



Transcript

Between dream and tragedy: Europe's story after 1989

Episode 3: Maastricht

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This podcast is brought to you by:

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Featuring

This episode features Valerio Onida, Mary Kaldor and Gian Giacomo Migone. Archive sourced for non-commercial educational purposes for critique and review from YouTube and Learning On Screen.

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LC: New Year's Eve 2001, Europe stands on the precipice of the most significant step towards the integration of Europe ever taken and the most controversial,

the euro. At the sumptuous launch party for the new notes and coins, all sides of the project were very much on show. There was the dry technical pitch as a strictly economic project.

Person giving a speech: The euro has clearly demonstrated it can achieve its main objectives. These include ensuring price stability, enhancing market transparency across national borders, and facilitating commerce.

LC: And alongside the rather dull justification, you also had the cringe-worthy euro song and its passionate vision of a culturally united Europe. [00:01:00.276]

Song: *The euro, our money!*

We will live in peace together

The euro, our money!

We will share the dream forever

The euro, our money!

See how Europe runs together

under the euro star!

The euro, our money! Yeah, yeah, yeah

The euro, our money! Yeah, yeah, yeah

The euro is the money—right now!

LC: I don't think it ever enjoyed a major chart success. But the euro was also perhaps above all a political project. Former European commissioner president Jacques Delors described it is an attempt to engage the energy of citizens in the common adventure of Europe. The money flowed out of cash machines on the first of January 2002. This was the moment the euro became real for millions of citizens. It would go on to have a profound impact on European societies in the first decades of the 21st century. But to understand the euro, we need to go back to the Dutch city of Maastricht, 1992, and a compromise that almost didn't happen.

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I'm Luke Cooper, and this is "Between Dream and Tragedy," an inquiry into where things went wrong for the dream of a united Europe. I've spent years

studying the rise of nationalism across the continent and pondering how we can rebuild support for a united Europe. In this series, I share what I've learned. In episode 2, we investigated the flawed victory of 1989. Liberal rights and democracy came at a very high economic cost through Eastern Europe. When neoliberal economic policies favored by the West were rolled out in the former communist states, it had disastrous consequences. In this episode, we turn the story around. We show how the revolutions in the East reshaped the West and gave a new urgency to the project of political integration. On the 7th of February 1992, a group of European nations came to an agreement in the city of Maastricht. The Maastricht Treaty paved the way for the EU and the euro. It attempted to reconcile lots of different views of what the EU should be. Should it entail economic union, political union, or both?

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Today Europe is still grappling with how that compromise might be made to work, and indeed, whether it can work at all. We tell the story of how it happened and how it very nearly didn't. We ask, was Maastricht doomed to fail, or did the treaty keep alive of visionary commitment to a united Europe? The history of European integration stretches back to the end of the Second World War. The Treaty of Rome in 1958 created the European Economic Community. Its six Western European members were committed, in the words of its preamble, to lay the foundations of an ever closer union among the peoples of Europe. It was some way short of what pro Europeans at the time wanted. It promoted gradualism. Economic cooperation would be deepened over time. This would lay the basis for political integration in the future. This cautiousness reflected the need for a democratic mandate.

Person giving a speech: Europe can only be united by the heartfelt wish and vehement expression of the great majority of all the peoples and all the parties in all the freedom-loving countries, no matter where they dwell or how they vote.

LC: Europe is often depicted as divided between a ruling elite and the people. The elite in Brussels and other European capitals are seen as very keen on political integration. On the other hand, the peoples of Europe are seen as more concerned with their national sovereignty and political identity. There's an element of truth in this picture, but it can be quite misleading. Historically, some national populations in Europe have been tremendous enthusiasts for radical, full political integration. Indeed, in the 1980s, there was a general sense that Europe was getting serious about political unity. Jacques Delors was the

president of the European Commission for 10 years between 1985 and 1995, a time when Europe took this leap into the unknown. The project Delors set in train proceeded the fall of the Berlin Wall. However, it was given much greater impetus by it. There was a sense of historical obligation amongst these leaders, that they stood at a turning point in history, as Delors put it shortly after the fall of the wall.

Jacques Delors and English interpreter: It is said that luck can sometimes help but the courage does so always. The peoples of Eastern and Central Europe have offered us the opportunity. It is we who must display the courage. My hope is that we shall display great courage.

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LC: This seems quite different to the more dry and technical way in which the euro would later be discussed. The euro came to be seen as an instrument to improve European economies, not a bold political vision. This transformation of the bold European dream was sealed in February 1992, only a few years after the fall of the Berlin Wall. The leaders of the 12 European Community Member States gathered on a cold day in the Dutch city of Maastricht. They were there to sign off on a treaty that would outline the future of Europe, paving the way for an eventual single currency and greater unity between nations. Portuguese Prime Minister Aníbal Cavaco Silva summed up the historic moment to the waiting news cameras.

