THE IMPACT OF THE EUROPEAN INTEGRATION ON GLOBALIZATION

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Abstract: The European construction started after WWII and took an irreversible course after the fall of communism in Central and South-Eastern Europe. The phenomenon of European integration may be analyzed in a theoretical interconditionality with the general phenomenon of globalization. Both aspects of the contemporary society are complex; therefore, they must be analyzed from several perspectives. Globalization, as a general phenomenon, concerns the entire human race and may be understood by several coordinates: economic, political, social, cultural, military, etc. The complexity of this phenomenon introduces certain contradictory aspects as well. The European integration is a phenomenon which mainly concerns the states located in the European geographical area and which explicitly manifested the desire to be integrated into the European Union. The European construction represents a recent mechanism, which requires permanent revisions, lest it should end up in failure. The negative effects of globalization were initially felt through the Asian crisis. This crisis somehow anticipated the American one and, inevitably, the European one, starting with 2005-2006. Romania is directly influenced by any negative or positive phenomenon concerning the entire European Union.

Keywords: European integration, globalization, Romania's integration into th European Union

The liberalization policy of the European capitals and the world financial market

The Capital Liberalization Directive, adopted in June 1988, is the document regulating the complete liberalization of capital movements for the EEC. The Single European Act, agreed upon by the member states, forbids any restriction concerning the movement of capital and payments among the member states and basically insures the solidity of the European integration. The complete harmonization of the capital market is also hindered by the national characteristics of the monetary markets deriving especially from the inflation level. The expansion of world trade, seconded by the capital flows, the unprecedented progress of science and technique, the transition of the communist economic system to the market economy triggered the acceleration of the regional and global integration process, which practically translates into enhanced business opportunities for banks, companies, and investors.

A brief review of these events refers to the expansion of the Euro-liabilities market, the formation and consolidation of the European Union, the increase of the importance of the multinational companies, complemented by financial crises, oil jolts, the crisis of the external debt, the collapse of communism in Russia and Eastern Europe. In the eves of the 3rd millennium, mondialization has become a state of fact. Under these conditions, the governments, international financial institutions, business men will have to deal with defies and challenges, the so-called “new rules of the game”. (Jinga, Popescu, 2000, p. 38)

Globalization also presents a series of positive, novel, and dynamic aspects, as well as a multitude of negative, disturbing, and marginalizing aspects. From the point of view of the positive effects, the relations between states and individuals are deeper than ever. The world exports amounting, at the level of the year 2000, to 7,000 billion dollars, represent 21% of the GNP, compared to 17% in 1970. The direct foreign investments amounted to 400 billion dollars in 1997, meaning 7 times more than the level reached in the ‘70's. This world integration process is the result of the changes of perspective in politics: promoting the economic efficiency by: a) liberalization of the national markets and b) disengagement of the state related to several economic activities.

Although the recent innovations in the technology of communications lie at the origin of the process, integration is still partial: the boundaries stay closed especially to the poorly qualified manpower.

However, these tendencies conceal a series of divergences: great progress, but also huge setbacks, shortcomings, and inequalities among countries and regions, poverty being omnipresent today. In the industrialized countries, poverty is masked by statistics and yet an individual out of eight is affected either by long-term unemployment, or by a life expectancy under 60, or by an income lower than the national poverty threshold and a precarious competency level, which does not allow for the situation to be surpassed.

In some countries, the human poverty index presents great disparities according to region, such as, for instance, in India, where the poverty level is twice as high in the state of Bihar than in the Kerala region. At the same time, the inequalities between men and women are still shocking. In many developed countries, women are almost completely left out of the political life. Women occupy more than 30% of the seats in Parliament in only 5 countries in the world, while in 31 other countries, the feminine parliamentary representation is less than 3%. As for the collapse of the capital markets or criminality, HIV transmission or the greenhouse effect, the risk of propagation of deviations is huge. The planetary dangers are growing, surpassing the national and international possibilities to intervene or retort.

