

## From EC to EU (1989-1993)

### Outset

- 1989 Eastern European upheavals: high hopes for continent's future
  - collapse of Soviet Union, German reunification apparent
  - EC must be adapted to new international situation
  - but soon problems: recession in Western Europe, difficult reformation & instability in East
- problem unified D: how balance German dominance in Europe → further integration → Political Union (EPU)
  - GB, F against reunification
    - F turned in: reunification inevitable; D agreed to respect former treaties

### 2 Intergovernmental Conferences (IGC): EPU & EMU

### EPU

- goals: more democracy, transparency, Community powers, subsidiarity, Common Foreign & Security Policy (CFSP)
- GB opposes: wants enlargement to prevent deepened integration
- “cohesion fund” for poorer MS
- D: federal system & strong European Parliament (EP)
- F: stronger Eur. Council, weaker Commission & EP
- Delors advocates unitary structure under Rome Treaty
  - but 3-pillar-model with Eur. Council on top prevails
- EP & Community gained some power
- CFSP never realised among Iraq&Balkan conflicts

### EMU (pillar of EPU)

single market success → next step monetary union (EMU)

- supporters: F (end Bundesbank's dominance), D (influence new financial structure)
  - D: European Central Bank (ECB) to copy Bundesbank's independence & goal of price stability
- opponents: GB (wants to limit EU power)
- opting-out introduced to secure agreement
- MS can choose when to adopt common currency → de facto multi-speed integration
- common currency introduced until 1999

### Ratification Crisis & EC's response

- EC UNpopular: technocratic, intransparent; fears of foreign influence
- crisis: Denmark referendum rejected Treaty on European Union (TEU)
  - amended treaty accepted later
- “subsidiarity” introduced: solve tasks at lowest level possible

TEU came into force 01/11/1993