongest in his refusal to contemplate any renegotiation, Yet in Bundestag there had been demands which influenced the Kohl Government not to close the option of opting out of the single currency, in order to preserve the Deutschemark

⁵ The Times, 4 November 1992.

⁶ The New York Times, 17 August 1992.

unsullied by lesser known currencies.⁷ Nevertheless there had been so far no serious talk of renegotiation, or seeking the a new agreement with other 11 in currency aspect. Meanwhile the Bundestadtg had decided to opt out.

Britain and Denmark have opted out of the single currency programme. Britain, during the negotiation period managed to reserve the right to opt out of stage III of monetary union in 1999 at the latest. British prime minister Jonh Major told the House of Commons that a single currency in Europe was little more than a pipedream. He argued that economic constraints and stifling economic growth in Europe mean that the timetable must be scrapped.⁸ However, the EC Commission President Jacques Delors reacted by saying that politics has to take economics into account and it is enough for seven countries in Europe to accept a single currency by 1997.

On the other hand, the French leaders see the monetary union as a of regaining a share of the monetary sovereignty they had ceded to the Bundesbank. The French prime Minister Edward Balladur emphasised his commitment to EMU. He said the whole point of treaties is that they should provide a framework for the movement of history, and reality does not

⁷ The Times, 24 November 1992.

⁸ The Times, 11 June 1993.

always tally. He urged other EC government to tackle budget deficits to "re-establish financial equilibrium". For the Spaniards it is a matter of both of "dissolving German preponderance" and of proving their own European credentials. Top Italians are also worried about German monetary "hegemony", and they like much of the Maastricht design, even if at first, other countries proceed without them (something which they accept as likely to happen, given Italy's outsized public debt).⁹ In Italian eyes, the beauty of Maastricht is that it reserves an eventual place for them, and prevents a cabal of countries rushing into an exclusive mini-EMU of their own. The institutional preparations are continuing. France is going ahead with legislation to make its central bank independent. During the summit meeting in Edinburgh, Denmark was exempted from policies related to common currency and central bank. The Dutch, on the other hand are worried about economic consequences.¹⁰

The European currency system today is in a shambles, the expectations of a unified monetary structure is shattered. In one chaotic month of September 1992, it all

⁹ The Economist, 3 July 1993.

¹⁰ Daniel Bell, "Behind the European Currency Crisis", Dissent, (New York), October 1992, pp. 56.

broke up. The European currencies were managed through the Exchange Rate Mechanism (ERM). This was supposed to maintain a fixed relation of each currency to one another in order to provide stable expectations for exchange rates for those buying and selling goods and services within Europe.

When Britain joined the ERM in 1990, it did so at a high rate of the Pound to the Mark, which indicated that the Pound was highly overvalued. But Britain felt that it wanted a "strong" Pound. In retrospect, it was a fatal mistake.¹¹

The immediate trigger for the collapse was the German Bundesbank setting its interest rate at 9½ percent, almost three times higher than one could get, for example, in the US. So, investors around the world sought to buy German banks deposit these in for higher interest. It ultimately resulted in the quick rise of Mark as traders had difficulty buying German currency. Because of ERM the price of other European currencies, in relation to the dollar (since all commodity prices are denominated in dollars) also rose.

Germany had increased the interest rate to discourage

¹¹ Dissent (New York), October 1992, pp.56.

demand within Germany by making it more costly for individuals and business firms to borrow money. What the Germans wanted to do was to "deflate" their economy. But other countries, such as Britain would had to raise their interest rates to halt the out-flow of the Pound and keep their currency attractive to investors. As Britain is in deep recession, the last thing that its political leaders wanted to do was to discourage domestic spending by raising interest rates. Finally, Britain raised the interest rate to 10 percent. However, she could not continue with such high interest and was forced to lower down the interest rate. After Britain reverted to its earlier interest rate, Pound came under severe pressure from the currency speculators. And, Britain pulled out from the exchange-rate mechanism in September 1992.

The upheaval served as a useful reminder that the rules of the ERM, which provided initially a useful discipline for members during a period when the European economies were converging, if not modified over time to reflect major extraneous events and divergent economic trends, would create rigidities which might carry the seeds of their own destruction.¹² The Italian Lira too fell sharply on speculation that Italy might freeze 30 percent

¹² The Times, 1 October 1992.

of bank deposits. Lira also pulled out of the ERM, unable to withstand the pressure. Other European currencies could not bear pressure in the ERM due to high German interests. Spain devalued its currency Peseta for the second time in October 1992 which signified a 17 percent fall of the Spanish currency against the Mark from the date of the first devaluation. It put increasing pressure on Spain's aspirations for European economic convergence.¹³ Side by side, the Irish Punt was also devalued in January 1993. The Punt devaluation was the biggest realignment ever agreed in the ERM's 13-year history and the first since 1987 to involve one of the core currencies in the system's narrow band.

