

POLITICS AND ECONOMICS IN THE DEVELOPMENT AND BUILDING OF THE EUROPEAN UNION STRUCTURES

Marin Badea*

marinbadea@yahoo.com

Abstract: *On the basis of historical facts and processes, the objective character of the relation between politics and economy is proved; we emphasize not only the highly important role of economy in relation with politics, but also the fundamental role of the political area in reference to the economic one.*

A relation that has constituted the basis of union projects of the European states since the end of the first world war; a relation that governs the historical process of the solidity of the European Union.

Keywords: *economy, politics, interventionism, determinism and over-determinism.*

The close relationship, bi-univocal, between politics and economics, particularly in terms of theory but from the large perspective of economic history (a discipline practically thrown under modernization pseudo pretext of university curricula, our University being also from this point of view, an exception to the Faculty of International Economic Relations, this discipline being kept in the syllabus), often shows that in time politics prevailed in relation to economics. Determined, ultimately, by an economic exigency or another, most often by the rigors of human relationship with the environment, politics through institutional levers, the state, generally speaking, had not only once a decisive role for determining the content and meaning of economy development. They are illustrative, for example, for Antiquity the state's prominent role in Egyptian economy¹, in Greek cities² or in the Roman economic universe³ starting the time of the conquest of Gaul by Caius Iulius Caesar and to the collapse of Roman imperial power until the end of the 4-th century A.D. when institutionally, through its political and military structures, the Empire could not achieve economic support at the dimensions of performance in the production of material goods, which led to the final collapse.

And if in the Middle Ages the economic-political relationship was less evident, maybe because of her religious clothing, the church being the one that came to the fore, as an institution playing a special part in the historical process of

* Senior lecturer Ph.D – “Dimitrie Cantemir” Christian University, Bucharest.

¹ Cf. Claire Lalouette, *Ancient Egyptian Civilization*, vol I, Meridian Publishing, Bucharest, 1987, p.156-165; Constantin Daniel, *Ancient Egyptian Civilization*, Bucharest, Sport Tourism Publishing, 1976, p.24 a.s.o.

² Guido A Mansuelli, *Ancient Civilizations of Europe*, vol.I, Bucharest, Meridian Publishing, 1978, p.131-135.

³ Marce Bordet, *History of Ancient Rome*, Bucharest, Lider Publishing, f.a., p. 284-292.

transforming mentalities, especially to the human attitude towards labor¹; with the dawn of the modern era, the relationship between politics and economics has become not only extremely beneficial, both for the course of the economic and political life, but also aware from the perspective of economy and political leading. Against this relationship, science has appeared, devoted to science knowledge economy indicated by two terms, the economy and politics, in other words, the economy seen, studied, known in terms of direct intervention of politics, in the interest even of politics.² Not only that, but the whole evolution of the economy and, together, determined and superiorly, of the political life were made in this way along the modern and contemporary eras. Economy has led, of course, ultimately, the political life and political practice but, in turn, influenced the economic life decisions either directly through the political factor, or mediated through economic thinking which in turn strengthened the content of political decisions, shaped the mentalities, especially components with a direct impact on economic plan, for example the attitude towards labor act. That is why an economist of the stature of John Maynard Keynes could write that the “political issue of humanity is combining three things: economic efficiency, social justice and political freedom.”³ From the same perspective, of the relationship between politics and economics, it is mandatory, either as a mere mention, the idea that the politics has influenced, superiorly, the economics being achieved not only once, along history, eras of great flourishing of material production, of people’s welfare, with differences as to distribution of goods, but it has also influenced it negatively, especially when it was subordinated to the exigencies of the struggle for supremacy, calling on the military practice battle. For the historical memory of the contemporary world, World War I and especially World War II are extremely eloquent.

Among the negative consequences of World War I it is worth mentioning the diminution of the economic potential of each nation entering the vortex caused by the god Mars, therefore at industrial level Europe’s economic power was reduced by 60% and at agricultural level by 70%. At the end of the first military confrontation of the last century, Europe as the main theatre of operations also owned a share of 52% of the world trade as to 63% in 1913. Balance of payments recorded enormous deficits, national currencies were devalued substantially, except the U.S.dollar, to which all others had to report (pound sterling by 27%, French franc by 63%, German mark by 98% etc.).⁴ one of the most serious consequences, was the severe alteration of economic relations among nations, accompanied by sensible changes in the economic relations between the great powers of that time.