The main characteristic of the economic environment resides in the alternation between the expansion and recession phases and the financial volatility. The financial crisis in Eastern Asia destabilized the life of millions of people, reduced the growth perspectives in the region, but also in the rest of the world. The analysis of the Asian crisis allows for several important conclusions to be drawn concerning the capital market. First of all, instability represents the characteristic of the globalized financial markets. A key element of the onset of the Asian crisis was provided by the massive and instantaneous, yet short-term, injection of capitals, followed by a just as abrupt withdrawal. The second important conclusion refers to the increased prudence with which governments have to open the access to capitals in the short run, highly speculative, especially when the institutions regulating the financial markets are incipient.

What will be the evolution of this loop of divergences we live in in the next century? Will globalization win, with its positive balance intentions, in a kingdom dominated by intelligence, or will victory belong to the Faustian spirit and terrorism? We will have to wait and see what the answer will be. Who will gain the most, following change? Certainly, not the European exchange offices. The field of computer science and the consultancy and accounting companies will make the most of it, as there will be a demand for adaptation of computerized systems. Eventually, the economy, on the whole, will benefit following the currency integration and stability, this being the fundamental purpose of the project. A series of large companies, such as Philips or Siemens, have timely prepared the transformation of their account records into euro, which pushed the smaller companies to do the same.

The capital markets also prepared at their turn. The state bonds issued after 1999 will be in euro, and the ones already circulating have been converted. In what the future of the financial centers is concerned, opinions do not concord, for the moment, and no final estimates can be made. If Great Britain joins the MEU, London will have the means to dominate the capital market. The smaller financial centers, such as, for example, Brussels or Milan, will restrain their activity. If not, there is the danger that the *offshore* market in Great Britain embezzle in its profits part of the volume of the financial activities generated in the euro area. The competition among centers and financial institutions will get fiercer, and the result will be the conclusion of alliances on the continental markets. London is one step farther than the competition when it comes to the financial liberalization, which allows it to take advantage of the natural concentration tendency noticed in the industry of finances. Making use of the 'opting out' clause, Great Britain is, for the moment, outside the rigorous monetary policy and discipline imposed by the CEB, London preserving its status as offshore center. At the same time, London's advantage is slowly being put down by Paris, which offers superior security guarantees for transactions. (Delumeanu, 1999, p. 103).

As for the side products, the unique currency will determine a uniformization of the fixed-term contracts. At the same time, the quotation of the movables in euro will allow for a better comparison and create new arbitration possibilities. The possible streamlining and success registered in the financial field finally depend upon the ability by which the MEU accomplishes the complete financial integration of the member states, creates a system of practices on the capital markets as uniform as possible and attracts a transparency as complete as possible in the system of quotation and evaluation.

The contemporary debate refers to the extent and efficiency of the monetary policy, doubled by another controversy, just as supported, concerning the status of the institution leading to this policy. Must this institution be an emanation of the legitimate political power, allowing for debates on the politization of the monetary authorities or may it be about an institution relatively independent of the government, such as, virtually, Bundesbank or FED?
The efficiency and extent of the monetary policy and the one referring to the status of the central bank are inseparable. The impact of the external constraints must not be absolutized: no country can totally abandon itself to the wave of adjustments, acting ceaselessly. Thus, it results that a certain degree of independence must be permanently envisaged and maintained, which does not mean isolation from the internationalization process. The economic independence represents today that maneuver and security margin, which allows us to drop out of the game when "the cards turn bad" and, at the same time, it means keeping a certain decisional autonomy. Independence thus relates to the national interest and the quality of the most valuable capital, the human one. A country that does not strive in this respect, concerning its food supplies, health, education, comfort, civilization and, generally speaking, everything related today to the quality of life, risks vanishing, sooner or later, from the geopolitical scene. Today, when we so well know what forces are unleashed, how many inequalities overwhelm us, it is obvious that this desideratum is not simple.

Two external policies are a must today: a) competitiveness policy; b) cooperation policy. The competitiveness policy is the key stone of the maneuver margin. If we do not succeed in insuring a satisfying competitiveness level, we may expect the dependent status of a colony or satellite. Although it was said, in the beginning, that the currencies once left to float freely, all the problems will be solved and the adaptations will come naturally, soon after that, it got to the floating controlled by the central banks, but this did not work either. The next step was the coordination of the monetary policies and, at present, the economic policies, within the EU and the G7 group.