The French Franc was also under considerable pressure but this was short lived as Germany came to its rescue. Germany and France stepped up economic co-operation to strengthen the Bonn-Paris political and economic axis.¹⁴ Their plans, if realised will be seen as a further step towards the creation of a mini Europe centred on Paris and Bonn and could be a move to undermine the currency speculators. The two governments are considering fundamental changes about the ways their governments and

¹³ The Times, 23 October 1992.

¹⁴ The Times, 6 January 1993.

central banks cooperate on economic policy. For Helmut Kohl, the German Chancellor, the France-German treaty remains the cornerstone of his European policy to anchor Germany in the EC.

In fact, national governments seem increasingly tempted to choose policies that benefit their own citizens first, even at the expense of Europe and of European union. The currency debacle that destroyed European monetary unity arose for the simple reason that when the "moment of truth" came Germany put its own national interest above all others. And the Bundesbank was forced to do this when the German Chancellor Kohl put his own party's interest above all others.¹⁵ So, also in Spain in May 93, the government of Prime Minister Felipe Gonzalez Marquez had to decide between maintaining the value of the Peseta, one of its obligations under the European monetary system, or sacrificing the currency to give its beleaguered domestic economy a boost. Facing a tough re-election fight, the government devalued the currency and slashed interest rates.

One of the biggest challenges laid down at Maastricht was the decision to bring about economic and social cohesion between the poor and rich parts of the country.

¹⁵ Dissent, Winter (1993) p. 51.

This effort is needed if the poorest countries—Spain, Portugal, Greece and Ireland—are going to take part in the final phase of economic and monetary union. There are evident reluctance on the part of the rich countries to pay for the 'cohesion fund'. Germany and Britain are unwilling to pay EC's budget for the next five years, including £6 billion to develop the Portuguese, Spanish, Greek and Irish economies.¹⁶ Germany's argument is that because it is spending £50 billion a year on eastern Germany, other countries should pay the Maastricht bill. It is already planning to ambush Britain by proposing to end the "rebate" on richer countries' contribution. Richer EC governments have also attacked Jacques Delors, European Commission President's plans to spend large sums on the Community's four poorest states. Delors had suggested his plans for a 30 percent increase in EC spending over five years which should be stretched over seven years.¹⁷ All these have raised fears in poor regions of EC including Ireland which had expected for EC "mega-bucks".

ON SOCIAL POLICY

Social policy also created a lot of wrangling at the time of the negotiation of the Maastricht bill. And for

¹⁶ The Times, 26 April 1992.

¹⁷ The Times, 16 June 1992.

Britain this was the most controversial part of Maastricht. Britain fought so hard on social policy that the Treaty in effect removes the whole field from the Community structure by establishing common policies on working practices for 11 members, leaving Britain unbound by all agreements they reach. The conservative government pointed out that any EC interference would limit a country's ability to create jobs and exploit its market conditions. The Labour party, however, insists the social chapter is crucial to social justice throughout the EC.

The Labour party of Britain embraced the social charter and the extension of qualified majority voting to employment issues. Trade unions are naturally keen to maintain protectionist barriers against imported goods and imported labour. The British government argues, however, that such measures would substantially raise industrial costs.¹⁸ The ruling party in Britain considered that matters affecting everyday working life over time, holiday entitlements, maternity leave and opportunities for part time or temporary work-would be decided in Brussels. The Britishers advocated that the rules by which Europe's citizens conduct their lives should be set at the lowest level of decision making appropriate to the maintenance of

¹⁸ The Times, 27 November 1991.

free trade and personal liberty. Britain's 'opt-out' from the social policy has invited reactions from European leaders. President Mitterand of France accused Britain of disloyalty for failing to accept the European Community's social charter.¹⁹ Some conservative lawyers argue that Mr Major's determination to opt out of the social charter is doomed because the European Court of Justice would uphold legal action-which Labour is threatening-on the grounds that the Treaty obliges all 12 EC states to try and "converge" their economies.