Aníbal Cavaco Silva and English interpreter: Today here in Maastricht, we're making another historic step. I am certain that the treaty that we are signing is a wise balance between ambition and prudence, ideology and pragmatism, solidarity and subsidiarity.

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LC: The single currency was both a symbol of a new and united Europe and the ultimate act of compromise, a greater economic union without taking the leap to full political unity. So, what would economic union look like and how would it be designed? The history of the European debate that culminated in Maastricht can be told through two political leaders, French President François Mitterrand and Britain's Prime Minister Margaret Thatcher.

They had very different visions for how the European economy should work. Thatcher had been elected in 1979 with a mandate to defeat Britain's rebellious

workers. As the miners' strike took hold in Britain in 1984, she told Conservative Party MPs that having won the Falklands War, now she would turn from fighting the enemy without to fighting the enemy within much more difficult to fight, she said, but just as dangerous to liberty.

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Margaret Thatcher: They are the enemies of democracy. They are not interested in the future of democracy. They are trying to kill democracy for their own purposes.

LC: As we learned in the last episode, along with Ronald Reagan in the United States, her thinking and ideas had a profound effect on the world, but particularly in post-communist Europe. Thatcher was totally uncompromising. She made it her goal to uproot the balance of power that had existed between capital and labor. The message was simple. Let the bosses rule. Mitterrand could hardly have been more different. His election sent shockwaves through the Western world.

News Reporter: Imagine if you can, Ronald Reagan on his inauguration day proclaiming a new alliance between socialism and freedom, not likely. But those words were said and meant on this historic Inauguration Day in France.

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LC: Mitterrand was elected on a radical platform in 1981 called the 110 Propositions for France. It was the most dramatic socialist experiment Western Europe had seen in the post-war period, including sweeping nationalizations of 38 banks and 8 industrial conglomerates. He championed a new people's state. These two very different visions were both responses to the economic problems of the day. High inflation, low growth, and unemployment. Thatcher favored greater liberalization in the freedoms of capital and business. Mitterrand backed greater state control over the economy. But the winds of change in Europe and globally were moving in Thatcher's direction. As the French trade deficit skyrocketed, Mitterrand's plans were scuppered. The markets turned against him. France now faced the choice, accept austerity or devalue the French franc and leave the European Monetary System. In March 1983, Mitterrand admitted defeat. He implemented austerity to shore up the French franc. Announcing the measures, Mitterrand declared he did not want to break with his international allies. He would choose Europe stating...

Person reading Mitterrand's quote: We do not wish to isolate France from the European community and we do not want to distance ourselves from the Alliance on which our security partly depends. We have taken risks. They are those which a nation like ours shored and proud of its right to make independent decisions may take.

LC: The G7 Summit, the world's most powerful industrialized states met in London a year later. Mitterrand joined with the other states to back Thatcher and Reagan's policy.

Thatcher: Public expenditure has to be kept within the limits of what our national economies can afford. We welcome the increasing attention being given to these problems by national governments. We need to foster and expand the international trading system and liberalize capital markets.

LC: The retreat from socialism was complete.

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Mitterrand's foreign secretary was one Jacques Delors. He was a key advocate for accepting austerity. He did not believe that one state alone could take on the global financial markets. With much more reluctance than Thatcher, he drew a similar conclusion. Regulations on capital should liberalize in Europe but within a framework of rules established at the European level. In 1985, Delors would become president of the European Commission, where his ideas were highly influential. He was a driving force behind an agreement in 1986, which established the objective of creating a European single market by 1992. Wilfred Martin served as Belgian prime minister from 1981 to 1992. For him, the single market emerged from the global economic difficulties of the time.

Wilfred Martin and English interpreter: The single market was a response to a long-standing crisis. After the oil crisis, which caused lots of inflation with rising prices, which therefore created unemployment, a whole series of internal barriers and borders in the European community were gradually removed.

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LC: Thatcher was an enthusiast for the European single market. She supported the agenda to remove barriers to capital moving across borders. Mitterrand believed the problems in the economy he experienced in 1983 were solvable at a European level. So despite having completely different policies and values in

many other ways, Thatcher, Mitterrand, and Delors were united on this crucial question, but they would soon come to disagree strongly on Europe's political future. Mitterrand believed that the West German economy and its powerful currency, the Deutsche Mark, would dominate the rest of Europe without greater economic integration. So, for Mitterrand, the single market alone, the common rules were not enough. Europe needed to take a further leap towards greater political and monetary cooperation. Thatcher disagreed. It wasn't in her DNA to give up British sovereignty. Her politics drew heavily on nationalism, as the Falklands War had shown. Western European states were also generally to the left of her government. So, European sovereignty might threaten her domestic agenda if London was overruled by Brussels. In her famous Bruges speech of 1988, Thatcher strongly attacked the turn to political union.

