Theoretical and Applied Economics
Volume XIX (2012), No. 10(575), pp. 55-70

The economic integration: concept and end of process

Liviu C. Andrei
National School of Political Studies
and Public Administration (NSPSPA), Bucharest

Abstract. *A crisis that is currently stiffing the Euro Zone does equally suspend and shadows the debate on the European integration, that actually remains a different issue and, why not, still useful. This integration needs some more corrections: the old model revising, updating or readapting to a new reality and answers to questions sticking around this crisis. Reassessing specific concepts just starts here.*

Keywords: integration; European & non-European type integration(s); incipient & advanced integration(s); customs union; economic convergence; monetary union; fiscal union; optimum currency area.

JEL Codes: E00; E52.
REL Code: 20B.

Economy and *economics* are parallel activities, sometimes associating with each other in dynamic, sometimes on the contrary. The economic thinking is likely to form its own schollar staff concomitantly with its own assertion of ideas. The economic integration, in such a context, stays a big project in way, but it still is much too early to talk about its (positive or negative) ending. Away from real effects produced and induced, this integration did for certain do one thing: a specific *economics* and economic thinking area.

1. Basics of integration – Bela Balassa and Jacob Viner

There is a rather interesting schollar names' association to talk about. Firstly, Bela Balassa (1928-1991) was a Hungarian professor of economics that also aquired values of his country's anty-communist revolution of 1956. Then, repression pushed him to leave his country first for Austria. And then, his scientific merits demonstrated in his economic graduation area(1). It is in this context that he produced in 1961 his own model about the *European integration*, that was rather following its evolution eversince – a five steps process: *(i) free exchange area, (ii) customs union, (iii) common market, (iv) economic union, (v) economic and monetary union*(2).

This was estonishingly looking like a programatic document for the European Community and later Union and the European Commission should be really proud of this, if it had been its issuer. Actually, the Commission usually abstains from long term programmes issuing, theories and ideologies(3).

The Balassa's teoretical contribution to the integration topic development was decissive. First of all, it is correct placing the free exchange area and customs union at the integration's foundation and starting point, plus in their direct succession. Though, these two concepts were not quite „created" by the author, plus concepts arisen in the following model stages are – contrary to the earlier model stages' description – rather arguable. Just taking into account those advanced stages as expected to come in place significantly later from the paper's time (in early sixties)(4). But Balassa succeeds something else about concepts of *common (unique) market, economic* and *economic-monetary union:* to become the *parent* of these titles eversince vehiculated by all, from the EU's official documents to independent schollars, in their papers and debates.

Secondly, I believe in another merit of Balassa, the one of detail matter and of a genius intuition that recalls the way that more than one hundred years earlier David Ricardo had foreseen the huge activity size of international trade as starting from the second part of the 19th century. Or, Balassa was doing something similar in 1961, be it indirectly – through the *monetary union* stage brought in the integration model – he foresaw the draw-back and decline of the world-wide money order that was very well in place at the time of his elaboration. This is about, of course, the Bretton Woods international Agreement and international monetary system (IMS/1944-1971) – that was the successor of all, the last World War, economic crisis and international monetary system of the *gold standard* (Andrei, 2011). Once more, the presumtive *monetary union* of this European States' formation could not be expected at that time, but as the retort of an equally presumtive doubtful evolving of the international money order. And that whereas the last was no longer at its timid start (1944), not yet in its later (1971) decline either. Just note for the effects area that the European Commission took its first range of monetary measures in 1971, exactly ten years from the Balassa's elaboration. Back in 1961, the Bretton Woods IMS really was on its upward evolving, be it for its short period, as seen from today.

