

## Treaty of Maastricht: A Positive Step towards Integration?

Shravan G Shenoy\*

*The Treaty of Maastricht must be considered as a political compromise in the process of European Integration. Integration plainly does not mean wider Union, but a Union which share closer ties with each other. This article analyses countries which benefited economically, while some other benefited politically. This article also focuses the political dominance of certain member states which were integral in keeping the application of Turkey on hold for long time. This article also puts light on the changes made in the Treaty of Maastricht so that integration of Central and Eastern European Countries would be easier.*

---

### INTRODUCTION

In the year 1807, Napoleon Bonaparte, in a letter written to his brother Louis, King of Naples had stated that “My brother, if you mint coins, I want you to adopt the same divisions of value as in French money... I’ve already done the same thing for my own Kingdom of Italy. The confederated Princes have done the same thing. That way there will be uniformity of currency throughout Europe, which will make trading much easier.”<sup>1</sup> It was in that year where Napoleon had desired, for the need of single currency to make trade around Europe easy. 185 years later and after many devastating wars, The Maastricht Treaty was signed. Maastricht Treaty, formerly known as Treaty of European Union was signed on

---

\*Shravan Shenoy is a student of Masters in European Studies and Management (MESM) at Manipal University, India. He is studying MESM offered by the Manipal Centre for European Studies established in partnership with Hochschule Bremen University of Applied Sciences, Germany. Though his graduation was in Engineering in Electronics and Communications, he has discovered his new interest in European integrational studies after taking up MESM. He has a flare for writing since childhood and has slowly moved from writing short-stories to academic writing. He plans to pursue his interest in integrational studies with a focus on comparative study of businesses, cultures, and politics of both India and European Union. He conceived and led a team of students in organizing Festivities of Indian and European Synergies in Tradition and Arts (FIESTA) bringing music, dance, theatre and other forms of arts on a single platform.

1. EUroquotes- [www.liebreich.com](http://www.liebreich.com)

February 7, 1992 in Maastricht, Netherlands, with main intention of creating a single market.

The Maastricht treaty opens with the following words: “By this Treaty, the High Contracting Parties establish among themselves a European Union.” Later in the text one reads that the Union has been “concluded for an unlimited period.”<sup>2</sup> The main aim of Maastricht treaty was to amalgamate key elements of Europe’s strength. It was with this treaty that European Union came into existence. Leaders from the twelve member states had joined together to sign the agreement. It is perhaps the best known and the most controversial of all the European treaties. The idea of Euro, which was conceived during that agreement, is battling for survival 20 years later. European Union has since added more countries from 12 to 27. Determination and grit of leaders of the European Union has been put to test under several circumstances after the implementation of Single market.

The treaty on European Union has raised more problems than it has tried to resolve. Yet, the treaty is considered as the greatest victory of the so-called “Functionalist Approach”, which for more than four decades has inspired the march toward European integration. [Cavazza and Pelanda, 1994]

When the treaty was initially agreed upon, Euro was viewed as a factor to bring stability to the newly unified Germany, which was politically unstable after World War II. West Germany was very badly damaged under the Soviet rule. Soon after the unification, United Germany faced many hurdles and struggled economically. The Maastricht treaty was the solution to bring stability to Germany. It was a colossal challenge back then in 1992. Two decades later, the now 27 members of European Union face another colossal challenge. But this time to save the Single Market.

European Leaders had hoped that integrating the countries to form European Union, would boost them out of recession. 20 years after the treaty was signed, Recession seems have become synonym with many of its countries.

---

2. Article A and Article Q, respectively. Council of European Communities, Treaty on European Union (Luxembourg: Office for Official Publications of the European Communities, 1992), 7, 139

The treaty created quite a flutter among the citizens of union, as they turned nervous and uncertain about the future of the Maastricht treaty. It was evident that citizens could no longer live without an authoritative concept of what the union could become in years to come. In the European Council of Copenhagen, held on June 21, 1993, Helmut Kohl said that the European economy shows “tiredness and lack of dynamism.”[Cavazza and Pelanda, 1994] This statement clearly suggests that European malaise is not only a product of economic recession but also of a faulty political design.

