**The European Union, Civilisation and Economics**

Prof. Ing. Mgr. Jaroslav Husár, CSc.

**Introduction**

To analyse some of the problems of a paper *The EU, Civilisation and Economics* I have to mention the definition of a state. In terms of political entity, a state is any politically organize community living under a single system of government. From this point of view, EU is not a state. European Union did not start as EU project. To undestand fully the EU today´s problems, I do have to mention the beginning of postwar consolidation in Europe. We need to understand it.

**Preliminaries**

It is known that the *European Economic Community* was formaly established on 25. March 1957 by the *Treaty of Rome*, agreed to by the governements of Belgium, France, the German Federal Republic, Italy, Luxemburg and the Netherlands. The treaty provided for the gradual development of a full customs union, removal of all barriers to the free movement of capital, labour and services and the establishment of common agricultural and transport policies among member countries. It also created the *European Investment Bank* and the *European Social Fund*, two common institutions designed to assist and coordinate economic development in the Community! By 1961 the EEC had removed all quotas on industrial goods. The removal of all internal tariffs and adoption of a *common* external tariff resulted in the establishment of a *full customs* union in July 1968.

In the harvest time (after 25 years from Slovak Republic arise) is time to show an economic aspects of the EU building process. The only purpose is to improve our understanding of what goes on today in the real economic world in a non-trivial way. I would like to pick up some major issues and experiences drawn from contemporary Europe. I have to comment the issues and economic policy decissions surrounding *German unification* from the macoeconomic point of view. A look at the repercussions from this extraordinary policy shock on Germany´s EMS partners naturally leads up to a discussion of the *European Monetary System* crises and near disintegration of 1992 and 1993. To provide an even deeper understanding of recent (1993-95) EMS woes, I have to mention the foreign exchange market interventions (H. Kohl) and the target zones on exchange rate behaviour.

As a background for the discussion to follow, we need to provide some institutional information and some smaler concepts. Economists have already deeply analysed the *European Monetary System*, that came into operation in March 1979. Each economist knows the weaknesess of Maastricht Treaty, so I will not comment these key questions for making better functionong of the EU. I have an urgent need to analyse t*he nth currency* problem or Geman *unification* and the Kohl´s master plan (?) that simply steamrolled the Bundesbank and commited to a conversion rate of 1:1. Where was the economic theory on exchange rate ? What where the *repercussions and options*?

We need look at the *European Monetray Union* starting point. The reader should read it carefully. Look at EMU aspirations and the bussiness cycle in three big countries. In 1992, interest in being part of EMU was probably highest in France and lowest in the United Kingdom. Prospects to meet the convergence criteria were intact in France, but bleak in Italy. Having shrunk income by 2,1% since 1990, Britain´s economy was much less prepared to take further strain than the other two. Lok at the Table 1:

 Table 1: Economic facts of three countries

|  |  |  |
| --- | --- | --- |
|  | Interest in ad prospects forEuropean Monetary Union | Income growth1990 - 92 |
| France | Seriously interested in EMU;Meets all five convergencecriteria in 1991 and four in 1992 | Total: 4,51990 2,51991 0,81992 1,2  |
| Italy | Interested in EMU;Does not meet any convergence criterion in 1991 or 1992 | Total: 4,11990 2,11991 1,21992 0,8 |
| UnitedKingdom | Modestly interested in EMU;Meets two convergence criteria in 1992; signed Maastricht Treaty only aftergiven right to opt out | Total -2,11990 0,41991 -2,01992 -0,5 |

Quite different starting points. But I do have to mention some of the problems of that time (see the table). I need to stress the facts to be able to look (understand) at the today´s problems. Reader should try to understand the comments and the economic numbers in the table. In my works I do analyse the situation very deeply. It was of little surprise that Britain was the *first country* that quit EMS during the crisis. We see that the todays outcomes as far as the economy functioning of the EU is concerned is really an outcome of the starting point. What can be the future way, prospects? Very briefly.

**Civilisation trend**

The main economic problem of the forthcomming civilisation will not be the *production* and *accumulation* of output but the *new system* of **output distribution** (private ownership?). How to become the trustees of the possibilities of civilisation? What does it mean for me to be *trustees*? *First*, it conveys the belief that only if men and women possess some *control over their environment* and have atteined some satisfaction of their wants can they be said to enjoy the possibilities of a civilisation. Secondly, it indicates that it is the *economist´s task* to seek out those **economic methods** of control over the environment which are most conducive to the development of welfare life.

As a paradox to my previous ideas I have to mention the book of D. Estulin *TransEvolution: The Coming Age of Human Deconstruction*. Do we have to believe that world will go that way? Or, take the films like Terminator, Blade Runner and Robocop. Are the kyborgs the future of mankind? Can we expect the global economy destruction? By which way mankind will be destructed? With the nanotechnologies? Is D. Estulin right by saying that the biggist corporations like Monsanto, Cargill and Archer Daniels conspire to destroy our world? We have a tectonic movement in our European world (immigrants). What is the economic civilisation identity today and of the future? What will be the future economic universe?

8/7/2017.