The other schollar name associated with the basics of the *European integration* was coming from the other side of the Atlantic[(5)]. This is Jacob Viner (1892-1970), a Canadian citizen of Romanian origin that attended a fruitful university professor of international trade career at Princeton University. Unlike Balassa, Viner focuses on the *incipient* part of the integration process and stays in the universal economic thinking with his theory of the *customs union* (Viner, 1950). The schollar reveals that the international economy – and especially a States' formation platform initiative and procedure of this type – is succeptible of producing (among other things) the opposite effects of *trade creation* and *trade perversion.* So, despite his limiting analysis to the incipient integration of his time, the schollar here found, especially in *trade perversion* type phenomena, another larger area of phenomena that belong to the contradictory characteristic of all integration phases and developments all over. See in later years (since 1999-2002) the example of contredictions between the Euro Area and the rest of EU Member States, or the one of the EU extension toward its eastern geographic side (2004 and 2007), versus the "No!" vote against the project of European Constitution on the western (old) side of the Union. See equally the essence contrediction between reinforcement of the Union through its enlargement and its opposite weakening by diluting the overall integration degree. See also the multiple contredictions broght in by the Common Agricultural Policy (Programme) and so on.

Viner, at his time, was just finding the example of the injust advantage of the inside the Union firms producing and exporting to inside the Union consumers, over all other producers, consumers, State governments and other categories of interests competing in the same area. But my point is that miningless irony and speculations, as presumable on the Viner's demonstration so should be rejected[(6)] in favour of a true tragic condition of this process – the initiator States always feel committed to express attachement to market, competition and all liberal values whereas integration itself comes to undermine them in facts, by its proper functioning.

As summarising from above, there were two schollar names that founded the theory of European integration in the immediate post-World War Two years (fifties and early sixties), as „classics" of this topic. A substantial specific bibliography was gathered eversince, so that we currently live as the generation that feels forced to do two things, in alternative: revise or reject such a theory.

2. Criticism of the Balassa Model

Recall from above the very „genius" of Balassa, claimed for the last integration stage identified in his model on the *(economic and) monetary union.* Ironically, the arguable part of the author's elaboration arises from the same part of the paper.

(1) First of all, now, in 2012, the economic and monetary union is done, as the common currency does its job for one decade time already – can anybody assert that the integration process is also done, be it as restricted on the Euro-Zone?! I mean not at all and some authors argue that the monetary approach currently overpasses the real economic evolving (Dinu et al., 2004). Besides, a fiscal approach is expected to knock at the EU's door, as similarly to the monetary one once in the past. Plus, it is the shame that Balassa did not approach any of fiscal aspects of the integration, all the less as for a distinct stage, as properly to his view.

(2) Second, the author seems to have missed here another genius ability – let us admit that he has foreseen at least the common currency's birth (1999-2002), as equivalent to the monetary union stage of his model; or that such a stage could extend to the earlier Maastricht Treaty of the Union (1992), with its *"Convergence Criteria"*. But, there is an obvious mistake: the last were drawn by the *European Monetary Institute (EMI),* the predecessor of the today *European Central Bank (ECB)*. And whereas the last relates to the common currency period, the previous had also enough to do with the earlier EMS (Andrei, 2009a). An EMS that came up as the retort to its precedent "Monetary Snake" of the early seventies. Or, can this context be fully and properly understood ? The meaning of this tissue of facts and events is that the monetary approach is far from similar to "the last stage' of the Balassa's paper of 1961 – no common currency of the two centuries' joining as possible without its previous EMS of the eighties, and the same EMS cannot ignore the earlier "Monetary Snake" either. Actually, the common currency was coming up as the very solution for a previous IMS in collapse danger (McKinnon, 1992) – as

similar structure with the Bretton Woods IMS that had imploded in 1971 (Triffin, 1973).

It is true that the other report, the one between EMS and "Monetary Snake", was a little different story. The „Snake" was the fastest reaction tool available to Europeans against the sick dollar floating of 1971, whereas previously, the treaties of Rome (1957) – basing the Community-Union – hadn't mentioned any about money. Later on, during the "Snake"'s working, Europeans realised the sad paradox of their dependence on the US – at least, as for a weakening monetary reference – at the same as previously – when the US had been strong, as during the War and at the end of it. That was why they started working on the next EMS, but so, on the other hand, Balassa both reached his genius of foreseeing the forthcoming monetary union earlier than the EC-EU and made the mistake of shrinking this to the "last stage" of the integration process. By both aspects, the EU integrated and an independent researcher on its evolution do obviously split up from each other. And concomitantly, the very truth here revealing is that the "Monetary Snake" (1971) was becoming the starting point of the monetary approach of the European Integration.