TH-4399

The Socialist Members of European parliament accused Douglas Hurd, that the foreign secretary and the European Community's British presidency were trying to use the subsidiary issue to move social issues off the agenda of the Twelve.²⁰ The Labour Party which is devoted to the social chapter, had drafted an amendment to the Maastricht bill which was proceeding through the House of Commons. Labour says its aim is to remove the 'opt out clause' and thus restore the social chapter for Britain.²¹ The advocates of social policy argue that the social dimension is benevolent to the worker. The protection of worker's

¹⁹ The Guardian Weekly, 28 February 1993.

²⁰ The Times, 9 July 1992.

²¹ The Guardian Weekly, 21 February 1993.

fundamental social rights will be needed in the post 1992 frontier free Europe to prevent market forces operating at the expense of the interests of the employees and to ensure fair competition. Otherwise, capital will migrate to take advantage of cheap labour.

The Westminster viewed that there should be no confusion regarding the goal of better working conditions. British government insists of higher environmental standards, more sensitive planning and better training, these are legitimate concerns of national governments. To impose uniform practices on countries, and companies would not be fruitful because they can not compete which can not compete if they have to pay for the same levels of social protection as the richest and most productive ones.²² It would result in the pile of the labour market. In turn this would lead to more unemployment.

To give part-time workers the same rights as the full-time workers will discourage employers from hiring part-time workers. By increasing labour market rigidifies would spoil many of the benefits of the single market and would increase pressures for protectionism against the freer and the more competitive economies of America and South-east Asia, especially Japan. In Brussels, there is already talk

²² The Times, 29 November 1991.

about imposing social customs duties against countries which fail to meet EC social standards. The British government considers that this is the road to ruin.

The social chapter is of a different order. The ruling circles in Britain considers that this was an attempt to extend EC competence from the existing long list of environmental, health, safety and consumer goods standards. The 11 countries agreed to worker's rights across Europe with an even longer list of health, pay and employment interventions.²³

There are two views on this aspect. Firstly, the agreement does not matter since no body will implement it but it keeps atleast powerful union lobbies happy. Most European Countries already have such legislation: Britain's law on health is the most advanced. Italy, Spain, Greece, Ireland, France and even Germany have little intention of granting to their migrant workers rights and benefits which are available to their own nationals.

The other view which has been adopted by the British Prime Minister John Major is that Europe should not sign those laws which could not be implemented due to paucity of means. The existing Community is remotely capable of

²³ The Times, 11 December 1991.

implementing the decisions agreed at Maastricht. While some EC member countries might be ready to legislate the social chapter domestically, but it is entirely their choice. Relations between workers and employees should be controlled by the national government and national electorates should approve it. The British government insists that in most of the other 11 EC countries, the state already intervenes heavily in the workplace, setting minimum pay and holiday standards and maximum working hours. But in most countries, such intervention is patchy, as would be the implementation of any EC directives in such matters. The Westminster considers the social charter is in reality a charter for illegality and the black economy. The issue of social policy had created a lot of debate among the M.P.s in the British parliament. In the month of July 1993 M.P.s voted on the endorsement of Britain's provision to "opt out" of the Treaty's "social chapter". John Major, the Prime Minister suffered a humiliating defeat. An alliance of opposition members and "Euro-spectic" Tories defeated, by a 324-316 vote. Major however, moved quickly to recoup. He declared that he would call for a swift vote of confidence on his government's Maastricht policy. "The issue of social chapter has to be resolved, and it can not be permitted to fester any longer", he

declared.²⁴ And at last the Prime Minister passed his self-imposed test with a 40-vote margin, drawing on the support of nine Ulster Unionist M.P.s and Tory rebels who had returned to the fold.

²⁴ Time, 2 August 1993, pp.23.

Chapter-V

CONCLUSION

The European integration to political union has been evolved for last 40 years. The European integration in the form of recognizing its identity as European Community began with the signing of (a) Treaty establishing the European Coal and steel Community in 1951 (b) Treaty establishing western European Union in 1954 (c) Treaty establishing European Community established in 1957. A more integration of the European community identifying these three sectors was achieved when a treaty was signed in 1965 merging the executives of all these three communities under one executive called the Commission of the European Communities. There are 17 Commissions appointed by member states (two each for France, Italy, Spain, Germany and UK and one each for the remaining seven countries).