¹ Cf. Florentina Cazan, *Mediaeval Civilization, Feudal Structures, socio-political and cultural aspects*, “Dimitrie Cantemir”, Bucharest, Christian University, 2000, p.10-11.

² Pierre Chaunu, *Civilization of Europe in the Enlightenment*, vol.I, Bucharest, Meridian Publishing, 1986; Mark Blung, *Economic Theory in Retrospect*.

³ Cf. Michel Beaud, Gilles Dastaler, *Economic Thinking after Keynes*, Eurosong and Book Publishing, 2000.

⁴ Marin Badea, *History of World Economy*, Third Edition, Bucharest, Pro Universitaria Publishing, 2009, p.241-243.

Extremely difficult for the economy were the consequences of World War II resulting in about 50 million dead people, another 30 million obliged to leave their home, jobs, being deported or exterminated, others physically exhausted in concentration camps, as a result of which, they were no longer fit for work. This meant a severe decrease in active workforce with a negative influence on resuming the process of economic recovery, including a good period of time after the end of military hostilities. Other effects with negative impact on economy, for a long period of time, were the result of the unbalanced structure of workforce, from the chronicity of shortages of materials, lowering birthrates and, not the least, of life expectancy. One must also remember, that, maybe the most difficult consequence of World War II was the immense waste of financial resources (about 1100 billion U.S. dollars at the rate of exchange of the year 1938) as they were allotted in a destructive way and not for obtaining a rational growth of economy, most of these expenses coming from loans, which had to be paid back, and others had to be allotted for a long period of time for war damages, for various material, moral repairs etc., some of them real, others had to be invented. Some of them are still valid nowadays after more than 65 years from the end of military hostilities.¹

During war, even when it was easy to see that Germany and her allies were losing the unnecessary competition with all sorts of weapons of forecasting the future of the economy was extremely pessimistic. A future Nobel laureate for economics, the American Paul Samuelson, thought, by 1943, of the possibility that after the end of military hostilities, the U.S. itself to record “the greatest unemployment period and industrial dislocations ever known by any economy” and the American administration as such, was expecting, as forecast policy, “large postwar disorders,” of such dimensions that seriously undermine “social, political and economic stability of the world.”²

Historical events and processes of economic and political nature have confirmed these forecasts only partially. The political factor in the above mentioned circumstances, on the one hand, was more attentive with its decisions, forced by circumstances, in the sense that leftist forces, of a radical left, came out of war and, in particular of epic resistance, with aura of those willing to sacrifice in the name of the idea of freedom. And if the idea of national freedom triumphed, it was possible to move forward and fulfilling the aspirations of those many for social freedom, by overcoming the limits of capitalism, the accused, not without reason, ultimately, the generator of immense suffering during the war and in its aftermath. On the other hand, exponents of dominant circles, economically and politically, have realized that adopting anti-popular character positions of power, would have been, if not fatal, however embarrassing as political position, and more important economically. So, for example, in France out of the resistance forces have openly expressed for the implementation of the principle “retour a la nation” related to the means of production and the inputs from various directions.³ General Charles De Gaulle, leader of the Right Forces, said in a speech on March 14, 1945: “From now on, the rule is intended to provide himself at

¹ Eric Hobsbawm, *Century Extremes*, Lider Publishing, Bucharest, f.a., p. 60-62.

² Marin Badea, *Cited Works*, p.254.

³ Pascal Fontaine, *L'Union europeene*, Paris, Editions du Seuil, 1994, p.19-20.

highlighting the major energy sources as well.....the main means of transport.....and means of communication... The role of credit has to stop.....and public interest groups to be able to oppose the public interest.”¹ Another pressure came from the direction of reformist aspirations of popular resistance fighters (The Charter of National Council of Resistance) in calling for the state “to ensure a working economic and social democracy involving the dispossession of the great feudal economic and financial management of the economy.”² But such measures have also been taken, and with real impact on the recovery of the economy as improving conditions of life, the worst effects of the destruction caused by war, being gradually overcome. However, foreign trade imbalances and most of the balance of payments in relation to the dollar zone countries, remain as a source of crisis. Dollar shortage in Europe, for instance, had become enormous with the needs of reconstruction, so pressing that economists wondered already in an insistent manner, if somehow that reality was not of a structural nature. And a possible solution which was agreed by economists and politicians was the action of regrouping at least some sectors of national economies of some smaller countries. That was imagined, in exile in London by the representatives of the Belgium, Dutch and Luxembourg governments. And the first step was the adoption on September 5, 1944, of a customs convention providing for a common tariff against other countries but suppressed in the relations between them. Three years later the tariff-customs community was transformed into a customs union, then into a limited economic union and finally into a full economic union³.

