



New
Direction



Matthäus Konradsheim

A REVIEW OF THE EUROPEAN UNION'S 30 YEAR-LONG EXISTENCE



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REGISTERED OFFICE: Rue du Trône, 4, 1000 Brussels, Belgium. EXECUTIVE DIRECTOR: Witold de Chevilly.

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Summary

The Treaty of Maastricht, formally known as the Treaty on European Union, was signed in 1992 and marked a pivotal moment in the history of European integration. It laid the groundwork for the modern European Union (EU) and introduced significant advancements like the Euro currency and the pillars structure of the EU. However, it has also faced substantial criticism. This report provides an assessment of the three-decade period following the entry into force of the Treaty of Maastricht.

Keywords: European Union, Maastricht, Treaty, integration, Economic and Monetary Union, sovereignty, euro.

INTRODUCTION. THE MAASTRICHT TREATY. HISTORY AND POLITICAL SIGNIFICANCE.

The Treaty of Maastricht, officially known as the Treaty on European Union, marked a significant milestone in the history of European integration. Signed in 1992, it set the foundations for the modern European Union (EU). As it is the case with

any significant event, understanding the road to the Treaty of Maastricht requires a look back at the historical context that shaped European politics and policies in the post-World War II era.

Historical Context: The Road to Maastricht

Post-World War II Europe was characterised by a strong desire for peace and cooperation. The European Coal and Steel Community (ECSC), established in 1951, and the subsequent formation of the EEC in 1957, laid the groundwork for economic integration. However, it was the end of the Cold War and the subsequent geopolitical changes in Europe that created a conducive environment for deeper integration. The Maastricht Treaty emerged as a response to these changing dynamics, aiming to create a more unified and stronger Europe.

The fall of the Berlin Wall in 1989 and the subsequent collapse of communist regimes in Eastern Europe dramatically changed the political landscape. It removed the ideological divide that had partitioned the continent, presenting a unique opportunity for broader European integration. This was a pivotal moment that made the idea of a united Europe more appealing and feasible.

Franco-German cooperation also played a crucial role in the journey towards Maastricht. Leaders like French President François Mitterrand and German Chancellor Helmut Kohl were instrumental in pushing for deeper European integration. Their leadership helped to navigate through the complexities of integrating diverse national interests into a unified European agenda.

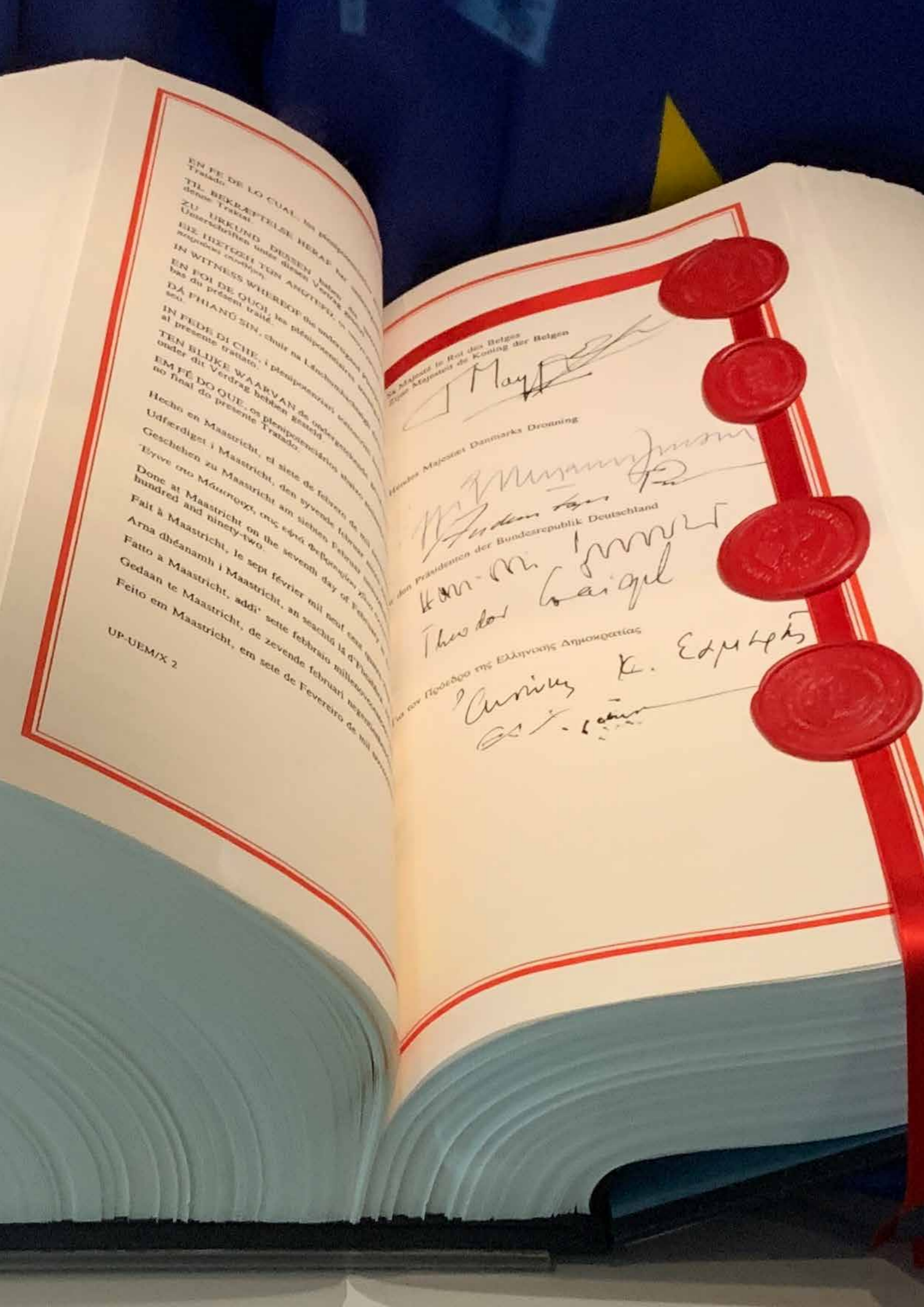
The devastation of World War II left Europe in dire need of reconstruction and reconciliation. There was a strong desire for peace and stability that led to an overwhelming consensus among European nations to prevent future conflicts and to build a foundation for lasting peace. This led to the creation of several organisations aimed at fostering economic cooperation and political stability, such as the European Coal and Steel Community (ECSC) in 1951 and the European Economic Community (EEC) in 1957.