Maastricht treaty was the successor to both the Common Market launched in 1958 and the integrated customs union created by the Single European Act of 1987. By modifying the previous treaties -Paris, Rome and Single European Act-, the initial economic objective of the Community, building a common market, was outstripped and, for the first time, a distinctive vocation of political union was claimed.<sup>3</sup>

We can safely assume that the Union will survive because it is much too useful to all member states; none of them can afford the luxury of irreparably undermining it. None of the member states has tried to withdraw from the Union. The recent scare to this assumption can be the case of Greece.

Heavily indebted because of history in corruption, widespread tax evasion and weak governments, Greece was badly hit morally and economically. Most of them had written of the chances of Greece continuing as the Member state of the European Union, but then, they were revitalised by a bailout fund. Greece got their life jacket but it was Europe which took a sigh of relief.

On March 28, 2009, German Chancellor Angela Merkel made headlines, when she said that the EU needs to “consolidate” before the bloc can take on new members with the exception being Croatia.<sup>4</sup> Croatia is expected to become the 28th member state of the EU on 1 July 2013 after a referendum on EU membership was approved by Croatian voters on 22 January 2012. The Croatian accession treaty still has to be ratified by all current EU member states<sup>5</sup>.

---

3. The Treaty of Maastricht, [Historiasiglo.org](http://Historiasiglo.org)

4. Speck, Ulrich. Is Germany Closing The Door On Further EU Enlargement? , RFE/RL, [www.rferl.org](http://www.rferl.org), Retrieved 09 March 2012

5. “As EU’s luster fades, Croats vote in favor of joining European Union”. *Washington Post*. 22 January

Germany and France have been an economic power in the European Union since its inception. United Kingdom, smaller yet economically sound countries has always been wary of German hegemony in the Europe's financial affairs. United Kingdom negotiated an opt-out of the so-called social chapter - a part of the treaty which was eventually adopted as a protocol and which covered issues such as workers' pay and health and safety.

It was well known from the very beginning that creation of single market will be a boon for some countries, whereas, for other countries it would be bane. Some countries would benefit economically, whereas some other countries would benefit politically. Politically well off countries, favoured inclusion of eastern European countries like Hungary, Poland and the Czech, which were struggling economies. The first set of countries to be included in the European Union, soon after the Maastricht Treaty were the Austrians, Swiss and the Scandinavian countries, who were all wealthy members of European Free Trade Association (EFTA). What we will get to know from our research is who all stood to gain economically but lost politically or who gained politically but lost out economically or in some special cases gained both or lost both.

#### BACKGROUND OF MAASTRICHT TREATY

The original goal behind the integration of Europe was to prevent the devastating wars of the first half of the twentieth century from ever happening again. Millions of lives had been lost and economies of many countries had been badly hit. To recuperate from the badly hit economy and to stop any further tension between France and Germany, the then foreign minister of France, Robert Schuman, proposed the very first draft of European Coal and Steel Community (ECSC). The first draft of ECSC saw the day of light on May 9, 1950. The Plan laid out by Robert Schuman was brilliantly simple—if the resources, which are used to make weapons such as steel and coal, are pooled together, then starting war with any country would be materially impossible.

France took the very first step in this venture to agree to share and grow sovereignty in supranational community. Robert Schuman suggested that France and Germany should pool all their Steel and Coal under a common

High Authority, within the structure of an organization, which would be open to the participation of any other countries of Europe. This move was proposed by Schuman with an intention of helping the economic growth between the war torn Germany and France. This move would even help the two countries achieve peace. Coal and steel were vital resources needed for a country to wage war, so pooling those resources between two such enemies was seen as more than symbolic<sup>6</sup>. Schuman's plan was distinct as they were the initial step towards the birth of united Europe. It would not be overnight development but, a step by step process leading towards the unification of Europe democratically, including both Western and Eastern Europe separated by Iron Curtain.

Treaty of Paris was signed in 1951, by six countries—France, West Germany, Italy, Belgium, the Netherlands and Luxembourg, thus leading to formation of Europe's first supranational community. The treaty of Paris paved way for the signing of ECSC in 1952 with which the journey of integration began in Europe. ECSC was established to regulate European Industry and improve commerce, after the demolition caused by World War II. Among the Six states, ECSC would create a common market for Coal and Steel. There was a mutual understanding by the member nations that ECSC would be governed by "High Authority", checked by bodies representing governments, MPs and an independent judiciary.

In the year 1957, Treaty of Rome was signed by the six member states, forming two other similar communities: The European Economic Community (EEC) and The European Atomic Energy Community (Euroatom). These units worked in tandem with ECSC.