The example of the Benelux plan was not immediately followed by great neighbors, mainly in the conditions in which the war years fueled generously exacerbation of patriotism, source of rejection of any harm that might prejudice national sovereignty. However, in the political area, a party with a vision of European economic policy was born, a party formed by social Catholics as for example Robert Schumann in France, Alcide de Gasperi in Italy or Konrad Adenauer in Germany. The same Europeanists beliefs animated socialists as for example the Belgium Paul Henri Spaak, the French Guy Mollet, the German Schumacher or technocrats tied to business environments animated by new economic insightful ideas as for example Rene Mayer or Jean Monnet. They had a special influence on the industrialists and bankers of the major continental powers who sought new ways and means of action and were seduced by proposals, the future projects that were circulating. Real “pressure groups” have been set in motion and also a mass-media sustained campaign which has resorted to a genuine increase bombardment on Parliaments and governments on whose banks had their places,⁴ the most eminent representatives of “the European party” already transnational. There were thus launched, discussed, taken in the form of discussion of the most diverse ideas and objectives including: the imperative to oppose the former URSS and the bloc of the popular democracies created in the

¹ Pierre Leon, *Histoire économique et sociale du monde*, vol. V, Armand Colin, Paris, 1977, p.524.

² Ibidem.

³ Ibidem, p. 525.

⁴ Pierre Leon, *op.cit.* vol. VI, p. 241-242.

Soviet area, a Europe united politically and ideologically from the perspective of the economic, a Europe which had to become prosperous and strong, able to resist the communist, ideological pressures and then becoming more apt to resist the economic threats from the US, a Europe that had to have as foundation a strong, vigorous through renewal, controlled capitalism, appealing not only by the ability to create but also to redistribute in a more equitable manner, the individuals' income through measures of socialization.

In shaping the future history of Europe, there was no shortage- in the case of most of its preachers- of the mondialist type of ideas, of reverting to the old continent into a protagonist of world economy which has fueled the most spread desire, related to the subordination of private interests of the State of supranational authority, grounded, however, on the global, economic integration of member countries, economics having an essential role, but the will of the government and of the public had to be engaged, meaning that the politics had to be given the necessary, proper place.

In this intercrossing between economics and politics, with a variable weight, from one period to another, on the general ground of the evolution of the relationship of power not only at an European but also at a world level, the Common Market was gradually structured and then the European Union.

Also, at present, the European construction is a historical, dynamic process in a continuous development, taking into consideration the first step done by Romania, which was accepted in the European Union starting 1st of January 2007; this makes evident a variable relationship, between the real exigencies of economy and the requirements of the political project. It is wise both for the accepted ones and for those that are going to be accepted, that the real dynamic of this relationship to be rigorously studied; it is a necessary historical relationship, fundamental in its real dimension and it should be considered. And politicians know this reality and they observe it, respecting themselves as well as respecting the nationalities they are governing. Otherwise failure is inevitable.

REFERENCES

1. Cf. Claire Lalouette, (1987), *Ancient Egyptian Civilization*, vol I, Bucharest, Meridian Publishing, Constantin Daniel, (1976), *Ancient Egyptian Civilization*, Bucharest, Sport Tourism Publishing.

2. Cf. Michel Beaud, Gilles Dastaler, (2000), *Economic Thinking after Keynes*, Eurosong and Book Publishing.

3. Guido A Mansuelli, (1978), *Ancient Civilizations of Europe*, vol. I, Bucharest, Meridian Publishing.

4. Marin Badea, (2009), *History of World Economy*, Third Edition, Bucharest, Pro Universitaria Publishing.

5. Pascal Fontaine, (1994), *L'Union europeene*, Paris, Editions du Seuil.

6. Pierre Chaunu, *Civilization of Europe in the Enlightenment*, vol. I, Meridian Publishing, Bucharest, 1986; Mark Blung, *Economic Theory in Retrospect*.

7. Pierre Leon, (1977), *Histoire economique et sociale du monde*, vol. V, Paris, Armand Colin.