A key aspect of the road to Maastricht was the growing consensus on the need for an Economic and Monetary Union. The *Delors Report* of 1989 proposed concrete steps towards this goal, advocating for a three-stage process to create a single currency and central bank. This idea was seen as a way to cement economic integration and prevent competitive devaluations among member states.

The Cold War significantly influenced European integration. The division of Europe into Western and Eastern blocs under the spheres of influence of the United States and the Soviet Union respectively, created a sense of urgency for Western European nations to unite for economic strength and political stability. In that regard, the EEC, comprising six nations, became a symbol of this Western unity.

The negotiations for the Maastricht Treaty were complex, reflecting the diverse interests of member states. Key issues included the extent of national sovereignty to be surrendered, the structure of the proposed union, and the criteria for economic convergence. It is worth focusing on these complexities, because the current challenges facing the EU after Maastricht are only a confirmation of the fact that these were truly important and how they could have been overlooked at the time - and should be taken more seriously in the future.

The Single European Act of 1986 was a precursor to the Maastricht Treaty. It set the objective of creating a single internal market by 1992, removing barriers to free movement of goods, services, capital, and people. This act was instrumental in deepening economic integration and set the stage for more ambitious political integration.



The Complexity of Negotiations for the Maastricht Treaty

The negotiations that led to the Maastricht Treaty were marked by complexity and intense diplomatic manoeuvring. The Treaty represented a significant step in European integration, but its path was fraught with challenges that reflected the diverse political, economic, and cultural landscapes of Europe. In particular, there were two issues that were especially present at the negotiations. Namely, political integration and the balance between integration and sovereignty, and the economic and monetary union debates.

Regarding the issue of political integration, the Maastricht Treaty aimed to deepen political and social integration. This included provisions for a common foreign and security policy and cooperation in justice and home affairs. These areas touched upon core aspects of national sovereignty, eliciting strong opinions and debates among member states. The challenge was to design a framework that would allow for collective action while respecting national autonomy.

This is closely related to the larger issue of national sovereignty. A fundamental challenge in the negotiations was balancing the ambition for deeper European integration with the reality of national sovereignty. The concept of 'subsidiarity' was introduced as a principle to ensure that decisions are taken as closely as possible to the citizen, aiming to mitigate concerns over a super-centralized EU authority. However, defining and implementing this principle was a complex task.

As for the economic and monetary union (EMU) debates, one of the most contentious issues during the Maastricht negotiations was the establishment of the Economic and Monetary Union and the introduction of a single currency. The concept of a shared currency raised significant concerns about national fiscal autonomy and economic sovereignty. Debates centred around the convergence criteria for joining the EMU, the role of the European Central Bank, and the implications for national economies. The complexities of aligning diverse economic policies and readiness for a common currency were significant hurdles.

Finally, the establishment of a new legal and institutional framework for the EU, replacing the existing EEC structure, required meticulous negotiation. This included redefining the roles of key institutions like the European Commission, the European Parliament, and the Council of Ministers. The

complexity lay in creating a system that would be effective, democratic, and acceptable to all member states.

All of these complexities led to a wide divergence in national interests across EU member states that proved difficult to bridge. Or perhaps it was not bridged at all, as we can now attest after 30 years of tug-of-war among states and between them and the EU institutions. At the time of the Maastricht negotiations, the European Community consisted of 12 member states, each with its unique set of national interests, priorities, and apprehensions. The challenge was to find a common ground that would be acceptable to all. Countries like France and Germany were pushing for deeper integration, while others, notably the United Kingdom, were wary of ceding too much national sovereignty. Balancing these divergent viewpoints was a central challenge in the negotiations.

The United Kingdom, under Prime Minister John Major, negotiated 'opt-out' clauses for itself, particularly in areas of the social chapter and the EMU. This was a reflection of the UK's cautious approach towards deeper integration. Additionally, the initial rejection of the treaty by Denmark in a referendum in June 1992 added to the complexity, leading to negotiations for certain concessions and assurances to accommodate Danish concerns.

In short, the negotiations for the Maastricht Treaty were a formidable exercise in diplomacy and compromise, reflecting the intricate tapestry of European politics, economics, and cultures. The complexities stemmed from the need to reconcile diverse national interests, the challenges of economic and monetary union, the delicate balance between integration and sovereignty, and the legal and institutional restructuring required. The treaty, therefore, stands as a testament to the commitment of European nations to forge a path towards deeper unity, despite the intricate challenges and complexities involved. It was paved with the lessons of history, the realities of the Cold War, and the aspirations of a continent seeking unity and stability. The fall of the Berlin Wall and the end of the Cold War were critical in reshaping European ambitions, allowing for a vision of a united Europe to take a concrete form. The Maastricht Treaty, therefore, was not just a legal document; it was the culmination of a historical journey towards a more integrated and united Europe, reflecting the continent's enduring pursuit of peace, stability, and prosperity.

2

KEY DEVELOPMENTS OF THE MAASTRICHT TREATY

Among the many milestones set by the Treaty of Maastricht, two stand out for their significance at the time and also over time: Economic integration and political integration. Regarding the former, the two most important positions regarding an even-closer-union on the economic front were the three pillars of the EU and the Economic and Monetary Union (EMU).

The Treaty established an EU based on three pillars: (i) European Communities; (ii) Common Foreign and Security

Policy, and (iii) Police and Judicial Cooperation in Criminal Matters. As for the latter, prior to Maastricht, the EEC aimed to create a common market among its member states, promoting free trade and economic cooperation. As a result, several initiatives were designed and set in motion over the years so that member states experienced greater economic integration via political integration.

Let us therefore examine these two key developments of the Maastricht Treaty.

Impact on Economic Integration

At Maastricht, the most ambitious part of the Treaty was the EMU, which laid the groundwork for a unified monetary and fiscal policy and the adoption of a single currency, the Euro.