In the year 1967, ECSC, EEC and Euroatom<sup>7</sup> merged to form the basis of European Commission (EC), but it retained its own identity. During the existence of ECSC, it had succeeded in creating a common market which was their objective but failed to prevent the decline of coal and steel industries. Oil, gas, electricity became natural competitors to coal in regard with energy. Furthermore, with the move to oil, the Community failed to define a proper energy policy. ECSC was affected by the high inflation and monetary instability because of which they were not able to meet upward

---

6. "Treaty establishing the European Coal and Steel Community, ECSC Treaty".Europa (web portal). Retrieved 09 March 2012

7. Challenges after the Treaty of Amsterdam, [www.Historiasiglo.org](http://www.Historiasiglo.org)

equalization of pay of workers within the market. Though it met up with failures, ECSC's greatest strength was the revolutionary approach to the concepts of a supranational community. It had set up stage for the future European Union.

The end of the 1950s, de Gaulle's France was weak; wishing to compensate for the loss of its colonies, it had to demonstrate that it was still a Great Power. They triumphed in World War II, but were no longer the authoritative country in Europe. Germany, "a political dwarf," was with each passing day becoming more of "an economic giant"; it, too, sought to acquire the status of a Great Power. Germany being the dominant country quickly made their plans to rise from the ashes of war by regrouping themselves, though now Germany was divided into East, which was ruled by Soviet and West, which was recuperating itself. The aspirations of Germany and France were conveniently converging, in their integrated discovery, that a community spearheaded by a Franco-German diarchy would allow them to carry much more weight both on the European and international prospect. The potential of the two countries was perfectly complementary, and each had an interest to exploit it through a mutually privileged relationship. The breakthrough in the betterment of relationship between the warring nations can be credited to Mr. Jean Monnet, whose prime objective was achieved. Political and strategic primacy would go to France; economic primacy would go to Germany. The French lived with the illusion that its future nuclear arsenal would offer a political counterweight to the deutsche mark; Germany, it was thought, would become the "junior partner." [Cavazza and Pelanda, 1994]. Hand in hand France and Germany progressed, both economically and politically and slowly stamped their authority by the end of 1970's.

While France and Germany were in a position to use the Community to strengthen their hold, the community itself was free to pursue its slow but steady march towards the integration of European market. Thus, other community members were not greatly alarmed by Franco-German initiative.

Finally, the addition in the 1980s of new countries in the Community—Greece, Portugal, and Spain, following Denmark, Ireland, and the United Kingdom—and the negotiations with the EFTA countries (Nordic

Europe plus Austria and Switzerland) were projected to fashion a larger European economic space, to further European commercial interchange.

By the end of 1980's, 12 members had joined the European Union. It was a post-communist era, where people, who were no longer treated inhuman by their government, had started to get the nationalistic pride. The functionalist approach, inspired by Jean Monnet, aimed at uniting Europe by methods entirely dependent on the political compassion of the Community's member states. [Cavazza and Pelanda, 1994] The nation-state was being quietly asked for its authority to be peeled off leaf by leaf, like an artichoke; without raising objections, it was expected to allow a gradual, but irreversible, transfer of its specific sovereign prerogatives to the Community.

Integration of Europe, profited the nations involved economically, but highly diluted the political potential of the community. Robert Schuman had predicted that, enlargement would not only make the union wider, but bring nations more together. [Cavazza and Pelanda, 1994] Unfortunately, things took a different turn when Maastricht Treaty was signed.

#### DISCRIMINATIONS REGARDING MEMBERSHIP ISSUES

Year 1989 launched a drastic transformation of European continent. That was the year when communist rule across most of European countries collapsed, Soviet Union disintegrated and dawned a new era for many new European states and the devastating war in Yugoslavia. These events transformed Europe.

