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Research Paper

EUROPEAN ECONOMIC INTEGRATION

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ABSTRACT

European economic integration is a specific feature of the evolution of the European economy in the postwar period (a phenomenon which occurred in Western Europe) and is a process of construction of an integrated and functional institutions, policies and economic instruments, following an agreement free- agreed by the participating states in order to economic and social development and defense of common political interests and national security. A so-called process of "economic integration" was produced in Eastern Europe as CMEA, but he was forced by Soviet socialist states. He was rather a process of economic subordination, so that Member States were Moscow's guidelines.

In the present paper I analyzed the European economic integration of European Union.

KEYWORDS: *integration; European Integration; early and advanced integration; customs union; convergence; Monetary Union; fiscal union; optimum currency area.*

INTRODUCTION

The idea of unity and union European retrospect, we find in the second century AD as a community of people united by the same law, using the same language of culture and communication and defending against a common enemy in the North and East[1], the target community around the Mediterranean, and the Balkans, along the Danube. The idea of European unity has been mentioned since ancient times and present in the works of many authors. In their projects express a desire for collective international security organizations. In the seventeenth century, in one of his works ("Nouveau Cynée"), Emeric Cross[2], envisaged organizing international peace by arbitration: a permanent assembly would for this purpose based in Venice and would allow both peacekeeping and security and the development of economic exchanges. Another is emerging; so-called "great project of Henry IV" concept suggesting the idea of a Europe remodeled in 15 states, all under the supervision of the joint council called - "very Christian Council".

In 1693, William Penn, in his "Essay on current and future peace of Europe", suggests a scheme that had a particular look in modern chip: European representatives would be united in a diet. In the early eighteenth century (1712), abbot of Saint-Pierre has dedicated the name of the famous "eternal peace project" which suggested the image of a European Senate would have legislative powers and judicial.

Jeremy Bentham in "Plan of a universal and eternal peace" of 1789 outlines the creation of a Diet that provides advice and produce views on issues of common interest. It should not be neglected "eternal peace project" Kant in 1795 that advocated the introduction of a so-called "society of nations".

Kant first proposed, among other things, compliance constitutional requirement of Member States. In the nineteenth century we have a supporter of the European idea, Madame de Staël, who said that "now it is necessary to have the European spirit".

Recall also important and revealing writings of Victor Hugo: "the day will come when bombs will be replaced.

In 1849, Victor Hugo[3] launches a call for the United States of Europe. The problem of organizing Europe began to be assimilated better and more clearly seen after the First World War. Count Coudenhove-Kalergi as claimed in 1922: "The problem of Europe is reduced to two words unifying or fall". In 1924, Danish Heerfordt publish an essay entitled "Europe communist", whose contents included, inter alia, a detailed analysis of what could be a Europe communist institutions, future European federal state.

The idea of a federal Europe are expressed and intergovernmental level. In this we have an example in speech French Foreign Minister in the years 1929- 1930, Aristide Briand, who said: "I think between peoples who are geographically grouped as are the peoples of Europe, there must be a federal bond". Despite all the ideas and plans, actual achievements start for Europe only after the Second World War. Genesis idea we meet in sec. 18 and 19, when Victor Hugo introduced the idea and expression United States of Europe, and Saint-Simon, the European Community and the European Parliament.

The 20 sec Anatol Leroy Beaulien In the embodiment represented determination of the European Federation Congress Political Science of Paris.

The most important project in history at what is called today the EU is the proposed creation of the European Coal and Steel Community, written by diplomat and businessman Jean Monnet and made public by the French Foreign Ministry Robert Schuman on 9 May 1950. Monnet's initiative is known as the Schuman Declaration.

The beginnings of integration are the Marshall Plan. World War II left the European continent in a precarious economic situation. Economic and monetary crisis in Europe prompted the Americans to intervene through the United Nations.

The US provided 70% of the funds needed Western European countries. Opposite finding that the former USSR territories intended to extend to the Atlantic, the Americans decided by the Truman Doctrine and the Marshall Plan to do more economic, financial and military in the area.

The US government to obtain congressional approval, focused on a simple idea: communism developed due to poverty, should therefore make misery disappear in Europe to stop the advance of communism.

On May 9, 1950 Robert Schuman, in a statement, proposed "to place the entire Franco-German production of coal and steel under a High Authority within an organization open to other European countries". So, put the first concrete base of a European Federation.

The choice coal and steel was due to economic weight of these industries but also need some guarantees about the suppression of inter-allied control of the Ruhr area that any war between France and Germany impossible.

The seat had been installed in Luxembourg and the first president was Jean Monnet. Common market for coal and steel actually experienced as a sector integration formula that could be the way progressive extended to other areas. The ECSC Treaty was signed in Paris on April 18, 1951 by six countries: Belgium, Luxembourg, the Netherlands, Germany, France and Italy.