The European integration initially focused on economic integration with a goal towards a single market beginning from 1957 to 1983. During this period at different stages steps towards single market was processed. In 1968 members of the European Community had eliminated all direct barriers to merchandise trade between them. First tentative steps towards monetary cooperation was undertaken in 1971 followed by creating a Regional Development Fund in 1975 to

channel funds to needy areas and technical barriers to trade. However, a major threat towards European single market was initiated by the European Commission in 1985 with the publication of a comprehensive blue print for creating a frontier free single European market by 1993. The strategy launched by the Commission was to remove three types of barriers to free trade movements -- physical barriers-technical barriers and fiscal barriers.

This blueprint revitalizing the process of European integration by drawing up a Single European Act which commended the earlier major integration process manifested in Treaty of Rome of 1957 came into force in 1987. Significantly within six years, more than two hundred and seventy obstacles to European single market were removed. The formal launch of the Single Market at the Community's Edinburgh summit in December 1992 was affirmed.

While the economic integration was progressing satisfactorily the European Community leaders gave serious consideration in transforming the European Economic Community into European Union. As early as 1988 the European Council began preparations for a new treaty on economic and monetary union. Simultaneously the European Council was convinced that there existed a strong case for political union too. Despite the increased powers of the

European Parliament contained in the Single Act, it's role was still consultative.

Therefore, it was assumed that with EMU and the transfer of more power from national governments and parliaments to Brussels, there could be a real progress towards European union. While these factors are engaging the European leaders, the tumultuous development in Europe especially, the end of cold war, German reunification and the collapse of communism in eastern Europe increased Community's external responsibilities. The long held desire for the European Community to have a common European foreign and defense policy become a practical necessity in the changing world scene. All the three components of the European Union namely EMU, political Union and common foreign and defence policy were formulated through inter-governmental conferences into a treaty which was accepted with some reservations by the EC government heads meeting as part of European Council in Maastricht in December. The text incorporating the three aspects was signal by foreign and finance ministers in February 1992 which since then has been called Maastricht Treaty on European Union.

The nature of the Union and some of its components as spelled out in the Maastricht Treaty were source of conflict during the debate on signing the Treaty by heads

of government at Maastricht and later during the period of ratification by the member states. The European union as visualised in federal form was strongly opposed by Britain. In order to accommodate Britain the word federal was dropped. However, the federal nature of European union was supported by France, Belgium, Portugal, Spain and Italy.

The Social policy which is one of the most significant chapters of the Union Treaty was unacceptable to Britain. Britain sought the support of other members to exclude it from the Treaty. Eventually it was resolved when the social policy was included in a separate protocol to the Maastricht agreement. The agreements set out in the protocol applied therefore only to the other 11 member states. The main argument of Britain had been that through the social policy the EC at Brussels would interfere in the country's policy to create jobs and exploit markets. Britain further emphasized that social policy would be detrimental to European competitiveness vis-a-vis Japan and US.

Britain was also greatly disturbed by losing its sovereignty to the Brussels bureaucracy especially European Commission had right to issue regulations that could unify financial services and professional standards, environmental protection guidelines and public health

requirements and to guarantee access to national markets. But the Brussels bureaucracy was too zealous in rule-making and triggered costly litigation before the European Court. First it tried to harmonize the "Eurosausage" and then to limit the noise level of lawn mowers. Germany was censured for shutting out French beer and bottled water with absurd medieval laws; France was told to modify its best cheeses and Italy to close its beaches. To counter these actions of the Brussels bureaucracy and also the distrust of the bureaucracy, the President Jacques Delors announced a novel principle of subsidiarity. His aim was to counter objections raised by Britain, Denmark and others. They claimed that ceding power to Brussels would lead to a dangerous centralisation. Delors offered a timely compromise: to preserve national diversity and widest local autonomy, the EC would limit executive jurisdiction only to "appropriate levels" where states can not act alone. 'Subsidiarity' became the weapon of choice for governments fighting off the commission's of power drive.

Two other issues mainly European citizenship and European immigration policy were an obstacle to the signing and ratification of the Maastricht Treaty. Essentially, the countries involved were small-Denmark, the Netherlands, Luxembourg with British taking th leadership role for the solution of this issue in their favour. Eventually, on the

citizenship Denmark and the Netherlands were permitted to opt out from this obligation. The immigration issue was strongly voiced by Britain and the Netherlands for the solution by each countries themselves and not the Brussels bureaucracy. However, these countries did not seek for opting out for a common immigration policy envisaged in the Maastricht Treaty.