From the beginning of European Union, many countries regarded accession to the EU was seen as the best means to overcome their two main problems:

- The establishment of democratic systems, based on the respect of human rights.
- The transition of a communist centred system to a market economy. This transition, with no previous example in history, had to be carried out in the middle of a deep economic crisis<sup>8</sup>

---

8. Challenges after the Treaty of Amsterdam, [www.Historiasiglo.org](http://www.Historiasiglo.org)

Another major problem that these countries had to face was finding security in an uncertain context [History Europe]. The devastating war in Yugoslavia and disintegration of Union of Soviet Socialist Republics (USSR) had put many countries on high alert and security was main concern. Many small countries like Hungary, Poland and Czech Republic joined Atlantic Alliance in 1999 with a clear eye on future membership. Their decision to join North Atlantic Treaty Organization (NATO) was clearly dissented by Russia, USSR's heiress. The countries joined NATO as it was their best guarantee for their security.<sup>9</sup>

During the Eastern enlargement negotiations, conflicts arose between the net contributors to the EU budget and the recipients of the EU transfer schemes. The "brakemen" (Spain, France, Greece, Italy, Ireland, Portugal, Belgium, the Netherlands, and Luxembourg) expected reductions in transfers from the EU and threatened to reject the admission of further states to the Union (Schimmelfennig 2003).

Many countries fled away from the Russian grasp to join an area of economic development and security caused the urgent interest of former communist countries to join Western institutions, especially, the EU [9]. These countries were severely affected by years under the communist rule and now desire a better economy and living conditions.

Enlargement has never been a stumbling block for many of countries which joined EU after the Maastricht Treaty. When the Maastricht Treaty was signed there were only 12 countries. After the treaty was signed 15 countries joined and now there are 27 countries in EU. Admission was Croatia is pending and will be completed in the year 2013. Croatia had submitted its application of membership in December 2008.

The Intriguing case in enlargement of Union is of Turkey. Turkey has been a member of NATO since 1952, the Council of Europe since 1949, the Organization for Economic Cooperation Union since 1992, but yet membership to EU has eluded them. Turkey's relationship with EEC was legally sanctioned in 1963 when it signed an Association Agreement with the EU<sup>10</sup>. This was supposed to be the first preliminary step on the course to full membership. Since then, Turkish hopes have been put on

---

9. Challenges after the Treaty of Amsterdam, [www.Historiasiglo.org](http://www.Historiasiglo.org)

10. EU-Turkey relations.Euractiv, [www.euractiv.com](http://www.euractiv.com). Retrieved 07 March 2012



back burner, particularly following its invasion of Cyprus in 1974 and the military coup d'état of 1980<sup>11</sup>.

Things never turned better for Turkey from then on, as they were constantly put on hold for some or the other issues. Turkey applied for a full membership in the year 1987. Much to the Turkey's disappointment, the decision was deferred until 1993, on the grounds that the EC could not consider new members until after the implementation of tighter political integration scheduled for the end of 1992. This was mainly due to the unexpected end to the four decade long Cold War between the USA and the USSR.

EU accepted the membership of countries like Austria, Finland, Norway, and Sweden while keeping Turkey's application on hold. Apart from Turkey, others were a set of wealthy nations and we can assume that agenda behind inclusion of these countries ahead of Turkey might have been based on the economic strength of the countries.

A major turning point for Turkey's EU prospects was the decision reached at the Helsinki Summit in December 1999 to grant official candidate status to the country. In the period between 1999 and 2004, Turkey took great steps in order to meet the Copenhagen criteria, especially regarding stable institutions, the rule of law, human rights and respect for and the protection of minorities. A key step in this process was the signing of the protocol on the de facto abolition of the death penalty<sup>12</sup>.

Objections produced by EU were mainly on economic conditions of Turkey. The dominant countries in the Union, France and Germany were very sceptical about Turkey joining the union, because of the underdevelopment of its economy compared to the economies of EC/EU members, not to forget Turkey's high rate of population growth.

Germany were concerned of the frequent veiled threats by Turkey's senior military officers of future interventions if politicians "misbehaved" did not inspire confidence in Europe that democracy had taken permanent root in Turkey, as the main eligibility criteria to be a member of EU is, institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities.

---

11. EU-Turkey relations.Euractiv, [www.euractiv.com](http://www.euractiv.com). Retrieved 07 March 2012

12. EU-Turkey relations.Euractiv, [www.euractiv.com](http://www.euractiv.com). Retrieved 07 March 2012

“Utterly failed,” were the words chosen by German Chancellor Angela Merkel to describe the status of immigrants, especially those from Turkey, in a nation that has tried to dramatically change its stance towards minority issues<sup>13</sup>. The problem for Turkey came in the form of Greece, with whom they had been sharing bad-blood for a long time. They had dispute regarding the bragging rights of possession of Cyprus. This was the case where the discrimination regarding membership issues cropped up, as Germany and France, the strong hold of the Union, clearly sided with Greece, which was already member of EEC.

