

EUROPEAN ECONOMIC UNION VS. A MORE PERFECT UNION OR EC 1992 AND THE U.S. CONSTITUTION: HISTORICAL SIMILARITIES FROM A MARKETING/ECONOMIC PERSPECTIVE

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ABSTRACT

The creation and growth of the European Community (EC) is an event which has been compared to that of the American Revolution as far as magnitude of change. However, a marketing and economic comparison between the two events has not been given much focus. The purpose of this research is to compare the marketing and economic impact between the U.S. Constitution and the formation of the EC, culminating in EC 1992.

There are many similarities and differences between marketing in the U.S. Constitution time period vs. marketing in the EC 1992 time period. A key similarity is in the breakdown of the barriers to entry in both interstate and intercountry markets. This tends to increase competition allowing for higher indirectly regulated prices and economies of scale due to competition pressures. This also increases marketing opportunities within both the U.S. and EC 1992. Another similarity is in the movement towards a standardization and coordination of product, distribution, price, and promotion (the marketing mix) although by the late 1900's, somewhat regulated pricing coordination is occurring under the EC through laws such as anti-dumping laws, etc. Another marketing similarity is in the debtor-creditor relationship. With supranational protection, there is increased opportunity to expand and grow the markets because financing is more attractive. And lastly, the movement towards a single and unified currency after both the ratification of the U.S. Constitution and EC 1992 enabled marketing activities to develop in the late 1700's and should do the same for EC 1992 in the late 1900's.

While not as significant as the similarities, it is worthwhile to note the differences in the level of marketing between the U.S. Constitution and EC 1992. In the later 1700's, there was little regulation or consumer protection. In the later 1900's we are at a developed stage of marketing which is in a more regulated, complex environment. This makes comparison of the two time periods difficult. In the later 1700's, territorial strategies were important while in the late 1900's, cost leadership vs. differentiation vs. niche strategies are common and territorial strategy is only one of many. Promotion was simplistic with printed media and word of mouth used as advertising in the later 1700's, while advertising is more advanced in the later 1900's with the use of technology and electronics. Consumer protectionism exists in the later 1900's through advertising regulation.

Based on research to date, the EC 1992 formation was an insightful formation that was in a sense, based on the similar ideals as the U.S. Constitution. It is remarkable that the U.S. Constitution incorporated economic and marketing elements that were 200 years before it's time! The EC is basically incorporating the same elements and strategy two centuries later. These key similarities include taxation, interstate and intercountry tariff barrier elimination, monetary systems, standardization and coordination at a supranational level, supranational trade protection, and increased growth opportunities in new internal markets. The U.S. Constitution worked and the EC 1992 can also work based on the analysis which led us to the conclusion there were many key similarities. This analysis also indicates that success evolves over time. For example, there have been several amendments to the U.S. Constitution and also it took over 50 years to effectively establish and enforce the monetary system. Similarly, the EC has been making changes such as the 1987 Single European Act and working through problems with establishing their monetary system (ECU). The U.S. emerged as a world power. It should be interesting to see what type and at what level of world power the EC will become within the next 25 years.