The Treaty first convened on a convergence criteria that every EU member state should meet before adopting the Euro, including price stability, sound public finances, and exchange rate stability. It also pushed for closer coordination of economic policies among member states, enhancing fiscal discipline and economic convergence.

This due diligence and harmonisation was the foundation of the EU's major achievement as an economic union; the adoption of a single currency, the Euro, in 1999 – although it was physically introduced in 2002. It was a landmark achievement, as it eliminated exchange rate variability, reduced transaction costs, and fostered deeper economic ties. But even more importantly, it was a major leap toward political integration, as a monetary union often requires a political union.

Economic integration, especially in the form of a monetary union, creates incentives and pressures for countries to align more closely in other areas, including politics. As a result, EU monetary policy can thus be seen as a stepping stone towards deeper EU political integration.

The key arguments supporting this idea are:

- **Economic Interdependence:** A monetary union implies a high degree of economic interdependence among its member states. This interdependence can foster a sense of shared destiny and mutual interest, encouraging political cooperation.

- **Policy Harmonisation:** Monetary union often requires the harmonisation of fiscal and economic policies. This need for coordination can gradually extend into other areas of governance, leading to more integrated political structures.
- **Reduced Transaction Costs:** Sharing a common currency eliminates the transaction costs associated with currency exchange. This facilitates trade and investment across borders, further integrating the economies and, by extension, creating a push towards political unity.
- **Solidarity and Collective Decision-Making:** In a monetary union, the economic problems of one member can quickly become the problems of all. This can necessitate mechanisms for collective decision-making and mutual support, which are inherently political.
- **Historical Precedents:** The European Union is often cited as an example. What began as an economic community has evolved into a union with significant political dimensions, although the degree of political integration is still a matter of debate and varies between member states.

However, it is important to note that the transition from monetary to political union is not automatic or guaranteed. It depends on numerous factors, including the political will of the member states, cultural and historical differences, and economic conditions. The challenges and crises faced by the Eurozone, for example, have highlighted the complexities and difficulties in achieving full political union.

Impact on Political Integration

Besides the impact of economic integration on political integration through the EMU transformative process, there are some other elements that ought to be noted at this point, as they are the key elements affecting EU's political integration that emerged with the Treaty of Maastricht.

The most important factor that contributed to a greater political integration is the institutional reorganisation that took place. The Treaty of Maastricht introduced a new structure for the EU, with three distinct 'pillars': the European Communities, Common Foreign and Security Policy (CFSP), and Justice and Home Affairs (JHA). This structure was designed to streamline decision-making processes and extend cooperation beyond purely economic matters, thereby fostering deeper political integration.

Another major step towards political integration was the enhancement of the European Parliament's role. The co-decision procedure, introduced by the treaty, granted the

Parliament more power in the legislative process, thereby increasing democratic legitimacy and accountability within the EU's institutional framework.

The introduction of European Citizenship was also a major development. The Treaty established the concept of European citizenship, granting EU citizens the right to live and work in any member state, vote in European and local elections in any member state, and enjoy diplomatic protection from any EU country while outside the union. This fostered a sense of European identity and belonging among the citizens of member states.

Finally, the Common Foreign and Security Policy (CFSP) was established to coordinate the foreign policy of member states, aiming to present a unified position on international issues. This marked a significant step in the EU's journey from economic collaboration towards a more cohesive political entity with a presence on the global stage.

3

MAASTRICHT'S 30s. A JOURNEY OF LIGHTS AND SHADOWS

The immediate aftermath of the Treaty of Maastricht yielded a number of positive impacts, such as the ones mentioned above. However, the 30-year track record is what truly sheds

light on the benefits and problems brought about by it. Let us therefore examine the lights and shadows of Maastricht in its 30th anniversary, as it was ratified on November 1, 1993.

Maastricht's most notable achievements

The first and most evident achievement of Maastricht was the very creation of the European Union. The Treaty officially established the European Union, a major political undertaking that signalled a new level of cooperation and integration among the member states. This was a crucial step in the evolution from a primarily economic community to a more comprehensive political and economic union.

The introduction of the Euro became one of the most tangible symbols of European integration, facilitating trade, travel, and economic stability across the Eurozone. The euro makes it easier, cheaper and safer for businesses to buy and sell within the euro area but also helps trade with the rest of the world resulting in improved economic stability and growth both domestically and a greater influence in the global economy.

As mentioned above, the Treaty significantly strengthened key EU institutions, particularly the European Parliament. By granting it co-decision powers, the Treaty enhanced the democratic legitimacy of the EU, making its decision-making process more transparent and accountable.

The Treaty also introduced the concept of European citizenship, granting EU citizens new rights, such as the right to move and reside freely within the EU, to vote and stand in elections in any EU country, and to enjoy diplomatic protection from any EU country when outside the Union. This fostered a greater sense of belonging and identity among the citizens of the member states.

Ad intra, the Treaty initiated cooperation in the fields of justice and home affairs, laying the foundation for future collaboration on issues like immigration, asylum, and judicial cooperation in criminal matters. This was important for addressing cross-border challenges and ensuring internal security.

Ad extra, or at the international level, the Treaty also brought some developments. Among them, the establishment of the CFSP was the most important, as it enabled the EU to

coordinate its foreign policy and present a unified stance on global issues. This was a significant step towards the EU acting as a cohesive political entity on the international stage.

Finally, the Treaty introduced and consecrated the principle of subsidiarity. This was very significant as it ensured that decisions were taken at the most appropriate level, and as close to the citizen as possible. This principle aimed to address concerns about over-centralization in the EU and to maintain a balance between EU and member state sovereignty.

The Treaty of Maastricht set the stage for future expansions of the EU, with several countries joining in the subsequent years. It also provided a framework for deeper integration in various policy areas, influencing subsequent treaties like Amsterdam, Nice, and Lisbon. These last treaties are also part of the legacy of Maastricht. Therefore, as such, it is worth adding a few lines about them.