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Thatcher: We have not successfully rolled back the frontiers of the state in Britain, only to see them reimpose to the European level, with the European super-state exercising a new dominance from Brussels.

LC: Her vision was clear, a free-market Europe of independent but cooperating nation-states.

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Thatcher: To try to suppress nationhood and concentrate power of the center of the European conglomerate would be highly damaging and would jeopardize the objectives we seek to achieve. Europe will be stronger, precisely because it has France as France, Spain as Spain, Britain as Britain, each with its own customs, traditions, and identity.

LC: In the Europe of today, tensions between nation-states are very strongly felt. So, it might seem surprising that Thatcher was really quite out on a limb towards the end of the 1980s. The British negotiator at Maastricht, Norman Lamont, has spoken of the disconnect between Britain and the rest of Europe.

Norman Lamont: I remember the very first time I met Pierre Bérégovoy, the French finance minister who was later the prime minister of France. And I remember the shock I felt when he said to me, "My children will live in a politically united Europe, and I think that is a great thing." And what I saw very clearly was the force of the political will to create a monetary union and a political union.

LC: Thatcher was isolated. Momentum was firmly with the integrationists. There was a big push towards European integration on the boldest possible lines from Italy, Belgium, the Netherlands, and Spain. In all about a third of members pushed the maximalist vision of full complete political union. This group of European Federalists were much more radical than Mitterrand. Delors, his one-time ally and apprentice, also gave the Federalists the Commission's backing. In 1989, Italy even put the question of European political union to the public. Law professor and former president of the Italian Constitutional Court, Valerio Onida, remembers the vote fondly.

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Valerio Onida: Do you want that Europe become a real political union or not? This referendum was taken in the 18th of June, 1989. And the result was this, more than 80% of electors vote, among the voters, 88% yes, 12% no. Italians, in 1989, were massively favorable to a united Europe.

LC: So, what was fueling this push towards full political union? There were three big factors. Firstly, Europe's sluggish economies were lagging behind America to the West, and Japan to the East. There was a sense Europe had to cooperate to survive and thrive. Secondly, there was a broader flowering of progressive internationalism. 1989 and the fall of the USSR can be seen as part of that, but it actually extended far beyond the communist world. Right-wing anti-communist dictatorships fell in Greece, Spain, and Portugal in the mid-1970s. All three of these states joined the European community in the 1980s. And third, there was the age-old question of European international relations, what to do about the might of Germany.

Germany was already a powerful force in Europe, but German reunification in 1990 added 16 million East German citizens to its population. This increase in its market and labor force gave the country even more clout in Europe's political horse-trading. Some feared that Germany would become too powerful, but the German government was also aware of these tensions. They stuck carefully to the historic post-war position of West German governments for a free and united Germany in a free and united Europe. At a special meeting of the European Parliament 13 days after the fall of the Berlin Wall, German Chancellor Helmut Kohl confirmed his country's support for European integration. He realized a much larger united Germany may emerge from the events taking place in the East. And he reassured those fearful his country would dominate the new Europe.

Helmut Kohl and English interpreter: We see no alternative to the continuation and strengthening of the process of European unification. What is at stake is the freedom of one Europe. Let us join together in this spirit and work for a just, and lasting, and peaceful order for the whole of Europe.

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LC: Along with Italy, the Netherlands, Belgium, and Spain, Jacques Delors, the president of the European Commission, supported full political integration. This amounted to creating a European sovereignty. It was backed by a third of community members, half of the founding members, and the European Commission itself. This was by all accounts a powerful alliance, a real high point for the Federalist movement. LSE professor Mary Kaldor, a peace and democracy activist of the 1980s, remembers this period for a remarkable upsurge in Europeanism, perhaps unlike anything we've seen since.

Mary Kaldor: I mean, we all became passionate. I became a passionate Europeanist at that moment. We all did. We were promoting that whole idea that, you know, it brought countries together after the Second World War, and now we were overcoming the division of Europe. So, there was a real wave of Europeanism.

LC: Kaldor cooperated with Delors himself on a new vision for Europe.

Kaldor: Delors as president of the Commission, you know, he had this brilliant little group on European futures. And we were doing this project on the political criteria for the enlargement, that was all under Delors commission. So, you know, there was a feeling when you went to the commission that they will build in Europe in a kind of new way that it was really very exciting.

LC: François Mitterrand disagreed with the maximalist vision promoted by this coalition. He occupied a middle position, a more hybrid-like structure. Mitterrand preferred a unified European system where nation-states retained their key decision-making role. He believed this would maximize the influence of the French government. This was key to his approach to German unification. As historian Frédéric Bozo explains, Mitterrand's goal was...