Euro debut – between success and skepticism

"Day E", meaning the day of the euro, January 1st, 2002. It is the moment when more than 300 million European citizens started to have one thing in common: the same currency. Conversion is the second stage of a long process, comprising two steps. The first step, the electronic introduction of the euro, was taken in January 1999, when the imports and exports in and out of the EU area were calculated in this unique currency. After January 1st, 2002, the most important moment meant that the consumers in 15 European countries, as well as the tourists visiting them, be left without the national franc, mark, and lira and start paying for food, train tickets, or consumption goods in the new bills of the unique currency. The passage to a single currency was not just a simple matter of monetary logistics. The immediate or long-term consequences, good or bad, are tremendous. This may be the stand that the Western analysts adopt towards the passage, after January 1st, 2002, to the unique currency. (Jinga, Popescu, 2000, pp. 67-142)

Skepticism because nearly 40% of the more than 300 million citizens in the EU member states do not realize that, in that particular year, they will no longer have in their pockets their own national currencies. The same may be said of the small and middle-sized companies. The managers of these companies did not strive too hard to understand the phenomenon of passing to the unique currency. For them, the critical moment appeared when they had to pay the salaries in euro. Distrust comes from the dark forecasts concerning the economic growth and inflation in the 15 member states. Five months before „Day E", it became ever clearer that Europe was in trouble. If, at the beginning of 2001, the CEB forecast an inflation of 2%, in May 2001, the index of consumption goods rose up to 3.4% per year.

On the other hand, there is the commercial mayhem that the countries in the monetary union could go through. The analysts consider that the foreign tourists will be the most disadvantaged ones, meaning they will have to pay more for beverages or food. And this even if millions of products and services are to be recalculated in euro. The national associations for consumer protection are already complaining that the price increase is higher than the predicted inflation rate. The traders, who promised not to adapt a psychological strategy of price increase, have already applied such increases as 4.99 euro, even if the real value, following the conversion, was 4.50 euro. In order for the unique currency to gain the population's trust, it should not cause gaps after the passage from the national currencies to the euro: no payment delays, no temporary currency crises.

Certainly, a series of possible scenarios may be formulated, starting from the current regulations and the trust shown to the unique currency. The European unification is more than an alliance or an association by virtue of the integration under the tutorship of some supranational bodies. It is only possible by the self-limitation of the bad pride movement of the national entities and the conscious delegation of some competences assigned to the national bodies.

The unique European currency and its impact upon the capital markets

The euro is the official currency of 16 of the 27 EU member states. The name "euro" was officially adopted on December 16th, 1995, at the European Council in Madrid, and the currency itself entered the international markets on January 1st, 1999, replacing the so-called European monetary unit, and, on January 1st, 2002, it was placed into circulation, eventually replacing the national currencies in the Euro Area. Thus, the euro becomes a symbol of the EU. The national currencies and bills of the states in the Euro Area were taken out of circulation on February 28th, 2002. The concept of unique currency lies upon the treaties founding the EU. The Treaty of Rome (1957) declared that the common market is one of the objectives of the European Community, which will contribute to a tighter union among the peoples of Europe. "The EU Treaty (Maastricht – 1992) introduces the Economic and Monetary Union and lays the foundation for the unique currency."[1]

The graphical representation of the unique currency was inspired by the Greek letter epsilon, meant to connect both to the cradle of European civilization and democracy, and to the first letter of the word 'Europe'. The two parallel lines in the graphical symbol are an indicator of the stability of the euro. When WWII started, most currencies in the industrialized countries were tightly related to the so-called 'golden standard',[2] in the Bretton Woods system. The supremacy of the dollar, the devaluation of some European currencies forced the European politicians to search for solutions to rebalance this imbalance by an economic integration among the European nations. If the plans to achieve the euro currency date back to 1969, on its 5th anniversary – January 1st, 2007 – its introduction was mainly seen as a success story. Today, the euro currency, strong and stable, has become one of the international currencies leading world economy. The Euro Area is more capable of absorbing the price increases than the member states can do it individually. The currency's influence is quite large. A strong euro has a negative impact upon the exporters, yet still helps importers and the investments in the euro area anywhere in the world.