Treaty of Amsterdam

The Treaty of Amsterdam, which amended the Treaty on European Union (EU), the Treaties establishing the European Communities, and certain related acts, was signed on October 2, 1997, and entered into force on May 1, 1999. Some of its most notable developments were:

- **Institutional Reform:** The treaty reformed the institutions in preparation for the upcoming enlargement of the EU. It aimed to improve the efficiency of the decision-making process, particularly in the European Commission and the European Parliament.
- **Citizenship and Rights:** The treaty introduced provisions aimed at enhancing the protection of citizens' rights. It incorporated the Schengen Agreement into the framework of the EU, abolishing checks at the internal borders of the EU and enhancing cooperation in the justice and home affairs sectors.

- **Common Foreign and Security Policy (CFSP):** The treaty made significant developments in the area of CFSP, including the introduction of a High Representative for Common Foreign and Security Policy to give the EU a more coherent voice in international affairs.
- **Employment and Social Policy:** The treaty included a new title on employment, aiming to streamline efforts at the EU level to promote employment. It also reinforced social policy provisions, emphasising the importance of a high level of employment, social protection, and the fight against social exclusion.
- **Closer Cooperation:** The treaty introduced the concept of closer cooperation, allowing a group of member states to advance in certain areas faster than others. This was a significant step towards a more flexible EU, accommodating the diverse interests of member states.
- **Amendments to the EU Legislative Process:** The treaty expanded the scope of the co-decision procedure, enhancing the role of the European Parliament in the legislative process and strengthening democratic legitimacy within the EU.
- **Environmental Policy:** The treaty emphasised the importance of environmental protection, integrating environmental considerations into the definition and implementation of other EU policies.
- **Re-weighting of Votes in the Council:** The Treaty of Nice introduced a new system for the weighting of votes in the Council of the European Union. This was designed to rebalance the power between larger and smaller states, reflecting their size and population more accurately.
- **Qualified Majority Voting (QMV):** The treaty expanded the use of QMV in the Council, reducing the number of policy areas where unanimity was required. This was intended to streamline decision-making and make it more efficient, especially with a larger number of member states.
- **Strengthening of the European Parliament:** The Treaty increased the powers of the European Parliament, notably in the co-decision procedure, thereby enhancing its legislative role and democratic legitimacy.
- **Flexibility Clause:** The treaty included a new flexibility clause allowing a group of member states to pursue further integration in certain areas within the EU framework, even if other member states did not participate. This was an important step towards enhanced cooperation.
- **Judicial Reforms:** Reforms were made to the European Court of Justice and the Court of First Instance to improve their efficiency, including changes in the number of judges and the introduction of new procedural rules.
- **Preparation for EU Expansion:** The Treaty of Nice was largely seen as a preparatory step for the eastward expansion of the EU, addressing institutional issues that needed resolution before the inclusion of numerous new member states.

The Treaty of Amsterdam marked a significant step in the evolution of the European Union, addressing several institutional, social, and policy challenges, and laying the groundwork for the future expansion of the EU.

Treaty of Nice

The Treaty of Nice, signed in 2001, was primarily aimed at reforming the institutions of the European Union (EU) to prepare for eastward expansion and the addition of new member states. Some of its most notable developments include:

- **Reformation of the Commission:** The treaty set out changes to the composition of the European Commission, aiming to limit the number of Commissioners as the EU expanded. It proposed one Commissioner per member state until the EU had 27 members, after which a new system was to be agreed upon.

The Treaty of Nice played a crucial role in the evolution of the European Union, especially in terms of institutional restructuring and preparing the Union for the challenges of enlargement. However, some of its provisions were later amended or superseded by the Treaty of Lisbon in 2007.

Treaty of Lisbon

The Treaty of Lisbon, signed on December 13, 2007, and entering into force on December 1, 2009, was a crucial document in the evolution of the European Union (EU). It came after the failure of the European Constitution¹ and aimed to streamline and enhance the functionality of the EU. Some of the most notable developments of the Treaty of Lisbon include:

- **Institutional Reforms:**
 - **Creation of the President of the European Council:** This role was established to provide a more stable and consistent leadership, rather than the previous system of rotating presidency among member states.
 - **High Representative of the Union for Foreign Affairs and Security Policy:** This position combined the roles of the High Representative for Common Foreign and Security Policy and the External Relations Commissioner, aiming to give the EU a stronger, more cohesive voice in international affairs.
- **Increased Powers of the European Parliament:** The Treaty significantly expanded the legislative powers of the European Parliament, particularly through the extension of the ordinary legislative procedure (co-decision), making it a co-legislator with the Council of the EU in many policy areas.
- **Changes to Voting Procedures in the Council:** The Treaty introduced a new voting system called the 'double majority' system, which requires the backing of 55% of member states representing at least 65% of the EU population, making decision-making more reflective of the size of member states.
- **Charter of Fundamental Rights of the European Union:** The Treaty of Lisbon made the Charter legally binding, giving it the same legal value as the treaties. It outlines a range of civil, political, economic, and social rights of European citizens and residents.
- **Increased Role for National Parliaments:** National parliaments received a greater role in the EU legislative process, particularly through the new 'early warning system' which allows them to object to a legislative proposal if it is deemed to violate the principle of subsidiarity.
- **Flexibility for Enhanced Cooperation:** The Treaty made it easier for a group of member states to cooperate more closely in areas of mutual interest, even if not all member states participate.
- **Simplified Treaty Structure:** The Lisbon Treaty simplified the complex structure of previous treaties, making the EU's operations and decision-making processes more understandable and transparent.
- **Citizens' Initiative:** It introduced the European Citizens' Initiative, which allows one million citizens from a significant number of member states to invite the European Commission to propose legislation on matters where the EU has competence.
- **Legal Personality:** The EU was given a consolidated legal personality, enabling it to sign international treaties and join international organisations.

The Treaty of Lisbon addressed several of the issues that had been intended to be resolved by the European Constitution. It streamlined EU institutions and decision-making processes, strengthened the EU's democratic legitimacy, and enhanced its role on the global stage.

As it can be observed, Maastricht was the starting point of an evolution process of a vision that was later on polished subsequently in Amsterdam, Nice and Lisbon. An evolution that fundamentally addressed the main challenges to such vision. As a result, it is also worth noting which were these concerns or challenges.

Maastricht's faults and criticisms.