The aim of Maastricht Treaty was to unify key elements of Europe's strength. First, the economic and monetary union (EMU) was to develop over three stages. Between now and 1994 EMU was to strengthen the fixed-exchange-rate parity of currencies through the exchange-rate mechanism. Phase II would promote the "convergence" of monetary and fiscal policy among the EC-12, so that phase III could establish by 1999 a central bank and a joint currency, a modified version of today's European Currency Unit (ECU). By century's end each of the 12 nations would submit to conservative economic priorities; pledged to suppress inflation and deficit financing, each would restrict exchange-rate fluctuations and fiscal policy.

Equally as ambitious as the EMU is the design for the second agency, the European political Union (EPU). It aims to harmonise the foreign policy interests of the 12 member nations and to give the Community a voice in international

affairs by establishing a common foreign and security policy. An ambiguous addendum to the Maastricht Treaty noted that this might include the eventual framing of a common defence policy... and in time lead to a common defence. It left open the question whether NATO was to remain the essential military alliance in a new Europe.

Third, ambitious policy objectives were designated under the Treaty. Broad authority to regulate public health, education, agriculture and environment was to be assumed by the European Commission, the EC's executive. Its laws, or directives, would be approved by a qualified majority vote; the veto power that once had been a prized weapon of each member-nation would eventually disappear. In addition a Social Charter was adopted to standardize health and worker's safety conditions. And a separate protocol committed the Community to narrow the gap between the poor states of the south and rich in the north by channelling aid to the poorest regions.

It was tentatively agreed at Maastricht that foreign policy and defense matters would eventually pass to the jurisdiction of the EPU. No one is quite sure what that means. For now there is little evidence of a cohesive foreign policy within the Community. Indeed it was obvious that discord during the Gulf war had been acute. Many EC

members had distanced themselves from the American-led built up for Desert Shield, and they had split from the NATO camp on the other issues as well. When it come to moving against Yugoslavia's murderous strife and "ethnic cleansing" the EC again proved ineffective. Germany urged Slovenia and Croatia to declare independence. Britain and France were loath to move against Serbia. Britain argued that greater responsibility should be taken by the NATO and the UN, but France disagreed. As a result, the EC's ceasefire agreements and peace conferences collapsed, and the combatants ignored the good offices of the EC Commission.

As for as "collective security" hopes go for a new Europe, the concept of a "European defense identity" remains an empty phrase. France and Germany planned to raise a joint army corps to serve as a defense nucleus for a European army-or at least for the nine EC nations belonging to the Western European Union. But as the Yugoslav chaos intensified it was clear the neither the Corps nor the WEU could ever replace NATO as the bedrock of European Security. Germany, Britain and the neutral EFTA states agreed that a continuing US presence in Europe was vital and that the NATO structure be left intact. France maintained its historical thrust of opposition, holding that Europe must eventually discard the familiar umbrella

provided by US nuclear hegemony.

The Maastricht Treaty has been ratified by almost all the countries except Germany. The Bundestag in Germany has approved the Treaty. The President of Germany is to officially append his signature because the matter regarding ratification is pending before the Supreme Court. However, it is only a matter of time before Germany could ratify the Treaty. With German ratification the wheel would come to a full circle.

When the ratification of Maastricht Treaty is almost complete the operative part of the Treaty is facing problems especially due to the monetary crisis of the signatories. Britain and Italy's exit from ERM has turned the objectives of the monetary union into a pious hope. It has also revived the fear of a two-speed Europe or a two-tier currency system, with Germany with its strongest currency forming the nucleus of a small group of two or three countries to forge ahead on a fast-track of monetary union.

The currency crisis will certainly delay the long drawn-out Maastricht process which visualises a monetary union and a single currency before the end of the decade. The crisis caused by the failure of coordination has highlighted bitter division over the future of Europe. It

may be noted that European economic advance, 1984 to 1991 produced a sustained push for European integration--single market, single currency and Maastricht Treaty, a model for European Union. The recession and the monetary crisis have temporarily upset the progress of integration. Indeed the goal of united Europe as conceived in Maastricht may have receded but not rejected.

SELECT BIBLIOGRAPHY

PRIMARY SOURCES

Commission of the European Communities, Completing the internal Market: "Community Social Policy", Vol. 6, January 1992.

Commission of the European Communities, "From the Single Act to Maastricht and Beyond. The Means to March Our Ambitions". COM (92) 2000 final. Brussels, February 1992.

Council of the European Communities, Commission of the European Communities, Treaty on European Union. Maastricht, February 1992. Office for Official Publications of the European Communities, L-2985 Luxembourg.

Commission of the European Communities, Political Union.