(3) This above is the reasoning of recognising the *monetary approach of the EU as a long-term* one, and so the monetary approach was working concomitantly with other objectives and approaches of the integration, like the common market, so trade and even some fiscal approaches – see the VAT unifying in order to fight the injurious *fiscal competition* among Member States.

But the same reasonoing has two parts – the second one "attacks" the structure itself of the Balassa's description, the *stages* construction idea. Or, it might be correct keeping a stage view on the incipient parts of the integration like the *free trade area* and *customs union* – they might be able to fill the beginning and come in a proper succession with one-another. But things are different for the common (unique) market and economic-monetary union: there cannot be similar "stages", as long as built on various objectives, but they stay valid concepts. Actually, the very weak point of the Balassa's shaping view on the European integration seems to be its "stages" idea, together with too much separation between successive stages, as also criticized by Tsoukalis (2000).

(4) In reality, the Balassa's five stages – or six stages, as also taking into consideration the above presumtive fiscal approach aren't able to cover the European integration description, but just the *liberal* face of it. And a precision here comes as necessary on the EU's integration project, as *out of ideologies*(7) – not even the "free market" here qualifies as basic ideology, but the free economy is approached in a verry pragmatic way: no possible integration approach out of a common market! The last also might limit to just a tool of

fulfilling other targets and ojectives – see the ones related to welfare and social cohesion. As in theory, integration feels free to become a very „socialist" undertaking – and that might explain its popularity for the socialist and social-democrat political thinkings, as in detail and against the old communism here viewing only the "contemporary capitalism" with its "internal and self-destructing contredictions".

Or, this above digression is for clarifying the integration as (much) more than building a "larger market economy for its welfare benefits". The Balassa's model sees itself overpassed by facts, as correspondingly, but previously overpassed on the objectives area. The European integration economics identifies from its very beginning with "two economics": (a) the one of *liberal* values – free *trade, common market, competition, economic union, optimum currency area* etc. – and (b) the other, *non-liberal* – see concepts of: *budget(ing), interventionism* and *policies, regional* and *sustained development, social cohesion, structural funds* etc. Moreover, the two ranges of concepts specifically play for: objectives (b) and instruments (a), but even more interesting to be revealed is that the Union's two economic faces of the integration commits itself to work concomitantly: meaning, the (b) objectives group of concepts isn't concieved to expect the (a) liberal performances to be achieved. In our view, this might be taken as a generous mentality that worth as much as the idea of integration.

3. A new retort picture of the European integration

Bela Balassa ought to remain the parent of the European integration economics eversince his model elaborated in 1961. The age of this paper just requires its criticism and revising, as developed above, and the below lines just come to put the same ideas into a consistent and more comprehensive picture description, the one in which enough items of the primary (Balassa's) descript-tion will keep their initial validity and significance. First of all, as concluded above, it is the previous "five stages" idea that comes to be dropped out.

3.1. Just two big stages, instead of the previous "five"

The first two stages of the Balassa's model – *(i) free trade area* and *(ii) customs union* – worth to be kept as such, plus they can be atributed to a larger stage now to be called *incipient integration.* The primary argument for such a reconsideration consists in the double appropriateness of these *sub-stages* for both the "zero moment" of integration and their succession between, as underlined above. But there is one more equally significant argument to be considered: the other part of the integration will so come to be called as *advanced* integration and so will regard the other set of Balassian concepts – other than free trade area and customs union – in a larger view, as below explained:

(1) This will make distinct the *European type integration (*see European Community that once became European Union) from the other *States Formations* of integration aimed throughout the world. This is finally succeding to explain the more than one hundred States enlargement of the integration undertakings world-wide, as opposite to a certain "impopularity" of the European type integration of the EC/EU born once in fifties. The EU's development did coexist with similar State formations initiatives born in North Africa, Middle East, other Arab zones, Central and Latin Americas (Andrei, 2009a).