Frédéric Bozo: A German unification process that would remain compatible with European equilibriums, European balances, and international security. So, then there was need for European framework and that framework had to be West European. It had to be clear that German unification did not contradict the

pursuit or impede the pursuit of European unification. It had to be a European Germany, not a German Europe.

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LC: What emerged through the course of the Maastricht negotiating process was a compromise between these various elements, a push towards a unified European sovereignty, more freedoms for business and capital to move money across borders, and the desire of nation-states like France to maintain their sovereignty in a new European structure. The Federalists who favored greater political unity had built a powerful alliance, but it wasn't powerful enough. Without the support of France and Germany, there would be no politically united Europe. The final outcome of the Maastricht Treaty in 1992 was a diplomatic triumph for Mitterrand. Announcing the agreement, Delors heralded a new era for Europe.

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Delors: Let's look to the future with economic and monetary union, the 12 member countries can hope to draw the greatest possible benefit of a common economic area with its social dimension.

LC: The treaty largely reflected the middle ground position that Mitterrand had argued for, no to a European sovereignty, yes to monetary union. He won a commitment from Germany to a common currency but without political union, a structure which he believed would maximize French influence. In Britain, as the Maastricht debate loomed, Thatcher had been ousted as prime minister by her rebellious Tory MPs. Her successor, John Major, would face a series of huge crises over his alleged support for a federal Europe. But in truth, Major's negotiators had lobbied against political union and won an opt-out from the parts of the treaty they didn't like including the single currency. Those that wanted a four European sovereignty suffered a more significant defeat. As a former East German dissident, Gerd Poppe put it, "Our dream of Europe died and we got Maastricht instead." In the three decades since 1989, nothing like the same sense of possibility has surrounded the idea of political union. Nonetheless, most pro-Europeans accepted Maastricht as a leap in the right direction. Former Italian Senator Gian Giacomo Migone was one of them.

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Gian Giacomo Migone: We made clear we had a meeting of very substantial but still opposition party, that given certain conditions, we would support the Maastricht Treaty. And our way of reasoning was that, though, we did not like the fact that the Maastricht Treaty was predominantly economical, yet it was a step in the direction of a European sovereign chain. This was the opportunity of getting a monetary unit and the government would have to come after.

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LC: It's important to note that Maastricht came very close to not happening at all. The treaty had to be ratified by votes in member states. Of the diplomatic victory in Europe, Mitterrand nearly lost amongst the people in the French referendum. In Italy, even the very pro-European senate considered delaying their vote on ratification. The Italian Senate vote was key because it came only a few days before France put a final decision on the treaty to the nation. Migone told me of the role he played at this pivotal moment in European history.

Migone: If we are ratified, if we voted for the ratification of Maastricht, it would be no news. It would be taken as something obvious as a footnote. But if we didn't, it could affect the referendum that was scheduled in France in the subsequent weekend. And at that point, there are moments in life, you know, in which you say if you consult somebody else, it's going to fault. So, since I had a mandate because we had a meeting on this, on a very loud voice, I answered, "I'll tell you what we'll do. We'll grab the European flag in our hands and we will knock the government with it until this government falls or even if it doesn't, we will be the champions of Maastricht at this point."

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LC: The Italian Senate ratified the treaty. A few days later, on the 20th of September 1992, the French referendum on ratification shocked Europe. France backed the Maastricht Treaty. But by the narrowest of margins, 51% to 49%, Maastricht was passed a bit shorn of its political idealism. The grand vision of 1989 and the fall of the Berlin Wall implied sweeping change. But in 1992, Europe had favored the step over the leap. From the Maastricht Treaty, the euro was born. Thatcher, Mitterand, Delors, and the other European leaders reached a historic compromise that shaped the Europe we inhabit today. However, the deep divisions over how Europe should be politically organized did not go away. The Maastricht Treaty is perhaps best seen as an agreement to keep talking. No one appears entirely satisfied by the final outcome. The treaty was secured in

part by the desire of European leaders to deal with the economic instability of the 1970s and '80s. However, the introduction of the Euro actually made it much easier to move money across borders without much regulation. This created imbalances in the European economy, which exploded after the financial crisis of 2008. And as we'll see in our next episode, the Maastricht Treaty's central achievement, a single united currency, led to the biggest headache in modern European history, the eurozone crisis.

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Today, our democracies often feel very fragile. In my new book, "The Authoritarian Contagion," I investigate why that is, what's driving the lurch of societies to this authoritarian politics? And what exactly can we do about it? It's a warning of danger but also an impetus to act. You can preorder your copy now for the discounted price of 7.99. Just go to the Bristol University Press website and search for "Authoritarian Contagion."

"Between Dream and Tragedy" was produced by Caroline Thornham. The series is hosted by the Europes Futures Program at the Institute of Human Sciences in Vienna and was supported by the [inaudible 00:30:28] Foundation and the European Cultural Foundation. For more information on Europes Futures, go to europesfutures.eu.