Commission opinion of 21 October 1990, on the proposal for amendment of the Treaty establishing the European Economic Community with a view to Political Union. Luxembourg, 1990.

Luxembourg Presidency. Draft Treaty on the Union: submitted by the Luxembourg Presidency to the Inter-Governmental Conferences on Political Union and economic and Monetary Union. 20 June 1991, Agence Europe Documents, No 1722/1723 of 5 July 1991.

European Parliament. Report on the strategy of the European Parliament for achieving the European Union (Herman Report), Committee on Institutional Affairs, Luxembourg. 21 December 1998.

European Parliament. Third interim report on the Inter-Governmental Conferences within the framework of the strategy of the European Parliament for achieving the European Union (Martin Report 111), Committee on Institutional Affairs. Luxembourg, 31 October 1990.

European Parliament. Interim report on the principle of subsidiarity, Committee on Institutional Affairs. Rapporteur: Valéry Giscard d'Estaing. Luxembourg, EP-Doc A3-163/90, 1990.

SECONDARY SOURCES

- Buchanan, J. M., Poehl, K. O., Europe's Constitutional Future (London, Institute of Economic Affairs, XIX, 1990).
- Butler, M, Europe: More than a Continent (London, 1986).
- House of Lords. Political Union: law making powers and procedures, with evidence (London, HMSO, 1991).
- Franklin, M, and M, Wilke., Britain's Future in Europe (London, 1990).
- Layton, C, The Healing of Europe (London, 1990).
- Lodge, J, ed., The European Union : the European Community in Search of a Future (London, 1986).
- Lodge, J, ed., The European Community and the Challenge of the Future (London, 1989).
- Martin, D, European Union and the Democratic Deficit (John Weatley Centre, Broxburn, 1990).
- Nair, S, 1992 and After (Oxford, 1989).
- Pinder, J, European Community. The Building of a Union (Oxford, 1991).
- Tugendhat, C, Making Sense of Europe (Harmondsworth, 1986).
- Vilbert, F, Europe's Constitutional Deficit (London, 1989).
- Wilke, M., and Wallace, H., Subsidiarity: Approaches to Power-Sharing in the European Community (Chatham House Papers, 27, London, 1990).
- Wistrich, E, After Nineteen Hundred and Ninety-Two: The United States of Europe (London, 1989).
- Derry, T. K., and Jarman, T. L., The European World : 1870-1961 (London, 1965).
- Neumann, Robert G., European and Comparative Government (New York, Mc-Graw Hill, 1960).

- Gunther, John, Inside Europe Today (London, Hamilton, 1961).
- Barber, M. J., Europe in a Changing World: Some Aspects of Twentieth-Century History (Glasgow, Macmillan, 1969).
- Dogan, Mattei, and Rose, Richard, ed., European Politics: A Reader (London, Macmillan, 1971).
- Stromberg, Roland N., Europe in the Twentieth Century (New Jersey, Prentice Hall, 1980).
- Gottenstein, Klaus, Integrated Europe? Eastern and Western Perceptions of the Future (Frankfurt, 1992).
- Lawrence, D. H., Movements in European History (Oxford University Press, 1971).

ARTICLES IN PERIODICALS

- Smith, A. and Venables, A., "Completing the Internal Market in the European Community", European Economic Review (Glasgow) Vol 32 (7), 1988 pp. 42-59.
- Andriessen, Frans, H. J. J., "The Integration of Europe: It is Now or Never", European Affairs (Amsterdam) December 1991. pp. 6-11.
- Reuter, Edzard, "Europe Reconsidered-Economic Giant, Political Midget?" European Affairs, December 1991. pp. 17-20.
- Phillips, A., "Forging a Future", Maclean's (Toronto) 9 December 1991. pp. 24-25.
- Islam, S., "Ready or Not, Here Comes The Borderless Future", World Press Review (New York), November 1991, pp. 9-10.
- A survey by the staff of the FRANKFURTER ALLEGEMEINE ZEITUNG, "European Public Opinion and the Maastricht Treaty", World Affairs (Washington), Vol. 154, No. 2, Fall 1991, p. 73-80.