The Treaty of Maastricht faced significant challenges and criticisms. Some of them were amended later on, most of them are very much present in today's EU, and all of them can be traced back to 1992-93. Issues such as the claim of democratic deficit, the departure from the subsidiarity

principle or the complexity of the EU's institutional structure are some of the most important ones. In general, these claims can be categorised into three blocs of criticisms: economic turmoil, sovereignty crisis and lost identity or the soul of Europe.

¹ The failure of the proposed European Constitution, officially the Treaty establishing a Constitution for Europe, can be attributed to several key factors:

- **Negative Referendums:** The most direct cause of the failure was the rejection of the Constitution in national referendums. Notably, voters in France and the Netherlands, two founding members of the EU, rejected the Constitution in 2005. These negative outcomes in referendums were critical, as the Constitution needed to be ratified by all member states to come into effect.
- **Public Opinion and Euro-scepticism:** In some member states, there was a significant level of Euro-scepticism among the public. The proposed Constitution was sometimes perceived as an attempt to create a 'superstate' that would infringe on national sovereignty. This perception fueled public opposition in various countries.
- **Complexity and Length of the Document:** The Constitution was a complex and lengthy document. Its perceived opacity and the difficulty in understanding its implications led to a lack of public engagement and support.
- **Concerns about Loss of National Sovereignty:** The Constitution aimed to streamline decision-making in the EU and involved the transfer of certain powers from national governments to the EU. This aroused fears about the loss of national sovereignty, a sensitive issue in many member states.

- **Internal Politics within Member States:** In some countries, the referendums on the Constitution became entangled with domestic political issues. For example, in France, the referendum was seen by some as a vote of confidence in the government, leading to a 'no' vote as a form of protest.
- **Economic and Social Concerns:** At the time of the referendums, there were concerns in some member states about issues like the EU's economic direction, unemployment, and social security, which influenced the public's attitude towards further European integration.
- **Lack of Effective Communication and Engagement:** There was a general failure to effectively communicate the benefits and implications of the Constitution to the public. The EU and its member states struggled to engage citizens in a meaningful discussion about the Constitution.
- **Diverse Interests of Member States:** The EU consists of a diverse group of countries with different interests, cultures, and histories. Reaching a consensus on a document as significant as a constitution was inherently challenging.

After the failure of the European Constitution, the EU sought to salvage parts of the treaty through the Treaty of Lisbon, which retained many of the Constitution's reforms but in a different legal format. The Lisbon Treaty was designed to be less symbolic and more pragmatic than the proposed Constitution, addressing some of the concerns that led to the latter's rejection.

The EU as an economic rollercoaster

The European Union (EU) has indeed faced several major economic challenges over the past two decades, each testing its economic resilience and policy responses. The 2008 Great Recession, the 2020 COVID-19 pandemic, and the 2022 Ukraine War had significant and varied impacts on the EU's economy.

2008 Great Recession

The Great Recession was triggered by the global financial crisis, significantly affecting the EU, particularly due to its strong economic ties with the United States. The crisis led to severe economic contractions, high unemployment rates, and strained public finances in many EU countries. It especially hit countries in the Eurozone, like Greece, Ireland, Spain, and Portugal, leading to sovereign debt crises. After being relatively stable at around 65 % of GDP from 2000 to 2008, the government debt ratio drastically increased to 76 % in 2009, following the financial crisis.

As a response, the EU and its member states implemented various measures, including bailout packages for affected countries, banking sector reforms, and austerity measures. The

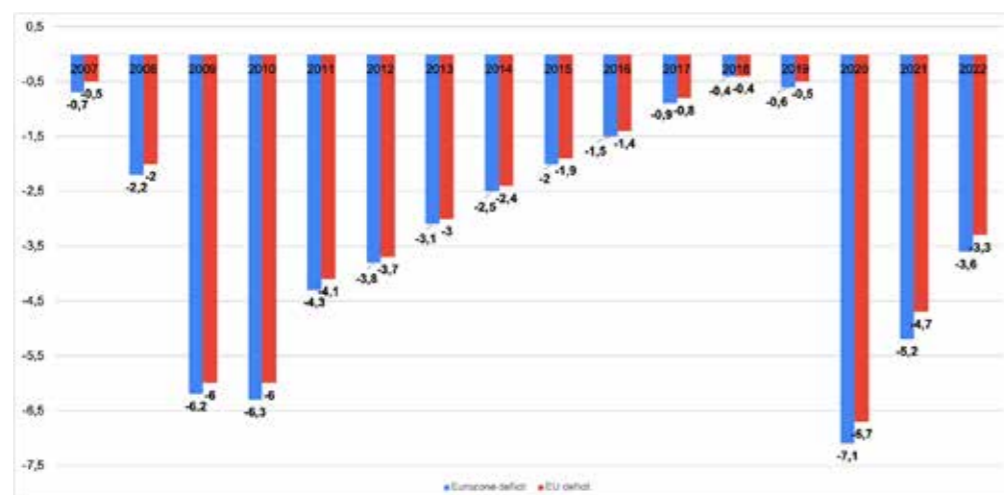
European Central Bank (ECB) played a key role, implementing policies like low interest rates and quantitative easing to stabilise the economy. The debt ratio continued to rise until 2014 when it stood at 87 %². Since then, the rate decreased continuously to reach 78 % in 2019, but then increased to 90 % in 2020³.

The 2008 crisis exposed weaknesses in the Eurozone's economic architecture, leading to significant reforms, including the creation of the European Stability Mechanism (ESM) and the Banking Union. However, the current growing rate of indebtedness in many EU member states is a troubling phenomenon.

At the end of the second quarter of 2023, the general government gross debt to GDP ratio in the euro area (EA20) stood at 90.3%⁴. The highest ratios of government debt to GDP at the end of the second quarter of 2023 were recorded in Greece (166.5%), Italy (142.4%), France (111.9%), Spain (111.2%), Portugal (110.1%) and Belgium (106.0%), and the lowest in Estonia (18.5%), Bulgaria (21.5%), Luxembourg (28.2%), Denmark (30.2%) and Sweden (30.7%).

A similar worrisome trend applies to national deficits.