There is even a two integration types' simultaneity on the same European continent since (beside the EU) the *European Free Trade Area (EFTA*) equally exists. Currently, this States association have enough weakened, but the Europe's recent economic history reveals significant moments in which the EC and EFTA were comparable sizes and so the two integration types were preserving individual specifics as even more obviously – see the time before the UK's accession to the EC.

Besides, there is a kind of "asymetry" to talk about as between – not exactly the two types, but about – the two philosophies of integration that lay behind. Both integration types contain what was already called above the incipient integration, but this is quite different for each: the one (EU) takes it at incipient integration in a long term evolving concept; the other (the EFTA type) takes the same (free trade area & customs union) as the whole integration process without any evolving on long term programmes and time horizons.

This above explanation already expresses something about integration in its restricted and large senses. For a full view about the large sense economic integration, there is one more step to be accounted: here including the integration out of States formation. This is about IMS again, here including older monetary unions and even the so called *international gold standard* (Metzler, 2006).

(2) The frontier between incipient and advanced integrations – as seen from the EU side – is also the one between the integration moments or type in which Member States can leave the Union whenever national interest or so might require as such – and such facts really occured (Andrei, 2009a) –, and a European Union situation in which such an initiative reduces to strictly hypothetical (theoretical or impossible) – and there still is no case, despite plenty of vicisitudes of the process evolving.

(3) Thirdly, it is about the difference between an incipient integration dominated by the Member States' initiative – as political, administrative, diplomatic and in international law terms and as an alternative internationalisation – and, vis-a-vis an advanced integration in which it is the events that put pressure on the States' initiative and concomitantly the internationalising aspect wipes out slowly but irreversibly. There might here be repeated the example of the same monetary approach developed by the EU: the "Monetary Snake" of early seventies was proving more or less necessary for the post-Bretton Woods international pressing context and/or the integration evolving, whereas the folowing EMS (1979-1999) and especially the common currency implementation (1999-2002) proven increasingly needed (Andrei, 2010)[(8)]. Meanwhile, the advanced integration of EC/EU was entered as in facts; the need for fiscal union seems to reiterate context in the post-common currency implementation time (Andrei, 2009b).

To be added to these above that reshaping the integration dynamic on two stages also wipes the primary model's *frontiers* between each of stages – a complex inter-condition of integration components of every development moment comes instead. The true separation between the newly settled "two stages" rather consists in:

- the *incipient integration* basing on the *customs union* picture; customs union together with its precedent free trade area are the *key concepts* of this section;
- the *advanced integration* basing on the *common (unique) market* concepts; economic *convergence* and *optimum currency area* are the *key concepts* of this other section (Andrei, 2009a).

3.2. The optimum currency area

There is a new precision to be made: the *optimum currency area* (OCA) isn't to be mixed up with terms like "Euro-Zone", economic-monetary union and "the seventies" (that all mean the same). The OCA is a Mundell-McKinnon(Mundell, 1961, McKinnon, 1992) origin concept that translates an open view upon the euro currency – as a nominal anchor -- outside the Euro-Zone and even outside the EU area – as contrary in a way to the integration trend that economically "closes" the integrated area.

3.3. The "non-liberal" Union

Recall from the above first paragraph end the idea of the "second European economics". It is paradoxical that an European Union once started from a hundred percent political initiative currently keeps no political thinking bias, not even for the presumable “free market” ideology – recall that communist regimes, acting contrary to this ideology, were continuously emphasising their ideology and its “superiority” together with every programme option on all time terms, but also recall how strongly the same States, as post-communist States in the early nineties had acted as contrary, for the market economy. The EU slightly, even unnoticely skipped all debates between liberalism and its opposite, here prefering the pragmatic logic: market and corresponding competition stay *sine qua non* needed to ensuring economic efficiency, growth-development and welfare producing; though, it is the same for differentiations of all kind resulting from market functioning: see regional, individual and for groups on all performings. But the essential difference is between these differentiations acting within a national territory or within a States integrated area: the last faces as much danger of des-integration, as its member States were initially free for their joining together.