A unique European currency means a unique European monetary policy. Even if there is no European economic policy, all the member states in the Euro Area must develop their own economic policies within the limits established by the EU. While the practical benefits of the euro currency are fully recognized, the changed environment of the means to accomplish the economic policy caused severe problems to the politicians. For the citizens of the EU, traveling in the euro area is lighter, it does not require cumbersome currency exchanges. The comparison of the prices for goods and services is easier, thus contributing to the improvement of the functioning of the internal market and to the support of the competition, with benefits for the consumers. The economic stability insured by the euro benefits the entire climate, from families to economic agencies. The introduction of the euro currency led to the expansion of the intra-euro trade area by 15%. Besides the fact that it favors journeys, a unique currency, euro, in this case, is a positive element from an economic and political point of view. The context in which the euro is managed makes the European currency a stable currency, with a low inflation level and low interest rates, thus contributing to the solidity of public finances. The unique European currency is a logical supplement of the unique market, the efficiency of which is rising. Using the unique currency increases the transparency of prices, eliminates the costs of monetary exchange, sets in motion the mechanisms of the European economy, eases the international trade, and strengthens EU's stand on the

[1] In this respect, see the information on www.infoeuropa.ro
[2] In this respect, see the information on www.eu4journalistes.eu, the MEU and the € currency

international scene. Thus, the dimension and strength of the euro area provide good protection against the economic shocks, internal and external, such as the unforeseen increases in the price of oil, the turbulences on the currency market, and the fluctuations of currency exchange.

We have to note the fact that "the euro currency represents, for the citizens of the EU, a tangible symbol of their European identity"[3]; the euro area expands and the advantages for the current and future member states multiply. Although the introduction of the unique European currency has been a real success and beneficial, both economically, and politically, a sort of skepticism as to the euro area installed among the citizens of the European Union.

The more the old currency is used, the stronger the feeling that the prices increased; most people are prone to a capital mistake – they convert the euro to their national currency - and this is one of the reasons why the euro currency is compared to the prices in the past. People forget that using the old currency would have created much higher prices because of inflation. Contradicting the general impression, the polls of the European Commission showed that the change to the euro did not bring significant price increases. Thus, the European Commission is the one which forbade the possibility for a country, once entered into the euro area, to abandon the new currency. The euro will be here for a very long time, and work as the sole European currency. As the advantages brought by its use, at a national and European level, weigh much more than any other issue.

Whether the skeptics' perceptions of the euro area are legitimate or not, when it comes especially to the stability of the national economies, is still debated at the macroeconomic level. The only thing that we may be sure of is that the euro area registered an important economic growth, which will continue to evolve in the years to come. It is certain that the economy of the euro area stays the strongest, with recent fluctuations concerning the lower interest rate for the EUR than for the USD. (the USD being removed from the international markets, while the EUR gains ground and gets to totalize 25% of the international reserves).

With the evolution of the social-political and monetary systems, the concept of security underwent mutations which distinguish it from the past. Today, it answers questions concerning the climate and energy at a regional or global level. Thus, these topics are ever more frequently debated within the European and world forums and institutions. The concept of NATO is the action means adopted following the analysis of a strategic situation. It is the enouncement of that which must be done, as flexibly as possible, to allow for the development of the military, diplomatic, economic, psychological or other, lines of action. "The North-Atlantic Treaty Organization (NATO/OTAN) is a political-military alliance appeared in 1949, by the North-Atlantic Treaty signed in Washington on April 4th, 1949, and currently comprises 19 states in Europe and North America."[4]

NATO managed to insure the freedom of its members and to prevent the escalation of the Cold War in Europe for 40 years. From its establishment and until now, NATO permanently adapted and reshaped, successfully coping with the changes in the global security environment. The new international security environment, before and after the 'Cold War' (and especially the one after the 9/11 terrorist attack) leads to fundamental basic

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[3] http//:ec.europa.eu/economy-finance/euro/index_ro.htm, the € currency-ECFIN-European Commission
[4] http//:ro.wikipedia.org/wiki/OTAN

assumptions, which must be taken into consideration for the transformation process. The new threats, new missions, new capabilities, new cooperation framework appeared as realities. The EU wanted to have at its disposal its own defense capacity, and from June 2003, in Thessaloniki, the member states started to take care of the "creation of a European Agency for Arms, Research, and Military Capabilities, based on Art. I.40.3 of the Treaty Draft elaborated by the Convention." (Bărbulescu, 2008, p. 433). This agency was to consolidate the industrial and military dimension of the common European defense. This defense model may be considered a "variable geometry" one. (Bărbulescu, 2008, p. 32).