The EAEC Treaty signed in Rome on March 25, 1957 and entered into force on 01 January 1958.

The purpose defined in the treaty was to contribute by establishing the necessary conditions for the formation and rapid growth of nuclear industries to raise living standards in Member States and expand trade with other countries.

Of the three communities making up what for years was called the European Communities (EC) EC is by far the largest and most advanced in terms of scope and instruments.

EEC Treaty, the content and perhaps even more evident through its missions reveals preferences combination of economic and political objectives that, by the way, and the balance of power that prevailed during the negotiations that led to the signature in 1957.

The core the Treaty of 1957 was the establishment of a common market, namely economic zone within which take place the free movement of goods, services, people and capital.

The focus was mainly on eliminating duties and quantitative restrictions and suppression of all forms of discrimination based on nationality.

Indicate an economic approach more liberal than that of the Treaty of Paris focusing on the abolition of trade barriers, the provisions for competition policy of the EEC model antimonopoly US and negative attitudes on state aid, despite restrictions included in the Treaty of Rome. This can be explained in terms of greater openness of the new treaty.

It was also a reflection of greater confidence in the effectiveness of European governments market mechanisms gradually gained confidence in economic performance in previous years. Since the entry into force and to embed it in the Maastricht Treaty in 1992 in more than 30 years of operation, the EC Treaty has undergone various changes either in interpretation or in its letter. In a complex and diverse, the reasons that led to the completion, adoption or amendment of the treaty, were also diverse and complex, from internal and external political events to news "in the world system."

The Rome Treaty of 1957, signed by six European countries (Germany, Belgium, France, Italy, Luxembourg and the Netherlands) marks the main step towards European monetary integration, even if the European Economic Community as it was imagined in this treaty did not include monetary integration.

The monetary obligations of the Member States went beyond the coordination of their monetary policies, and the obligation to liberalize capital movements was limited to the level necessary to ensure proper functioning of the common market. However, monetary integration issue, which appeared in the early 1960s, would never go away again.

The topics of monetary union were made at the Hague summit in December 1969, during which the European Council adopted a directive to revive the community building.

The Smithsonian Agreement (Smithsonian Institution) in Washington in December 1971, which increased the margin of variation allowed in the International Monetary System from 1% to 2.25%, spurred the creation of a specific mechanism of European countries.

The margins of fluctuations in the European countries in relation to the dollar is enlarged to 2.25%, necessarily mean that two countries may have a maximum margin of 9% (4.5% each). Thus, European countries agreed to establish between themselves a replacement system based on tighter restriction means fluctuation, which would have led to the stabilization of exchange rates and protect against variations dollar. In April 1972, the six countries of the Community of Europe (France, Germany, Belgium, Netherlands, Italy and Luxembourg) signed agreements from Bale which provided the upper and lower margins of fluctuation authorized against the dollar, namely 2.25% but the margin of fluctuation between them that was still 2.25%.

With this additional constraint, the system was called monetary snake (limited fluctuation band between European countries) in "tunnel" (margin of fluctuation against the dollar).

The monetary snake consists of evolution every couple of European currencies whose exchange rates cannot move away from each other more than 2.25% of all (width snake is two times smaller than that of the tunnel, which has as a benchmark dollar).

A month after this agreement, the three countries have joined the system, namely the UK, Denmark, Ireland, and something later and Norway. The desire of European states was at that time to be an active factor in determining the foundations of a new international monetary order. It should be noted that monetary snake grew, evolving from excessive rigidity of exchange, from its inception to more flexibility towards the end of its operation.

Even in the first month after its accession to the system, the pound out of it due to a serious crisis of external payments; then follows and Denmark that leaves the system in June, but back in October of the same year (1972). Month January 1973 begins with floating lira, leaving the snake in February.

In March 1973 Sweden is associated to the system, and the German mark remeasuring 3%. In the same year he founded the European Monetary Cooperation Fund (EMCF) which has the following functions: monitor Community exchange system, to ensure the multilateral nature of interventionism in central banks on European currencies.

The 1974 is the year when France left the system later to return in July 1975, then in March 1976 to withdraw again. Starting this year the European monetary snake fell to the brand, having around the German mark, the florin, the Danish krone, the franc Belgian and Luxembourg and realignments are becoming more common.

The applications pivot unilateral realignment of parities were not significant during 1977-1978, these last years of operation of generating measures snake moderate use of exchange rates as a tool for economic adjustment.

The monetary snake failure can be explained by the absence of economic policy coordination and the divergent results in terms of inflation and unemployment. In other words, countries respond to shocks by independent economic policies.

The creation of the European Monetary System was negotiated during 1978 and came into force in 1979. The SME category belongs monetary systems with limited flexibility, being a combination of fixed and floating rates and resulting exchange system "stable and adjustable." unique here is defined as an area without internal frontiers in which the free movement of goods, persons, services and capital; It is a market that has a social dimension and that active competition is encouraged.