Some of the members are concerned that large population of Turkey may alter the balance of power in the European Union. After all the population of Germany is 82 million and declining. Turkey at present is the second largest country and will certainly become largest populated country in coming years. Many members were apprehensive about the possible change of influence in the EU, if Turkey became the member of EU.

French President Nicolas Sarkozy stated in January 2007 that “enlarging Europe with no limit risks destroying European political union, and that I do not accept...I want to say that Europe must give itself borders, that not all countries have a vocation to become members of Europe, beginning with Turkey which has no place inside the European Union.”<sup>14</sup>The reform thrust has also been fading in Turkey as a result of the increasingly critical stance of key players like France and Germany, which are sceptical of Turkey’s credential as a European country and its ability to fulfil the accession criteria<sup>15</sup>. Turkey has found a friend in United Kingdom, who has been backing the entry of Turkey into the EU. United Kingdom has always been wary of the friendship that had bloomed between France and Germany, as they were showing strong signs of dominance.

### POLITICAL WINNERS BUT ECONOMIC LOSERS

The struggle for control of Europe’s most important tool for economic policy pits powerful incompatible interests against one another [Frieden, 1998,]. These conflicts are likely to have considerable effects on the economy of Europe, on the path of integration. Market integration also

---

13. Turkey’s Membership in the EU: Realistic or Merely Wishful? Harvard International Review, [hir.harvard.edu](http://hir.harvard.edu), Retrieved 07 March 2012

14. Sarkozy: Turkey has no place inside the European Union, Turkish Press. [www.turkishpress.com](http://www.turkishpress.com). Retrieved 07 March 2012

15. EU-Turkey relations.Euractiv, [www.euractiv.com](http://www.euractiv.com). Retrieved 07 March 2012

causes structural changes, which will redistribute income not only across sectors within the EU countries but also between EU countries [plumper and Schneider, 2007].

It has already been established in our previous sections that, there was an ulterior notions for many countries to join in EU apart from being integrated into a single unit. Jean Monnet's original vision for Europe was for it to become a "federation of the West" (Holland, 1992). Small countries joined EU with an eye for security. Wealthy countries were included in the EU or were given preference when compared to the less privileged countries.

The Political Dimensions of the Treaty of Maastricht were much less well thought through than those of Economic and Monetary Union. The energy behind European integration, and the confidence allied with the European Community as a result of the "1992" program were ample. The commission acting as a "purposeful opportunist" (Cram, 1993), in tandem with a number of the more enthusiastically pro-integration member state governments, tried to take advantage of the enthusiasm for integration in order to balance the monetary union proposals with, for instance, greater power for the European Parliament.[ Wincott, 1996]

"We must now face the difficult task of moving forward towards a single economy, a single political entity... For the first time since the fall of the Roman Empire we have the opportunity to unite Europe." These were the words of Romano Prodi, EU Commission President, in a speech to European Parliament, on 13th October 1999.

The problem with the inflation and recession was not only the economic conditions but also the political fault. The political Union was partly motivated by the new agenda of post-Cold War international relations, and to a certain extent by the political ramifications of economic integration. Even the idea of political integration proposed as a result of the economic integration of the 1980's was deeply controversial [Wincott, 1996]. Without a doubt, when the stakes of power being so high, member states coming over consensus regarding the desirable ultimate form of European Community/Union turned out to be a herculean task.

France and Germany had been the mainstay for European Union for long time and they had stamped their authority. United Kingdom and Spain

were not far behind both in terms of Economy and authority. Germany is benefitting both politically and economically from being a member of European Union<sup>16</sup>. This was certainly an amazing progress for Germany, who was subdued by two devastating wars and was even divided into two parts, East and West.

France, Germany, Spain, United Kingdom were all the political winners in the process of integration but apart from Germany and United Kingdom, other big nations were drastically hit on economical front. The United Kingdom and Greece, which are situated more on the periphery of the community, along with Denmark, have displayed the most half-hearted attitude to further integration and appear more to favour the confederate over the federalist structure [Holland, 1992].