Figure 1.
Evolution of EU and Euro Area deficits (2007-2022)



Source: Own from data retrieved from Eurostat

² European Commission. Macro-economic trends. Available at: [https://ec.europa.eu/eurostat/cache/digpub/european_economy/bloc-4c.html#:~:text=Evolution%20of%20EU%20government%20debt,when%20it%20stood%20at%2087%20%25](https://ec.europa.eu/eurostat/cache/digpub/european_economy/bloc-4c.html#:~:text=Evolution%20of%20EU%20government%20debt,when%20it%20stood%20at%2087%20%25.). (last accessed on Nov. 30, 2023).

³ The reason for this rise is fundamentally the fiscal stimuli introduced by governments across the EU to minimise the harmful consequences of the coronavirus pandemic.

⁴ Eurostat. Euroindicators. 119/2023 - 23 October 2023. Available at: <https://ec.europa.eu/eurostat/documents/2995521/17725721/2-23102023-BP-EN.pdf/94083c00-c5e1-fe02-a30f-6f4122e9d744> (last accessed on Dec. 1, 2023).

COVID-19 Pandemic

The EU's and EU member states' response to the pandemic caused a profound economic shock, with countries imposing lockdowns and restrictions that severely disrupted economic activities. Sectors such as tourism, hospitality, and aviation were particularly hard hit.

After a few months of frozen hesitation, the EU took coordinated action, including the suspension of fiscal rules (Stability and Growth Pact), a massive monetary stimulus by the ECB, and the creation of the NextGenerationEU recovery fund, which included the landmark decision to issue common EU debt. On this front, the EU focused on a 'green' and 'digital' recovery, aiming to enhance long-term resilience and competitiveness.

2022 Ukraine War

The outbreak of war in Ukraine caused an immediate economic shock as it had rapid and far-reaching consequences for the EU, particularly in terms of energy security and prices, given the EU's reliance on Russian gas and oil. The conflict exacerbated inflationary pressures and further disrupted global supply chains, affecting various sectors.

The EU responded by seeking alternative energy sources, proposing measures to reduce energy consumption, and imposing sanctions on Russia. There was also a focus on enhancing the EU's defence capabilities and energy independence.

Each of these crises has tested the EU's economic resilience and policy-making capacity. They have led to significant shifts in economic policy, including a greater emphasis on fiscal coordination, monetary policy flexibility, and the pursuit of strategic autonomy in areas like energy and defence. The crises have also highlighted the importance of EU solidarity and the need for a coordinated response to effectively address pan-European challenges, as these have failed every time there has been an economic crisis.

Sovereignty crisis in the EU

The concept of a "sovereignty crisis" in the European Union (EU) revolves around the tension between national sovereignty and the process of European integration. This has been a recurring theme in the EU's history, often surfacing during times of significant economic, political, or social stress. Here are some key aspects and instances where this sovereignty crisis has been particularly evident:

- **Economic and Monetary Union (EMU):** The creation of the EMU and the adoption of the euro as a common currency entailed significant transfers of monetary policy authority from national governments to the European Central Bank (ECB). This shift sparked debates in many countries about the loss of national control over key economic policies.

- **EU's Expansion and Deepening Integration:** The continuous expansion of the EU and the deepening of its integration, particularly through treaties like Maastricht, Amsterdam, Nice, and Lisbon, have gradually increased the scope of EU's powers. This has raised concerns in some member states about the erosion of national sovereignty in various policy areas, including immigration, justice, and foreign policy.
- **Financial and Sovereign Debt Crisis:** The sovereign debt crisis that followed the 2008 global financial crisis highlighted the complexities of shared economic governance. Bailout programs for countries like Greece, Ireland, and Portugal, which came with strict conditionality, sparked debates about national autonomy in fiscal matters and economic policy.
- **Migration Crisis:** The surge in refugee and migrant arrivals to the EU in 2015 and subsequent years led to significant disagreements among member states about burden-sharing and border control, highlighting the challenges in balancing national sovereignty with collective EU action in managing external borders and asylum policies.
- **Rule of Law and Democratic Standards:** Issues surrounding the rule of law, particularly in countries like Poland and Hungary, have raised concerns about the balance between EU standards and national sovereignty. The EU has struggled to enforce compliance with its democratic standards without infringing on member state sovereignty.
- **Response to External Crises:** The EU's response to external crises, such as the Ukraine war and geopolitical tensions, has often been a subject of debate regarding the extent to which member states should yield foreign policy decisions to the EU framework.

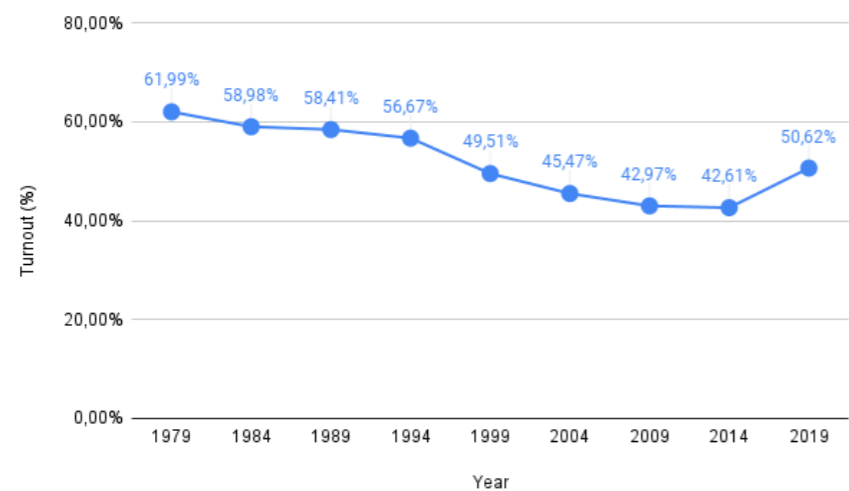
The sovereignty crisis in the EU reflects the inherent challenges in balancing the benefits of integration with the desire of member states to retain control over key aspects of their national governance.

The United Kingdom's decision to leave the EU (Brexit) in 2016 was largely driven by concerns over national sovereignty. This was the first instance of a country choosing to exit the union, underlining the tension between EU membership and national autonomy.

Democratic legitimacy

The "sovereignty question" ultimately affects the issue of political legitimacy as there are growing claims that the EU is becoming an administrative state as a textbook case study of public choice. And this sentiment is not only voiced in national parliaments and the EU Parliament but also reflected in the growing perception of a democratic deficit by the citizenry, which believes that it is not participating in the decision making process nor does this take their concerns at heart when it comes to regulating.