- Ross George, "After Maastricht : Hard Choices for Europe", World Policy Journal (New York), Vol. IX, No. 3, Summer 1992, pp. 487-513.
- Goldstein, Walter, "Europe After Maastricht", Foreign Affairs (New York), Vol. 81, 1992, pp. 117-132.
- Bell, Daniel, "Behind the European Currency Crisis", Dissent (New York), Winter 1992, pp. 50-54.
- Berthold, Norbert, "Europe After Maastricht", Intereconomics (Hamburg). March-April 1992. pp. 51-56.
- Gnesotto, Nicole, "European Union After Minsk and Maastricht", International Affairs (London), April 1992, pp. 223-32.
- Allem, David and Smith, Michael, "European Community in the New Europe: Bearing the Burden of Change", International Journal (Toronto) Winter 1991-92, pp. 1-28.
- Delors, Jacques, "Europe on the Way to 1992", International Affairs, November 1992, pp. 14-21.
- Treventon, G. F., "The New Europe", Foreign Affairs (New York), Special Issue, 1992, pp. 94-112.
- Crawford, Malcom, "News of EMU's Death is Greatly Exaggerated", Multinational Business (London), Vol. 4, Winter 1992-93, pp. 39-44.
- Livingston, R. Gerald, "United Germany's International Conduct: Some Clues", Polish Review (New York), Vol. 37, No. 4, 1992. pp. 557-63.
- Meier-Walser, Reinhard, "Germany, France and Britain on the Threshold to a New Europe", Aussen Politik (Hamburg), Vol. 43, No. 4, 1992, pp. 334-42.
- Goldstein, Walter, "Europe After Maastricht", Foreign Affairs Vol. 71, No. 5, Winter 1992-93, pp. 117-32.
- Bean, Charles. R, "Economic and Monetary Union in Europe", Journal of Economic Perspectives (Nashville, USA), Vol. 6, No. 4, Fall 1992, pp. 31-52.

- Sapir, Andre, "Regional Integration in Europe",
Economic Journal (Oxford), Vol. 102, No. 415,
November 1992, pp. 1491-1506.
- Cooper, Richard. N, "Will an EC Currency Harm Outsiders",
Orbis (Philadellphia), Vol. 36, No. 4, Fall 1992,
pp. 517-30.
- Herz, Bernhard, and Werner, Roger, "EMS is a Greater
Deutschmark Area", European Economic Review, Vol.
36, No. 7, October 1992, pp. 1413-25.
- Kinkel, Klaus, "NATO's Enduring Role in European
Security", NATO Review (Brussels), Vol. 40, No.
5, October 1992, pp. 3-7.
- Lalumiere, Catherine, "The Council of Europe's Place in
the New European Architecture", NATO Review,
October 1992, pp. 8-12.
- Smith, Geoffery, "Britain in the New Europe",. Foreign
Affairs, Vol. 71, No. 4, 1992, pp. 155-70.
- Treverton, Gregory F., "Year of European Disunification",
Current History (Philadellphia), Vol. 91, No.
568, November 1992. pp. 353-58.
- Kenen, Peter B., "European Central Bank and Monetary
Policy in Stage Three of EMU", International
Affairs, Vol. 68, No. 3, July 1992, pp. 457-74.
- Sharp, Jane "If Not NATO Who?", Bulletin of Atomic
Scientists (Chicago), Vol. 48, No. 4, October
1992, pp. 29-32.
- Knieper, Ralf, "Sovereignty of Money: Legal Problems of
European Monetary Integration", Law and State
(Tubingen, Germany), Vol. 45, 1992, pp. 81-112.
- Scaperlanda,. Anthony, "European Community and
Multinational Enterprises: Lessons in the Social
Control of Industry", Journal of Economic Issues
(Linclon, USA), Vol. 26, No. 2, June 1992, pp.
421-32.
- "Division of Foreign Policy Authority Between the
European Community and the Member States: A
Survey of Economic Sanctions Against South
Africa", Boston College Third World Law Journal,
Vol. 12, No. 1, Winter 1992, pp. 97-120.