The solution here found to the unacceptable welfare and development inter-States and inter-regions differentiation is the one of Tsoukalis (2000) type – see “accomplishing the customs union’s aims by the (next) common market stage structure”. In a similar order, the liberal approach’s inconvenients are assumed to be fought by the other non-liberal one – namely, through interventionism, policies, here including structural and social policies, funds, including structural funds, and approaches. Concretely, the non-liberal regional development is aimed to correct social inconvenients of the liberal approach of the common-unique market.

4. The current development of the European integration

And recall the last lines above for stressing the idea that even a presumable perfect market functioning would be assumed to induce problems in the social area. But our common market isn’t achieved either and despite the highest degree of integration within the Euro-Zone and EU area ever atteint as world-wide, there is still enough to do about (Yves Thibault de Silguy, 1998).

4.1. Imperfections of the unique market: a general view

We just mentioned about the Euro-Zone and EU, and the idea of a difference in terms of integration degrees already starts clarifying. However, the same is similarly about within the Euro-Zone alone, as properly called “economic and monetary union” in the Balassa’s terms – member national economies are not (yet) perfectly convergent between each-other and individual economies still work in different phases of the business cycle. The current international economic crisis[(9)], in a complete and so correct evaluation on the European area, is certainly much more than some States' negligent over-indebtness – at least, this might hide a precipitate States' intervention on compensating hugely imbalanced private capital outflows and it will be their causes to be searched the really relevant point. Differences in national member States' economic competitiveness are certainly causing part of this kind of current phenomena – and this might become a new example for the Balassa's model's error on placing the common market as the third-intermediary stage of the integration developing.

Whereas these above suggest economic imperfections of the unique market, there are also to be highlighted aspects of the opposite side of the so far integration developed. See just a few of these as obvious as not looking favourable to all parts. A first example might be the foreign direct investments (FDI) inflows in the Central-Eastern European (CEE) countries, as former candidate countries to joining the Union – the old member countries of the EU, and especially the today Euro-Zone member countries had been dominant in the Central and Eastern European (CEE) countries' FDI portfolio for a good while. Then, in the 2004 and 2008 waves of the EU extending to its Eastern side, the same FDI flows sharply dropped down (Andrei, 2008). Or, the explanation of such an event starts where FDI are likely to be considered the internalization of the international competition imperfections and white spots – joining the unique market and its competition curb the FDI process and flows and they are expected to lower even on longer terms.

Another example comes as related to what is happening to the FDI Western-Eastern flow of the EU region, as a whole: some *multinationals* move their fillials within the EU region or off, for the same profound reason of the regional market competition regaining that throughs out the previous investor's specific advantages in a country, region or part of the region – see the examples of prevoiously lower wages and salaries and/or (basic) prices of raw materials in the host countries, as compared to the FDI source countries, that vanished in time[(10)]. And the list of examples is enough able to continue here, but more important to be here extracted is that an imaginable "perfect competition" on the EU (or just Euro-Zone) market would get similar to the image that David Ricardo had on the international trade about two century time ago: producers and exporters of the region would easy work just home and get their revenue and good profit on a stable price area, no investing abroad – now, within the Union region – needed and existent fillials would be eliminated – or re-directed abroad, into the rest of the world, as alternatively, for the Union's case.