Figure 2.
EU Parliament: voter turnout in the European elections (1979-2019)



Source: Own from data retrieved from Eurostat

As we can observe, Maastricht did not start a period of growing participation, but the opposite. It has only been in the last EU elections (2019) where participation was higher than 50%. A record high since the 1994 EU elections. That is the highest participation in over 30 years. What at some point was a distinct British sentiment – which crystallised in the Brexit vote – is now an EU-wide spread of Euroscepticism that shows how trust in the European project has fallen very fast⁵.

Sovereignty and democratic deficit issues are also intimately related to the principle of subsidiarity, consecrated in the Treaty and which holds that decisions should be made as closely as possible to the citizen and that the EU should not take action unless it is more effective than action taken at the national or local level. Here, too, trust and faith in the EU institutions is fading, as citizens see major corporations and interest groups attempting –and often succeeding– to capture the regulator.

The tension between nations and the EU institutions has one more frontline, which is the case of the vision they hold, both as an international governing body and also from an anthropological and cultural perspective, which leads us to the *siège* to the “soul of Europe” claim.

The soul of Europe under *siège*

Globalist agendas and European identity

The clash between the EU institutions and nations or member states is not only procedural, instrumental or economic-based, but increasingly civilisational. And the reason is that there is a growing ideological charge on the part of the EU.

This has, in turn –as a pendular reaction– activated a ‘revival’ or national identity, delving into the nation-specific historical and cultural foundations, which have both deepened the fault line by introducing other ideas or notions of Europe and also challenged the EU institutional might.

The interplay between globalist agendas and European identity within the EU is a complex and multifaceted issue. It involves balancing the push for greater integration and global cooperation with the preservation and promotion of a distinct European identity, as well as national identities.

The concept of a European identity is central to the EU's ethos. This identity has always been envisioned as a layer that complements, rather than replaces, national identities. It is based on shared values like democracy, human rights, and the rule of law, as well as a common history and cultural heritage. However, over the past two decades and in an accelerated path, the EU is perceived to have embraced a very singular philosophical and anthropological vision that competes with national identities and aims to replace them by dissolution into a moral and civilisational melting pot where cultural diversity and migration play a major role.

Migration crises

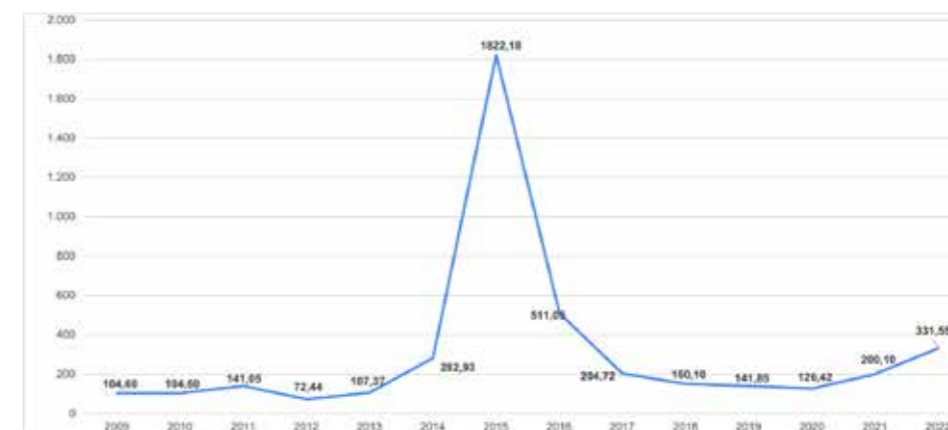
Issues surrounding migration have been significant in discussions about European identity. The influx of migrants and refugees, especially during migration crises, has sparked debates about multiculturalism, integration, and the impact on European societies and identities.

During the past decade alone there have been three major surges: the 2015 migrant crisis, the 2021 Afghan crisis and the 2022

Ukraine crisis. Besides these three instances where the EU has received millions of illegal migrants and some hundred thousands

refugees, the EU Southern border and, especially, Spain, Italy and Greece, has also been subject to massive migratory pressure.

Figure 3.
Illegal crossings into the EU (2009-2022) (in 1,000s)



Source: Own from data retrieved from Eurostat and Frontex

This massive influx of migrants coming to the EU has created major social and political turmoil both at the EU and national levels. At the EU levels, there was an initial period branded as the ‘refugee welcome’ era (2015-2018), or, as it was coined in Merkel's Germany, “wir schaffen das” (we can do it). However, by 2018 Merkel herself acknowledged that her open-door migrant policy had failed. By that time, more than 2.5 million migrants had come to Germany, boosted by the country's open arms policy for people coming illegally from Syria, Iraq, Afghanistan majoritarily.

On the topic of migration (both legal and, especially, illegal), the number of illegal crossings and the speed with which it is happening is of paramount importance, but not the whole picture. To these quantitative aspects we must add a number of qualitative elements. And in this point, because of the provenance of most illegal migrants and most migration peaks, we must examine the rapid growth of Muslim population in Europe in recent times.

In 2022, the EU has a population of 446.7 million people, of which 29 million are Muslims. That is, 6,5%, a rise of over 10 million in a decade⁶. And very rapid rise, considering that in 1982 there were only 7 million Muslims in the EU⁷. Muslims are projected to increase as a share of Europe's population –even with no future migration. Over the years, a number of projections and scenarios have been laid out and these set the percentage of Muslim population in the EU by 2050 between 7.4% and 14%⁸. This is a

major transformative element to be taken into account, both in absolute and relative terms, as well as the speed to which it has been brought about⁹.

These quantitative and qualitative elements of both massive and illegal migration have provoked a social and political reaction. In the Nordic countries, for instance, virtually every major political party has embraced a stricter stance on migration despite its ideological position. That has been the case in the last parliamentary elections held in these countries in 2022 and 2023 and it constitutes a major shift on the part of social democrat parties which stigmatised this discourse less than a decade ago.

As we can see, economic turmoil, the sovereignty crisis derived from lack of democratic legitimacy and misalignments of national and EU interests and the existential crisis on the idea of Europe all speak of the failures of Maastricht's master pillars. These problems and setbacks directly challenge the aspiration of an increasingly integrated EU through common economic and foreign policies and a better political union. In this, Maastricht has failed.