The formulation of this NATO strategy, meant to defend the North-Atlantic area, was known as "the concept of collective defense". "The concept developed, being considered that the alliance established a wide scale operational strategy for the territorial defense."[5] The new concept of the Alliance restates the defensive character of NATO and the will of its members to defend their security, suzerainty, and territorial integrity, as well as their intention to participate in the management of the crises and conflicts in the Arab countries and not only, in the insurance of security in the Euro-Atlantic area, orienting the security policy towards dialogue, cooperation, and an efficient collective defense. The concept of NATO must reflect Europe's changes, from its adoption and to reconfirm the determination of the allies concerning the collective defense and transatlantic bond. Thus, we have the guarantee that the strategy adopted by NATO is fully adapted to stand up to the challenges of the 21st century. NATO is the guarantor of the security of the Euro-Atlantic space and the defender of the values of democracy, both inside, and outside its borders. Because of the economic-social-political changes, at world level, as well as of the passage to a new 21st century, NATO and the UNO ended up as partners in their initiative to build a better security at world level. The potential of such a relationship is huge, as the purpose of the two organizations is to promote peace, security, to encourage the friendship relationships among states, by dialogue and cooperation, as well as to act when need be, to the challenges targeting peace and world security.

Although the UNO is not a world organization, and NATO is a regional one, the transformations of the international security environment made some aspects of the relationship between the two organizations change, so that it should be considered from another perspective. Due to its involvement in the fight against terrorism, NATO has become an organization with global responsibilities. Thus, NATO acts as an organization for political-military security and collective defense, contributing to maintaining peace, the stability of the Euro-Atlantic and global spaces, by political, diplomatic, and military means. This is performed in their own name or under UNO's consent, or in collaboration with other international security bodies. The end of the 'Cold War' gave the Euro-Atlantic space and its immediate proximity the possibility of new geo-political and geo-strategic configurations, as well as the establishment of a security policy much ampler and more stable; and the disappearance of the democratic lines opened up a new perspective for the former communist states in Central and South-Eastern Europe. The enlargement of the Alliance gave Romania and the other states hopes for adhesion to NATO, as well as for the establishment and

[5] In this respect, see C–tin Moştoflei, *Evoluţia Conceptului Strategic al Alianţei (Evolution of the Strategic Concept of the Alliance)*, Center for Strategic Studies and Defense and Security, apud: www.presamail.ro, p.206

strengthening of the European security. Despite the budgetary austerity, Romania's general effort of adhesion to NATO was an impressive gesture. Today, Romania's army plays an important part in NATO; the main member states offered the Romanian military staff support and assistance programs in the military training and instruction field.

Ever since its adhesion to NATO, "Romania has proven its ability to act as a de facto ally of NATO." (Popescu, 2002, p. 440). Its infrastructure and the facilities it may provide the Alliance on its territory are valuable (ports, airports, storage houses, communications, logistics, medical assistance, railroad terminals). Not generating conflicts and tensions around, only presenting itself as a security factor, Romania, by its army, is a guarantor of regional peace and security. The relations it has with Central and South-Eastern Europe insured it a stance of state with a decisive contribution to consolidating the Southern dimension of the alliance.

The presence of Romania and its military forces in the NATO structures is a necessary and credible one today, because it has the ability to create that 'security bridge' (Popescu, 2002, p. 35) so much desired by the Alliance between Central and South-Eastern Europe. Thus, Romania becomes the stability factor in the Balkans. As a response to the terrorist attacks in these last few years, states on all continents, regardless of their political regime and size, pronounce for the democratization of international life, consolidation of peace, free and independent development of all nations, and the instauration of a new economic and political order, working together under the direction of UNO or NATO.