4.2. Post-economic and monetary union

Now recall our old approach of the fiscal union and its comparison to the already done monetary approach (Andrei, 2009b). This is the advanced integration phase, the one in which Europe already becomes a distinct space in this world and the one in which – see the above (2) paragraph – there are events pressing on national initiatives of the EU Member States (Andrei, 2009a). The monetary approach took several decades to bring in the common currency and so the last stage of the Balassa's model. But there might be also another debate in this picture: could this monetary union stage be only common currency based, and not alternatively base on national currencies – as in the EMS picture, that was also able to support a coordinated behaviour of those currencies ? So, the conceptual entity difference between the *one-common* and *plural* money that is the *national currencies* alternative is one of the most obvious things in the today Europe, as similar as the Balassa's model's frontier between stages.

In other words, the frontier between EMS and common currency – nearby the larger one between the incipient and advanced integration phases – witnesses that only the common currency drags in the *central bank* type authority for the Union, that is the EBC. The last "absorbs" the central banks of the Euro – Zone Member States into its subordination, more or less as in the American Federal Reserves' way and keeps as primary political objective the *price stability* inside the Zone – actualy, this is the *Euro currency's management* before all. In such an order, this is the specific banking status and what all central banks do for their aferrent territories (national and/or federal) in the post-war and present economy – this is the ECB for Euro and the Euro – Zone, as well.

Or, despite already told (Andrei 2009b; 2010), it has to be reiterated that this is the very key institution of the newly advanced phase of the integration. The presumable full status of the economic and monetary union's central bank equally includes an equal part cooperation with the *Union's (...) government* – as well as in all State and State federation types structures. Or, here there is the specific of our Union and the way that events push States' initiatives and facts in the current period: the ECB here works together with Member States' governments (instead of the Union's government). All central banks face enough difficulties in this corporatist way of "equal part" relationship with corresponding government – in the same order, but different circumstances, it is even harder for the ECB to deal with a number of national governments in managing the common currency. The Member States' governments have neither a common agreement to represent them vis-a-vis the ECB, nor any other formal structure that could make them a consistent and unitary whole – the truly rational lonely alternative of this "vicious plurality" here remains the Union's Government that formally is the European Commission (EC).

Or, the last exerts a kind of "residual" governing, as regarding the common currency management, despite that the EC, as all governments in this world, subordinates the Union's budget activity – this is not just formal, but real fact, as taken together with that the EU's budget is itself a "residual" budget in the area. Its tasks limit to funding some EU's policies, here including the Common Agricultural Programme (CAP) and regional-sustained development. The ECB's, EC's and EU's budget's inter-relationships disclose that, despite the high stage of integration currently developing on this continent, the real political power inside this Union belongs to individual Member States, as similarly to the pre-integration moments of the immediate post-War and even to pre-War times. And there are not even all EU Member States fairly sharing this political power, but super-powers come back on their old positions. See especially the crucial moments of this international financial crisis, in which no EU's voice, but the ones of Germany and sometimes of France.

Thirdly, the same EC, ECB and EU's budget context here rises a question that comes for the first time in the world history: To whom the common currency really belong? Alternative answers naturally being: Member States or their Union legal entity. Whether the answer points to the previous, this is what we actually have and our above description points to a tissue of contredictions of, plus an expectable come-back of the national currencies, be it the way of the former EMS – but this is just shifting two sets of contredictions, the current one here above described and the former one related to the nominal anchor, as perishable and so condamned as much as it already was once; this would be just a turning the history clock back.

Alternatively, whether the answer to that question points to the Union, this is the direction that current events press this time in. First, the EC will strengthen and the Union will so become a federative government structure; the EU's budget will strengthen at the same by its restructuring from its current residual state; but budget relates to the fiscal system, that here implies the fiscal union, as the exact financial translation of this new order of facts starting from a Union capable to manage its own currency[(11)]. It is certain that this new post-monetary approach will take a new couple of decades and the political power structure is here assumed as drastically restructuring (Andrei, 2009b), but the unknown of this development remains in the Union's authority's specific weight – the one currently feeding a good part of the already born and vivid Euro-skepticism throughout the area.