Greece has been facing tax evasion by wealthy businessmen, high count of corruption cases and weak governments. These all led to the downfall of Greece. Greece lost out both politically and economically in being the member of EU. We can cite an example of Spain, who is staring down the barrel on economic front. Spain joined the EU in the year 1986, along with Portugal. Greece was the very first country to be casualty of recession when they faced a financial meltdown during the end of 21st century.

Now that the bailout fund has been provided to Greece, focus of EU has shifted to Spain, the next country in economic turmoil. Spain is not Greece, because Spain has been a commendable member EU citizen since Franco's death and its transition to democracy enabled it to join EU<sup>17</sup>. Population of Spain is four times more than that of Greece and economy is five times as big. Spain is the fifth largest economy in EU after France, Germany, U.K and Italy.

Spain's political stance in EU has been strong. In other EU member states, European identity is poor or shaky, where as almost 65% of the Spanish population shows sign of identifying with Europe<sup>18</sup>. "Democratisation"<sup>19</sup> and European integration have been closely linked in Spain. Historically, Europeanization was always seen as something that would finally enable

---

16. Germany benefits from its EU membership, says study, Euractiv. [www.euractiv.com](http://www.euractiv.com). Retrieved on 10 March 2012

17. After Greece, EU can now worry about Spain. Market Watch. [www.marketwatch.com](http://www.marketwatch.com). Retrieved on 10 March 2012

18. 20 Years of Spain in the European Union. Real Instituto elcano. [www.realinstitutoelcano.org](http://www.realinstitutoelcano.org) Retrieved on 10 March 2012

19. 20 Years of Spain in the European Union. Real Instituto elcano. [www.realinstitutoelcano.org](http://www.realinstitutoelcano.org) Retrieved on 10 March 2012

Spain to consolidate its democratic institutions and overcome a past marked by divisions.

Spain's modern history is also the history of a far-reaching process of political and administrative decentralisation in a country traditionally characterised by centralism. Decentralisation has posed a challenge of colossal magnitude, the importance of which cannot be underestimated given that, in a very short period of time, the central government has transferred to the autonomous administrations a very significant proportion of its financial resources<sup>20</sup>. These facts tend to state that despite being politically sound despite the integration process, maintaining the economic stability has been an enormous challenge for Spain, not to forget ever rising unemployment rate.

#### ECONOMIC WINNERS BUT POLITICAL LOSERS

Thomas Jefferson had once said "Any nation which gives up its freedom in pursuit of economic advantage deserves to lose both." 10 years since the start of transition, the countries in Central Europe and Eastern Europe have undergone remarkable changes in their political and economic system, breaking with decades of rule under communism. Based on their significant process in building democracy and marked economies, 10 Central and Eastern European countries were given membership in EU. The ten countries are Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, the Slovakia Republic and Slovenia. Pressures may intensify for certain economic, social and political groups, but benefits of joining EU will overshadow costs. Accession to EU will require policy adjustments on part of the joining countries.

Having a "functional market economy" [Tang, 2000] is a prerequisite for joining the EU. It is also a key objective of transition from central planning. For many countries from Central and Eastern Europe, the process of integrating with the EU overlaps with, maintenance of, the transition process. For countries like Bulgaria and Romania, the goal of integrating with EU has the added benefit of public support for consolidating and continuing economic reforms.

---

20. 20 Years of Spain in the European Union. Real Instituto elcano.[www.realinstitutoelcano.org](http://www.realinstitutoelcano.org) Retrieved on 10 March 2012.

Considering the example of Czech Republic, which along with East Germany and Romania was among the most hard-line communist regimes in Central and Eastern Europe. Their economy had remained a typical Soviet-model, centrally planned economy, practically untransformed all the way until the changes in 1989. Unlike Poland and Hungary, (then) Czechoslovakia started its transformation process from a position of "virtually" complete state ownership of the economy. [Tang, 2000]

After the break-up of federation, Czech Republic actively sought entry into NATO and EU. They became member of European Union on 1 may, 2004. Although on accession to EU, Czech Republic has stabilized their economy but took a hard hit on National Politics.

Internal security problem certainly did not develop from the integration process. [Tang, 2000] New types of crime such as drug trafficking, money laundering, and racketeering have started after their accession to EU. According to their statistics, their crime rate has increased almost fourfold since 1989 [Tang, 2000]. High crime rates are attributed to the inadequacy of institutions, loopholes in legislation and problems with law enforcement.