The Treaty on European Union (TEU), approved by the European Council (EC) of Maastricht in December 1991, has been ratified by all member states in '92 -'93 and was implemented in November 1993.

The Treaty provides monetary option integration in three stages:

- First phase between July 1990 and December 1993, it was made in large part, when the provisions of the treaty started to be operational. First, they liberalized capital movements between member states, and they pledged to coordinate economic policies, and primarily the monetary policy so as to approach the convergence criteria defined in the Treaty. Each country had to pay central bank independence from the government, so its status and function to approach those of the European Central Bank (ECB).
- The second phase lasted from January 1994 to December 1996. During this period was established European Monetary Institute (EMI), which tasked to ensure cooperation between national central banks and function of the EMS during the training period union. He has the task to replace EMCF, specifying the details of organization and functioning of the European Central Bank (ECB) to prepare in parallel with the European Commission a report on how non-member countries meet the criteria of convergence.

The difficulties of those steps are to organize a gradual transfer of decision-making power of national authorities in the hands of a European institution. In addition, a certain level of money supply will be made public and serve the market exchange interventions in accordance with the guidelines determined by the European System of Central Banks (ESCB).

It will perform the regulatory functions in the monetary and banking in order to reach minimum harmonization of certain provisions such as minimum reserves and payment arrangements required for the conduct of a common policy in the future.

Given that a number of commercial contracts were signed prior to 1999 and had European currencies national currency contract or other currencies is necessary to find a solution to the legal regulation of these contracts after 1999.

The operating administrative Eurozone is assured European system of central banks (ESCB), comprising the European central Bank (ECB) and central banks of the Member States.

The ECB is headed by an Executive Council composed of the President, Vice President and four other members appointed for a term of eight years.

ESCB has a decision-making body of the ECB Governing Council (for a term of five years). ECB Governing Council consists of the Executive Council and central bank governors of the EU Member States participating in monetary union.

Scaffolding economic and institutional decision-making bodies of the European Union must be completed (for unifying holistic vision), harmoniously with the practical implementation of resolutions, decisions taken regarding the functionality of the whole structure and socio-economic and political is today the European Union.

And this is done through policies specific to each area or sector. If we talk about policies, primarily economic, they are presented as a set of objectives and means of action of the state (public power) in economic and social life of national entities, or in this case, the structure supranational translatable into plans, strategies and lines of action agreed by all political and economic factors dissidents.

The common policies and assimilated is actually substituting first way to exercise highlighted the EU's competences.

In this context, national competences are transferred to supranational level. The other way of exercising the prerogatives of EU harmonization is considering maintaining national competencies, all amid the approximation of legislation in areas and specific sectors of economic and social life.

The common policies are therefore a set of rules, actions, and conduct action lines proposed and adopted by the European Community institutions, which support both economic integration as well as on the policy.

The concept of "pure and perfect competition environment" should be understood coordinates but modern economy which revealed the existence of so-called failures (range) market justifying state intervention when free competition rules are not respected by businesses.

This market failure can occur as effects of externality (research and development carried out by a company can influence the so-measure business climate, that other companies can benefit from the research results, although not bear any cost thereof) or in the form of scale effects of increasing yields.

In the latter case, the yield of the company increases with increasing its size which makes on the economy, not to be desirable to maintain state atomicity (existence of a large number of small businesses) certifying the existence of a climate of competition pure perfect.

CONCLUSION

In conclusion, the Euro zone is established as a new economy, a new economic superpower, almost the size of the US, which is already a population and a share in world trade that exceeds the US. As seen ECB President - Wim Duisemberg - Euro is a currency that will maintain their value over time and will contribute to a Europe which to live in peace and stability.

EU competition policy has made and makes a balance between internal market dynamics of each Member State and the single market. Thus, plan domestic market competition policy aims to remove all barriers to free movement of factors of production, and plan single market competition policy aims to remove those structures and behaviors that follow use purposes monopolistic opportunity offered by a large-scale market.

Single market (Economic Union) adds common market following:

- Removing borders and all physical and technical barriers to trade;
- Harmonization of economic policies and even unification of many of them to strengthen their coherence and effectiveness;
- Developing common foreign policy regarding production inputs and sectorial development; monetary integration (Economic and Monetary Union) introduces supranational authority in regulating economic policies and create the conditions necessary for the transition to a single currency.
- Occurs unification of monetary, fiscal, social and European Commission controls and enforce them;
- Appears the euro and ECB coordinates and controls the common monetary policy. Economic integration on a single internal market requires more than economic cooperation, such as: free trade area, customs union or common market.

An internal market without frontiers relies on a high degree of mutual trust and abandonment internal regulations in order to align them with single market rules and practices, excludes a selective approach gradually that reflect conditions in each country. A single market implies convergence of institutions programme and reform national and Community. This means compliance with standards required by the acquis communautaire and full ownership by Member States of obligations to community programs.

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