Both alternative options are now called to answer a common question: "Believing or not in this (kind of) integration?" The presumable answers, in my view, will come specifically close to the ones related to the current crisis: did integration contribute to this, in its own way? Does the "Euro-Zone crisis" prove the uncosistency or incomplete EU's monetary approach up to 2002? Is the presumable fighting of this crisis assumed to step on the integration's requirements, or, on the contrary, to stop or step-back from this process, as a false and injurious future?

5. About the proper end of the integration process

Recall from above that the alternative non-EU and EFTA type integration is likely to exclude any terms of development, evolution and long-term; on the contrary, the EU integration sees its contradictory development in each Balassa model's stage, moment and important zone of acting. Since the wrong answer about ending integration together with implementing the monetary union, the same question authomatically re-rises. It is for a paper like this, basing on the primary integration model's criticizing, to complete by its own answer. So, when the European integration would be assumed as fulfilled?

Unfortunately, it isn't yet the moment of such an answer, but the one of other two preliminary precisions. Firstly, as this EU type integration overpasses the economic area of judgement, the same for this moment that is here searched for. Secondly, there will be an economic, administrative and governing structure to talk about and here recall the way that – on another plan of the same facts – even democracy shouldn't be called to renew or re-invent its forms. So the governing structure, that fits both the integration's appropriate end, as aimed, and democracy preserved on appropriate and veryfied forms. Let us recall that today the EU proved original in the "right way" by succeding to implement this new type of currency, but its "originality" now prolongates to the "wrong way" of supporting it in the default of some basic tools of the latest, like treasury, central budget and certainly, a well to do government working this way in context.

The conclusion on this above is just one: the *States-federative* structure; no alternative end of the process, except for continuing on an endless contradictory context and series of facts – or these facts include the current situation in which the EU documents seem to avoid any debate and perspective analysis about, here including the fiscal union hypothesis. The end and accomplishment of integration is supposed to come when no any more contradictory pressure of events. As for the past, this new States formation was born conversely than all the other State or federation entities of the world: the central bank – monetary authority – first, for a government – political authority – to come later on, and this to play "equal part" with the monetary authority for managing the formation's money. This formation would be expected to reach its own identity step by step and this is institutionally complete when there will be all: *government, central bank, money*, strong *budget* and *unitary taxation* – or, at least this is what we can currently see around. Of course, the unitary taxation identifies with the *fiscal union*, in which's picture taxes will be paid to Brussels first, and then to Bucharest, Sofia and Berlin, and these latter as rather local taxes, in a new Union's fiscal structure – all these meaning that reinforcing the Union means something we don't like to call "re-centralization".

The last – directly meaning shifting the State authority position to the second level of power – is, more precisely, what strenghtens the contrary pressures of Euro-skepticism, nationalism and anty-Unionism. We live in the period in which these opposite pressures – in favour and contrary to the integration achieved – seem rather comparable, but this might remain meaningless for even the immediate future – here recall that once, in sixties and early seventies the non-EU type integration seamed more successfull even in Europe, events went in the contrary sense just when even the today EU was just incipient integration itself at that time. The present is still able of producing enough surprises, in its turn.

That is why, once getting certain that the current trend of the EU type integration leads to the *States-federative* structure, I personally do not dare to really bet on such a future as similarly – the mass of current and next future devolopments is able to contain enough unexpected and unexpectedly powerful items acting in all possible directions. See the today crisis moments in which, on the one hand, the Union looks stepping back to national (i.e. German) power re-assertion, on the other the recent *Fiscal Treaty* – that might be able to be a right start on the long way towards the presumable fiscal union, as advanced integration on its old continuous way – came up as sustained by even the same German super-power in the area.

Finally, instead of a „prophecy" in the matter of European integration, let me have two more ideas below in this paper: the one is for a certain aspect, the other reveals another unknown. As for certainty, it is sure that a presumable integration advance on isn't to be taken as an "utopia" of the "old times", and foreseeing or expecting the federative structure in place would be no longer an issue of personal support or ideological option either, in a zone expected to sharp feelings at least on these both sides. Concretely, the Union is a new entity joining a political game together with the State entities, local public administrations and citizens and their groups. Or, this larger context would even allow the Union to act in favour of public administrations, regions and/or citizens in a kind of "theory of games" against the Member States' authority – as by consequence, citizens might not necessaryly deplore the national authority's political step back or hate the "supranational" idea when seeing their own interests in dynamics.