Since the collapse of communist rule, several Non-Profit Organisations have appeared which deals with concerns of environment, human rights and ethnic minorities. Their combined membership is relatively small but government tended to view its role negatively. It had been keen to limiting its own influence on political decision-making by stressing the primacy of formal representation. The government also had obstructed its own activities by delaying the law on non-profit organisations and by not making charitable donations tax-deductible.

Influential political lobbies in the Czech Republic are connected mainly with large enterprises, banks and financial institutions, where the stake of state is still significant [Tang, 2000].

Although the social democrats promised to accelerate the CR's preparations for entry into EU during their campaign, since their election, their performance on this issue has been rather disappointing.

## EFFECTS OF INTEGRATION POST MAASTRICHT TREATY

Maastricht Treaty came into existence after a lot of initial hiccups. A failed referendum in Denmark, and later a marginally successful plebiscite in France, revealed unexpectedly low support across Europe for unification. Europe's financial markets cracked as uncertainty about Maastricht's chances for ratification increased. [Goldstein, 1992]

EC is said to have taken success for granted in the halcyon days of the late 1980's. That was the decade when the end of cold war had uprooted brutal regimes of communist rule in the east and Germany was unified. These events lead the optimists believe that integration of Western Europe would be a walk in park. Things looked well set for the take off of Maastricht treaty, but EC was jolted because of wave of immigration from Africa and Eastern Europe gathered force, Unemployment Stalled at painful ten per cent and riots tore apart several European cities.

France was the very first Member state, who signalled their intent, to build the EMU, with a principal objective to restrain spending among weaker MS and to compel monetary discipline on the community.

Germany agreed, with a condition that adequate authority should be granted to the EPU and the EC parliament [Goldstein, 1992]. Britain expressed their dissatisfaction citing that Germany would attain Iron grip in the Europe's Financial Affair. Provision was also made at Maastricht for revisions in the EC's five-year budget and for the eventual admission of a dozen new nations.

Maastricht Treaty provided number of new policies which would provide important opportunities for the commission and the court of Justice to exploit. Maastricht treaty introduced "several integrationist "changes [Wincott, 1996]. Commission has a strong historical record of bringing practises which lack a Treaty base into Community Competence (Majone, 1992; Cram 1993), which can be considered as the reason for a different approach in achieving closer integration.

The disintegration of Yugoslavia created problems for the 12 member states as they could not act collectively and resolutely when faced with pressures. Greece had blocked a collective Community recognition of the Former Yugoslav Republic of Macedonia. Greece refused recognition

on the grounds that the name of Macedonia, which is also the name of Greek province, could in time lead to claims on Greek territory and to border disputes. This was resolved considering pros and con's and after the intervention of other Member states.

The first sets of countries to join the EU were the wealthy Austrians, Sweden and Finland. That added the tally to 15. By the end of 2010 there were a total of 27 countries in the EU. The process of integration has been continuous at a very slow yet steady pace. The pace expected when the Treaty of Maastricht was signed was not met but nevertheless progress was achieved.

New set of policies were introduced by Union to pace the enlargement process. But, on some level, the slow pace itself was preferred as the countries which were previously under communist rule were slowly transforming into a democratic Country. The change from Communist and centralized Country to Democratic Country was a slow change of events as many other concerns had to be addressed.

Post-Maastricht period has demonstrated in strong and dramatic ways to achieve rapid integration, which was widely held in the early post-Maastricht period. The EU was selective about the members they were selecting. They were constantly keeping the application of Turkey on hold. The Union were accepting the entry of the small countries from central and eastern countries that were previously under the Soviet rule.

Impact of this treaty was largely positive, at least during the first decade of its implementation. GDP boosted by nearly 900 billion euro over ten year period 1992-2002 and nearly three million jobs were created from the single market alone. Their objective of launching Europe as an economic superpower was well on its way. With member states getting rid of obstacles to trade, companies started to enjoy new economies of scale. This even gave a tough competition to inefficient firms.

Benefits of the single market were mainly, the increased prosperity. Jobs were increasing in the first decade. People could easily move to the other member country in search of jobs. The competition was healthy. Travel had become very easy with the implementation of European citizenship. The single market even meant less red tape. Doing business in other member states had also become easy. Students willing to study in another European Union country could easily do so.