The model of European integration versus globalization

If we refer to the actors of the European construction, we notice the same two features, unity and diversity: a unity given by the juridical and institutional context in which it operates, and a diversity of the role, function, interests, and power it exerts. The institutional architecture is one of the defining elements of the European Union, a unique institutional system, which finds no correspondence at national or international level. It is a true challenge to describe the structure, functioning, and manner in which the supranational, national, regional, and local institutions interact with other bodies, which represent the citizens' interests (political parties, manager associations, worker unions, NGOs or interest groups). (Delumeanu, 1999, p. 25).

It may be said that the European institutions have tried to keep up with the expansion and consolidation process of the Union; their number increased (upon the entering into force of the Lisbon Treaty, the European Council and the Central European Bank were awarded the status of institution), and their competences expanded (an example being the evolution of the Parliament from a purely consultative role, to precise attributions in the decision-making process). One of the objectives of the Constitutional Treaty and the Lisbon Treaty was making the institutional framework more proficient. This does not mean that there no longer are criticisms referring to the democratic imbalance and suspicions concerning the manner the Commission and work groups related to the Council and Commission represent the supranational interests, taking into account the fact that their members continue to be elected by the member states, or the manner in which the Presidency of the Council manages to deal with the desire to defend the national interest, along with its duty to coordinate the "whole", to reach an agreement, which should target the supranational European interest. There are contradictory opinions concerning the role of the national state in the current European system. On the one side, there are the ones saying that the role of the state has changed. The state gave up part of its sovereignty to some supranational institutions and even accepts to be monitored and controlled by these ones. On the other hand, there are the ones claiming that there are only a few fields (customs union, competition, monetary and commercial policy or the protection of the marine biological resources) in which the Union substitutes for the member states, depriving them of their decisional power. In the other fields, the Union only completes and coordinates the action of the states or facilitates the compromise, its constraining power being limited. The state is still the lead actor, even within the European Union, being represented at all levels of power and in all fields. Even the commissaries, the judges at the European Court of Justice, the members of the Central Bank, of the Committee of Regions or the Economic one, and the European parliamentarians, are all sensitive to the national realities and interests, as they have either been appointed by the governments, or enlisted in national party records.

The Union considers that the European political parties are an important element of democracy and of the creation of a European consciousness. There are also voices who claim the opposite, that we are dealing with a democratic deficit of the national parties, that these ones have not undergone a process of adaptation to the European integration, that they have not developed new rules and internal structures, in order to call the members activating in the European institutions to account. It all starts from the fact that the European issues and choices are considered "second rank", some sort of external policy, which only appear tangentially in the national electioneerings. Not playing the part of tutor in the European problems, or the one of binder between the citizens and the European Union, the political parties let the public opinion structure itself or be influenced by another important actor on the European stage, the mass-media, holding a double part: informational and formative. It is known that the manner in which the journalists decide to present a piece of information, to hyphen certain aspects, while neglecting or omitting others, greatly influences the individuals' perception and attitude towards a certain topic. Yet, most European citizens admit that the favorite informational source concerning the European integration is the media.

More recent actors on the European stage are the regions and organizations of the civil society. The '80's and the '90's, by promoting the cohesion policy and the principles of subsidization and proportionality, determined a higher transfer of competences towards the regional level and an acknowledgement of its importance, from an economic, political, and cultural point of view. If the "Europe of regions" seems to be an accepted notion, the purpose of which is understood by most citizens, things are a little different concerning the organizations of the civil society. The first issue encountered in the attempt to present the role, structure, or influence held by the civil society in the European Union is that there is no clear definition of the organizations of the civil society in the official records of the Union. However, they are credited with easing an open political dialogue among all the parties involved or affected by a certain political decision, thus contributing to the reduction of the democratic deficit and to the legitimization of the decisional process within the Union. At their turn, they need access and credibility before the actors, who define and implement the policies; they need to inform the institutions of their political interests and preferences.