As for less certainty, recall from above the unique market's evolving. This is certainly the liberal part of the process, that is why this looks sometimes contredictory, other times silent advance and with no direct and visible linkages with the here above debated institutional developments. Market gives form to the European region's *demand-supply* on long terms and, irrespective of institutional developing, its component (segment) industries act on more or less market competition.

Notes

(1) See a career that followed at the Yale University, at the World Bank, as consultant, and finally as a professor at the John Hopkins University (Wikipedia).

(2) According to B. Balassa: *Towards a Theory of Economic Integration,* Kyklos International Review for Social Sciences, 17 pages, 1961. See also Balassa (1961).

(3) In the comminist style, as for instance.

(4) And such an aspect comes to be deepened and detailed in the below paragraphs of this paper.

(5) The curious anecdotic detail is that both classics of the European integration economics (Balassa and Viner) have fulfilled their scientific careers out of Europe, on the Northern American continent.

(6) See a rather journalist speculation on such "companies taking an unfair profit" from the integration process for really concluding that it was just them initiating a whole integration, as very "convenient" for their own "restraint interests" etc.

(7) Here recall the old communist ideology joining specific long term programmes of such a type.

(8) Let us repeat that it twas about the imminent collapse of all IMS founded on the nominal anchor that would be the national currency of a Member State (McKinnon, 1992).

(9) That deserves at least a distinct description, like the one of this paper.

(10) There is to be understood that the FDI condition is as complex and large that these basic prices can be taken as just part of it (Andrei, 2008).

(11) The way that simply relates to the correspondence between the aimed money-price stability – the one that also includes a balanced depreciation on longer terms – to a maximum budget deficit of 3%, as related to the annual GDP.

References

Andrei, Dalina (2008). *Foreign Direct Investments and Economic Growth in the Perspective of Joining the EU,* Doctoral paper defended at the Romanian Academy of Sciences/Institute of Economic Forecasting

Andrei, L.C. (2009a). *Economie europeană*, Editura Economică, București

Andrei, L.C. (2009b). "The EMU is done. How about the fiscal union and the futurenof the United Europe?", *Theoretical and Applied Economics*, No. 1(530)

Andrei, L.C. (2010). "European Economics Update, Another Ten Theses on the Economic Integration"*, Theoretical and Applied Economics,* Vol. XVI, No. 10(551), pp. 49-72

Andrei, L.C. (2011). *Money and Market in the Economy of All Times,* Xlibris co. Bloomington, UK

Balassa, B. (1961). *The Theory of Economic Integration,* London, Allew and Unwin, 1961

Dinu, M., Socol, C., Marinaş, M. (2004). *Economie europeană. O prezentare sinoptică,* Editura Economică, București

McKinnon, R. (1993). "International Money in a Historical Perspective", *Journal od Economic Literature*", (29), pp. 1-45

Metzler, M. (2006). *Lever of Empire: The International Gold Standard and the Crisis of Liberalism in Prewar Japan,* Berkeley: University of California Press, p. [3], ISBN 0-520-24420-6

Mundell, R. (1961). "A theory of optimum currency areas", *American Economic Review* (51), New York, November 1961, pp. 509-517

Triffin, R. (1973). *Our International Monetary System. Yesterday, Today and Tomorrow,* Yale University Press

Tsoukalis, L. (2000). *Noua Economie Europeană Revizuită,* Translated into Romanian by „Open Society Institute", CEU Press

Viner, J. (1950). "International Economic Studies", *Economic Review*

Yves-Thibault de Silguy (1998). *Economic and Monetary Union in Europe,* Washington, Warburg Dillon Read