- Gazzentan, Hanricus, "European Community and the Netherlands Presidency: Prospects for European Integration", Bliss Journal (Dhaka), Vol. 13, No. 1, January 1992, pp. 107-28.
- Pond, Elizabeth, "Germany in the New Europe", Foreign Affairs, Vol. 71, No. 2, Spring 1992, pp. 114-30.
- Tiarsky, Ronald, "France in the New Europe", Foreign Affairs, Vol. 71, No. 2, Spring 1992, pp. 131-46.
- Fenske, John, "France's Uncertain Progress Towards European Union", Current History, Vol. 90, No. 559, November 1991, pp. 358-62.
- Stuth, Reinhard, "Germany's New Role in Changing Europe", Aussen Politik, Vol. 1, 1992, pp. 22-32.
- Petkovic, Ranko, "Role of the European Community and the United Nations in solving the Yugoslav Crisis", Review of International Affairs (Belgrade), Vol. 43, No. 10002, 1992, pp. 3-6.
- Hertley, Trevor C., "Constitutional and Institutional Aspects of the Maastricht Agreement", International and Comparative Law Quarterly (London), Vol. 42, No. 2, April 1993, pp. 213-37.
- Evans, Richard, "Contesting the Euro-Vision", Geographical Magazine (Putney, England), Vol. 65, No. 1, January 1993, pp. 21-23.
- Jenkins, Charles, "Commentary: Europe's Elusive Foreign Policy", The European Trends (London), 2nd Quarter 1993, pp. 4-9.
- "Those Vikings are at it again," The Economist (London), 7 November 1992, pp. 35.
- "European Community-Fashions Change", The Economist, 28 November 1992, pp. 47-48.
- "Half Maastricht", The Economist, 26 September 1992, pp. 15.
- "Tremors Across Europe", The Economist, 11 April 1992, pp. 26.

- "The EC: Euro-Brummage", The Economist, 24 October 1992, pp. 57-59.
- "An Idea that is Sinking Fast", The Economist, 26 September 1992, pp. 47-48.
- "France-A Vote Too Far", The Economist, 26 September 1992, pp. 48-50.
- "Italy-Long Affair, First Doubts", The Economist, 26 September 1992, pp. 50-51.
- "Vote on Maastricht-If British Politicians are So Confused about Europe, They Should Ask the People to Decide", The Economist, 31 October 1992, pp. 16-17.
- "Uncivil War in the European Community", The Economist, 30 January 1993, pp. 31.
- "The M-Word Again", The Economist, 13 February 1993, pp. 43.
- "Maastricht: Europe Celebrates", The Economist, 22 May 1993, pp. 51-52.
- "Maastricht Sails On", The Economist, 22 May 1993, pp. 13-14.
- "The End of Never-Never Land", The Economist, 13 February 1993, pp. 17-18.
- "Italy-And So it Goes on", The Economist, 6 March 1993, pp. 44.
- "Awaiting the German Ja", The Economist, 22 May 1993, pp. 55-56.
- "The Germany that can Say No", The Economist, 3 July 1993, pp. 37-38.
- "The Engine of Europe", The Economist, 6 March 1993, pp. 15-16.
- "The European Community-Back to the Drawing Board", The Economist, 3 July 1993, pp. 5-20.
- Walsh, James, "And Now, Vox Populi", Time (New York), 5 October 1992.

- Walsh, James, "Europe Getting Back to the Future", Time, 28 December 1992.
- Painton, Frederich, "Europe: How Fast? How Far?", Time, 9 December 1991, pp. 8-13.
- Zagorin, Adam, "Heading Into the 1992 Countdown. With Time Running Out, the 12 Faces Tough Choices in Their Bid to create a Truly Common Market", Time, 9 December 1991.
- Zagorin, Adam, "The Community. A Blueprint for The European Dream", Time, 23 December 1991, pp. 24-26.
- Benjamin, Daniel, "The Testing Euro-Waters: Misgivings About Maastricht are Testing the Twelve", Time, 01 June 1992.
- Branegan, Jay, "The Community-Yes, But...", Time, 31 May 1993, pp. 20-22.
- Rudolph, Barbara, "Britain-Desperate Measures", Time, 02 August 1993, pp. 23.
- Javetski, B., "48,000 Votes that shock a Continent", Business week, 15 June 1992.
- Rassant, J., "Is European's Express Train to Unity Slowing Down?", Business Week, 3 February 1992.
- Sullivan, S., "Europe Takes a Giant Step", News Week (New York), 23 December 1991.
- Samuelson, R. J., "The Boom Has Come and Gone", News Week, 17 February 1992.
- Krugman, P. R., "Crisis on the Continent", US News and World Report, 29 June 1992.
- Knight, R., "Europe Has Second Thoughts About the Wisdom of Unity", US News and World Report, 4 May 1992.
- Lawday, D., "Making the Pieces Fit", US News and World Report, 01 June 1992, pp. 38-40.

NEWS PAPERS

The New York Times

The Washington Post

The Times (London)

The Observer (London)

The Independent (London)

The Daily Telegraph (London)

The International Herald Tribune (Singapore)

The Times of India

The Hindustan Times

The Pioneer

The Deccan Herald (Bangalore)

The Hindu (Madras)