SEMINARS

THE EUROPEAN UNION

- **PART ONE: Lectures & Discussions**

v. The Maastricht Treaty: Its Meaning and Implications

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In February 1992, the twelve member states of the European Community signed the Maastricht Treaty on European Union. The Treaty marked a new era for the Community, particularly after the completion of the internal market. The main aim of the new European drive was the strengthening of previous achievements.

Economic and Monetary Union :

The Maastricht Treaty has as its objective the establishment of Economic and Monetary Union (EMU), leading to a common currency. This objective is to be realized in three stages: (1) in mid-1990, the member states agreed to coordinate economic policies and to lift barriers to free movement of capital; (2) in early 1994, they aimed to strengthen the coordination of economic policy and to establish the European Monetary Institute (EMI). At the end of this stage, by 1999 at the latest, there will be a common European currency, the ECU. Once this goal is achieved, the final stage will follow: (3) the establishment of a European Central Bank responsible, together with the national central banks of the members, for a single monetary policy.

Common Foreign and Security Policy

In addition to the establishment of the EMU. The Maastricht Treaty called for the expansion of the Community into a political union, with a common foreign and security policy, to eventually include defence.

Coordination of foreign policies among member states of the Union takes place within the framework of European Political Cooperation (EPC), which was established in the early seventies. Security and defence policy are the responsibility of NATO.

Under the new EU Treaty, the Council of Ministers, upon guidelines provided by the European Council (Heads of States and Government), can agree on policy-areas for joint action on the international stage. The areas proposed for joint action in this regard are :

(i) The European security process in the Conference on Security and Cooperation in Europe (CSCE);
(ii) Disarmament and arms control in Europe;
(iii) Nuclear non-proliferation issues.
(iv) The economic aspect of security, in particular control of the transfer of military technology and arms exports to third countries.

Economic and Social Cohesion

This is an area where the EU member states still lack a common approach. The UK is the only member not taking part in the joint attempt to harmonise social policy. However, the Maastricht Treaty on EU calls for the setting up of a new cohesion fund, alongside existing funds, to help reduce regional economic and social disparities. The member states will contribute to the Union revenue system according to their economic ability. Furthermore, the situation of the less wealthy states will be taken into account when it comes to allocating Union structural resources.

Other objectives

The Maastricht Treaty gives new rights for European citizens including freedom of residence in any member state, and the right of every citizen of the Union to participate in local and European elections where ever he or she resides.

The Union will play a more active role in several new areas including consumer protection, public health; visa policy; the establishment of trans-European transport, telecommunications and energy networks; industrial policy, education, environmental protection and research and development. The member states have also agreed to upgrade cooperation in the fields of justice and home affairs .

The powers of the European Parliament have also been reinforced including involvement in the enactment of legislation, in some areas now having a power of co-decision with the Council. The Parliament also has the right of approval of nominees to the Commission; and the power of assent for all major international treaties . There is still a long way to go before the objectives of the EU Treaty can be fully realized. As with the Treaty of Rome, the Maastricht Treaty demonstrates a gradual approach to the ultimate goal of establishing a united Europe. However, the immediate objective of the new drive is economic, namely price stability, which only can be achieved through the introduction of the ECU as a common currency by 1999. In the meantime, the member states' economic policies must be geared to currency stability, and avoidance of inflationary budget deficits. The intergovernmental conference to be convened in late 1996 will review the economic conditions for the establishment of the EMU. Only member states with sound national economies, price stability and sound public finances may move on to the final stage of the EMU .