The institutional context, resources, organization of the group, and strategic choices determine the access and influence degree; then the interests they represent may be public or private, national or international. Thus, the controversies related to the transparence of the decision-making process appeared, owing to the doubtfulness concerning the influence of the interest groups and experts in the whole legislative European process: from establishing the agenda and formulating the policy, to ratification and implementation. Although the European leaders have tried to create a set of rules (by the White and Green Papers, the Code of Conduct or the electronic record), in order to ensure that the influence and contribution of the representatives of the interest groups to the legislative process is a positive and constructive one, the discussions concerning the manner to monitor and regulate this access, without restricting the exchange of information, stay open.

The debates concerning the democratic deficit and the rules that should govern the decisional process within the Union continue. In a European context in which the interactions among the players are characterized both by competition, and by collaboration, the desire of all the representatives of the public or private interests, local, national, or supranational, seems to be the enhancement of legitimacy and of the influence power that they exert at a European level.

Another topical theme is the nature and finality of the European integration process. The topic is not new; the debates started before the creation of the European Coal and Steel Community and continued up to the present. Thus, theories emphasizing either the role of the nation-state and the intergovernmental cooperation (realism, neo-realism, inter-governmentalism, neo-institutionalism), or the supranational cooperation and the role of the regional and local players and of the supranational institutions (federalism, functionalism, neo-functionalism), appeared. We cannot say that one or the other of these theories prevailed. The European Union is actually the result of confrontation, of the compromise between the two thought patterns. It is more than a simple intergovernmental organization, but it is not yet a federal state, but a "hybrid".

The rejection of the Constitutional Convention Project is considered a new victory of intergovernmentalism and proof that the Europeans are not ready to take the step to becoming a federation. The supporters of this trend claim that the national interests are still well represented at each decisional level and that, except for some domains included in the community pillar, decisions are still taken by the member states. Moreover, they claim that Europe rejected the federal state model right from the beginning, by stating the political aspirations included in the preamble to the Treaty of Rome, which mentioned a "union of the European peoples" and that the founding fathers did not wish for the creation of a federal state, but for the strengthening of cooperation, the states remaining the main pillars, and that supranationality was not meant to replace the intergovernmental cooperation, but to make it feasible – the integration process used to be and is accomplished by the member states and determined by their national interests. (Cociuban, 2002, p. 34).

As we have mentioned, the European Union is "somewhere in between" an intergovernmental organization and a federation. It is a hybrid, with no correspondent at an international level. Therefore, it must deal with the classic challenges in a particular manner, whether we are talking about the external or internal ones, or about globalization or the accusation of democratic deficit. The Union is a system in which the competences are shared and always negotiated. It switched from a state-centered system to one in which the competences have been delegated upwards, towards the European level, and downwards, towards the subnational one; from a pyramid-type system, strongly hierarchized and centralized, to a suppler one, network-type, with vertical and horizontal interactions and with interactions between the internal and external dimensions of politics. The government and state institutions no longer hold a privileged role, but must collaborate with the non-state players, representatives of the civil society, of the non-governmental organizations, of the interest groups, etc. The changes brought do not suppose the disappearance of the national state, only the change of its role. Thus, a new approach was necessary, more complex and less rigid, which should reconcile the general interest with the multitude of particular interests, a redefinition of the relations between the center and the composing units. The concepts of governance, sound governance, and multi-level governance were employed.

In conclusion, we could say that the European governance is an approach which attempts to reunite the various perspectives concerning the complexity, diversity, and dynamism of the interactions among a variety of players. Both the vertical dimension, the interactions among the players located at different territorial levels (supranational, national, regional, and local), and the horizontal one, the network in which the role of the non-state players is ever greater, are taken into consideration. Attention is not focused on the integration process itself, but on the issues it poses (efficiency, legitimacy, sustainability) and its functioning principle (negotiations, decision making, implementation, creation of new partnerships, etc.), and an important remark would be that promoting the new forms of governance is not the responsibility of the European institutions or the Commission alone, but of all the levels of public, private, or civil society authority.