As a result, at Maastricht's 30th anniversary the EU finds itself at a crossroads, in a highly polarised political landscape domestically and outside its outer border. In a context of growing military and economic competition with regional hegemonies on a revisionist rampage and seeking to exert power in an increasingly anarchic international sphere.

⁶ In 2010, there were 19 million Muslims in the EU (3.8%).

⁷ See Timothy M. Savage (2004), ‘Europe and Islam: Crescent Waxing, Cultures Clashing’, *The Washington Quarterly*, Summer 2004, p. 25. Available here: https://ciaotest.cc.columbia.edu/oj/twq/sum2004/twq_sum2004b.pdf

⁸ See, for example, ‘Europe Europe's Growing Muslim Population’, *Pew Research Center*. Available at: <https://www.pewresearch.org/religion/2017/11/29/europes-growing-muslim-population/>

⁹ To the growing Muslim population phenomenon must be added the insight that 29 million Muslims refers to the EU alone. However, the EU must also be considered within the European context, which is home to over 45 million Muslims in 2002, the number of Muslims in European countries is estimated at 44 million, including a Muslim-majority regions of Europe are the Balkans (Albania, Bosnia and Herzegovina, Kosovo) and neighbouring countries which are officially Muslim such as Turkey.

⁵ Torreblanca, J.I. & Leonard, M. (2013). ‘The Continent-wide rise of Euroscepticism’, *European Council on Foreign Relations*. Available at: https://ecfr.eu/wp-content/uploads/ECFR79_EUROSCEPTICISM_BRIEF_AW.pdf

CONCLUSION

The Maastricht Treaty's impact is ongoing. It laid the foundations for subsequent treaties and expansions of the EU, shaping the union's political landscape. It remains a cornerstone in the EU's development, symbolising a critical step in the journey from economic collaboration to a more politically integrated union.

The Maastricht Treaty thus enshrined a formula that was to be repeated in all subsequent basic EU documents: to move towards "an ever closer union among the peoples of Europe". However, that is not - and never was - the case in the immediate aftermath of the signing of the Treaty. Some member states call for a looser union and powers to be returned from Brussels to national parliaments and others call for a change of the current course through reforms, may them be shallow or deep, or on a long-term or short-term basis.

The cry today across the EU is not "more Europe", but a "different Europe". Nearly nobody is truly satisfied with the current state of affairs but almost everyone agrees that the EU has failed to respond rapidly and swiftly to some of the worst threats and challenges it has faced over the last two decades.

The EU response to crises like the COVID-19 pandemic or the Ukraine War has both reinforced a sense of European solidarity and highlighted divisions drawn from differing national interests which are difficult to reconcile. Those of Poland and Hungary with respect to the Russia-Ukraine war are one example, and so is Meloni's Italy pertaining to the issue of illegal migration, that she has had to take direct responsibility in what is now known as the *Rome Process*¹⁰.

Therefore, there are today not one but two major alternative visions on the table. These are competing visions as there are some who call for a doubling down on EU political integration to be truly capable of articulating an EU-wide response to major crises –both domestic and foreign-born–, and those who call for a devolution of competences and a scaling down or trimming process. For the former, the problem of Maastricht and subsequent treaties is that these were too little or just not enough to do what needs to be done; to bring about a political union. For the latter, by contrast, the problem of Maastricht is that it was too much.

It would be wise to choose this last vision as the one better aligned with the founding principles on which the EU stands. An EU of

free and sovereign nations is compatible with a stronger union; a better union.

EU legislation should increasingly be focusing on directives –to be transposed into national law– and not on directly applicable regulations. And national parliaments should take a first, second and third look at every EU directive before transposing it, by filtering it through its national interests first.

The EU should also take into account the interests of its member states first, for instance when it comes to agriculture, where it currently favours North African countries in detriment to Southern European countries. It should be mindful of national identities and be vigilant about ideas and peoples that might pose a threat to a delicate balance. It should empower states to be strong and independent enough to weather threats –e.g., when it comes to energy sovereignty– under the conviction that the stronger the member state, the stronger the union. That would be a paradigm shift as over the past decade, the axiom has been to weaken member states in benefit of the EU, which has become a regulatory superpower that increasingly overlooks the long promised subsidiarity principle.

In short, a certain renationalisation or devolution of the EU to its member states can co-exist with significant progress in other spheres. The EU would be in a better position to resist blackmail from third countries such as Turkey¹¹ on the issue of illegal migration. At the same time, the EU would be constrained enough to not engage in similar blackmailing operations as it does today by trying to subjugate Poland and Hungary to its will by conditioning EU funds to the acceptance of certain ideological postulates.

The EU as we know it today owes its name and its nature to a treaty born in a Dutch city on the banks of the Meuse. A Treaty which, together with its subsequent amends has had a profound impact on European economic and political integration. It has also raised the issues of national sovereignty and the role of the EU as an actor in the international community in a growing tension both intra and inter EU member states that is already brewing social, economic and political unrest. A tension that the EU should seek to resolve in a timely manner to prevent it from becoming an existential threat to the very fabric of the EU project. The 2024 EU elections will be held in a few months, and there is still hope that we choose the right path forward despite such an enigmatic crossroads.

¹⁰ According to the Italian Government, the Rome Process "is a strategic, comprehensive, inclusive, multi-annual platform for collective action founded on the common understanding that a committed, coherent and comprehensive response is required to support political stability and foster social and economic development, address the root causes of forced displacement, making a major contribution to promote legal migration, prevent and tackle irregular migration and human trafficking across the broader Mediterranean region, the Middle East and Africa, guided by the following principles: respect of national sovereignty including respect of domestic law; shared responsibility; solidarity; partnership among equals; migrants' safety and dignity, and full respect of international law, including human rights, humanitarian and refugee law". Available at: https://www.governo.it/sites/governo.it/files/Conclusioni_230723.pdf

¹¹ In 2020, the EU had to essentially submit to Turkey's blackmail. By doing so, the latter agreed to "keep" 3.5 million migrants and not send them into Europe in exchange of 6 billion euros in a classic example of weaponised migration.

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