## NEW CHANGES INTRODUCED IN THE MAASTRICHT TREATY

There were some major problems too with the concept of single market. Many European companies felt that the single market had not boosted their sales and productivity. Member states have had serious troubles in putting EU directives into effect. When the EU leaders met to discuss the strategy to save Union two decades later, they came to a consensus that the original plan itself would be followed, but this time they said, they mean it.

Main aim to introduce changes in the Treaty were to put in stringent rules for the EU Member States to follow, which they had pledged to follow at the time of joining EU. The criteria which some countries failed to follow were that, the total amount of money owned by a Government, known as public debt had to be less than 60 per cent of GDP. Clear example can be of Greece. Greece had initially failed to meet the required criteria in the beginning. Leaders from different EU nations have accused Greece of taking things in a laidback manner. Many citizens did not even want to sanction bailout fund for Greece, because they felt Greece was not working hard enough. New mechanisms have been added to the original treaty, mainly to make countries follow the original rules. New mechanisms will make it more difficult for the countries to avoid punishment.

The provision limiting a nation's total debt, which had not been taken seriously, will be applied more forcibly now, requiring nations to reduce their level of cumulative debt gradually. Countries in the EU have been asked to submit drafts of their national budgets to the European commission, which embodies and upholds the general interest of the Union, so that it will be able to request revisions if it thinks a budget could lead a country to break the EU's rules.

The treaty also contains other changes: Governments will inform one another about how much debt they want to issue in bonds, and limitations on debt are to be written into national laws or constitutions. Should countries deviate from the debt limits, an "automatic correction mechanism" will by default take action. This mechanism is to be designed by each nation in line with principles identified by the European Commission. The European Court of Justice will make sure all nations effectively include debt restrictions in their law, so safe guard their nation from future economic crisis.

## CONCLUSION

Europe's economic and monetary Union is the result of 25 years of political battles among and within the continent's nations. Treaty of Maastricht has altered the European Union, like other treaties. This Treaty can be viewed as a political compromise as the intentions of some Member states were not viewed at just enlargement but in being dominant among other Member states. Smaller countries lost their political identity while they flourished with regard to economy. The issue regarding membership of Turkey has to be handled with more tenderness as their religion can no longer be considered as the reason for keeping their membership application on hold. The leading countries have enjoyed their political dominance in the EU, while their economy has been hit, apart from the likes of Germany, who have benefitted both economically and politically being a member of EU.

It can be said that leaders are making attempt to save the European Union and the Euro. Expectations are quite high and the areas of concern to be addressed are increasing. Only time will tell whether the agreement in Brussels was just superficial or the areas of underlying problems have been truly addressed. The single market has seen both highs and lows in these past two decades. The meeting in Brussels was to rectify the current issues and safeguard the future of the Euro zone countries. Historically European institutions have been proficient at finding solutions to difficult problems. Whether they will be able find a solution again remains to be seen.

## BIBLIOGRAPHY:

Cavazza Fabio Luca, Ginet Alan, Molho Anthony, Pelanda Carlo. (1994). *Maastricht: Before, During, After*. The MIT Press. pp. 53-59

Cram, L. (1993). "Calling the Tune without Paying the Piper? Social Policy Regulation: The Role of the commission in European Community Social Policy." *Policy and Politics*, 21: pp. 135-146.

Frieden, Jeffrey. (1998). *The Euro: Who Wins? Who Loses?* Washington Post. Newsweek Interactive, LLC Stable. p. 25

Goldstein, Walter. (1992). *Europe after Maastricht*, Council on Foreign Relations. pp. 120-123.

Holland, M. (1992). *European Community integration*. New York: St. Martin's Press. pp. 5-6, 149-150.

Majone, G. (1992). "Regulatory Federalism in the European Community." *Environment and Planning C: Government and Policy*, 10: pp. 299—316.

Plumber Thomas and Schneider Christina J. (2007). *Discriminatory European Union Membership and the Redistribution of Enlargement Gains*. Sage Publications. p.572

Schimmelfennig, Frank. (2003). *The EU, NATO and the Integration of Europe: Rules and Rhetoric*. Cambridge University Press.

Tang, Helena. (2000), *Winners and Losers of EU Integration: Policy Issues for Central and Eastern Europe*. World Bank Publications. pp. 2,121-125

Wincott, Daniel. (1996). "Federalism and the European Union: The Scope and Limits of the Treaty of Maastricht". Sage Publications. pp. 403-415