Romania and the European Union

Romania and Bulgaria's integration allows the European Union to preserve its title as the greatest economy in the world. Without these two countries, the European Union would have again given up the leader's seat to the United States. According to the predictions of the International Monetary Fund, the EU-25 GNP, calculated against the parity of the purchase power, would have reached, in 2007, 13,539.4 billion international dollars, as compared to 13,678.3 billions, the GNP of the US. Luckily, it became EU-27 and will benefit of an 'injection' of 300 billions, coming from Romania (218.9 billion international dollars) and Bulgaria's (82.5 billion) GNPs, which help it surpass the GNP of the US by 160 billion international dollars.

It must be noted that the PPP (parity of the purchase power) expresses the summary of exchange units needed for the purchase of the same amount of goods and services that may be obtained based on the reference monetary unit and has the advantage of eliminating the discrepancies related to the level of prices among the countries or groups of countries making the object of comparison. In 2002, Great Britain's capital represents the most powerful European region, from an economic point of view (taking into account the member states of the European Union and the candidates to adhesion). At the other end of the top there is the North-Eastern region of Romania (comprising the counties Suceava, Botoşani, Iaşi, Neamţ, and Vaslui). The GNP per inhabitant was 13.9 times higher in London than in Moldova at that time. One year later, this report had dropped to 12.8, and according to the latest estimates, it is highly probable that in 2006, the two regions be found at the poles of development, with

London's GNP "only" around 11.5 times higher. If the yearly growth rate is preserved, it will be another 30 years until the North-East of Romania reach, at least on paper, London's economic growth – which is not supposed to hold still and wait for being caught up with. Then, there are the not so big, yet significant, differences between the GNP per capital registered in Romania and the average of the European Union. If, in 2005, the former represented only 35% of the EU-25 level (meaning calculated for the 25 member states of the European Union), in 2006 it could get to around 38%, this time, from the EU-27 GNP (the 25 member states, plus Romania and Bulgaria).

We do no better with other capitals: the average wages reached around 260 euro, in November 2006, as compared to 350 euro in Latvia, 500 euro in Hungary, 1,000 euro in Indonesia, 1,350 euro in Spain or 2,600 euro in Sweden. Only Bulgaria, with its almost 200 euro, is lower than us. The inflation percentage, amounting to 4.9, is still one of the highest in the EU, and the commercial deficit, amounting to approximately 10% of the GNP, is not giving us too severe headaches only because of the massive incoming of money, either as foreign investments, or sent by the Romanians abroad.

More than the majority of the candidate European countries, Romania sees in its relation with the European Union the extraordinary chance of defeating the trap of falling behind and the accomplishment of the secular hope for modernization. Integration would shelter us against the instability and perturbations in the rest of the world space. However, the economic growth envisaged is only seldom encountered. In Western Europe, Ireland is the most interesting case. It is true that Spain and, especially, Portugal witnessed improved evolutions after the end of dictatorship - that of Franco and Salazar, respectively - but neither of them ever registered such growth rates as Ireland did. Fair enough, upon its entrance into the EU, Ireland had an income per inhabitant of 59% of the EU average, while for Greece, upon its entrance (in 1981) the number amounted to 77%. And in 1998, the income per inhabitant in Ireland surpassed the EU average, while in Greece, it lowered to 66% of this average[6]. At a first glance, both the transformation, and the development would be easy to solve if the public policy and what the private entrepreneurs do could "plant" progressionist institutions, instantaneously changing social (organizational) anatomies and physiologies, but institutions cannot be purchased or assimilated that swiftly, being a local social-historical product, which proves that time cannot be compressed at one's will. For Romania, the lesson is the following: in the absence of proper institutions and of a responsible (active) public policy, it will practically be impossible for it to experience the swift economic development it needs. And, without such a dynamics, it will be more and more difficult for it to join the club of the prosperous European countries. Romania's income per inhabitant represents approximately 27-28% of EU's average, at the same time being a country with a relatively numerous population (as compared to the European standards).

Various calculations show that, for Romania to register an average growth rate of 5% on the long term, when, in the EU, the average growth rate would be 2%, it would roughly need 20 years to reach to half the average income level per inhabitant in the EU, and catching up with the income per inhabitant (the parity of the purchase power) would not be possible sooner than 45 years. Joining the EU does not require reaching the average income level per

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[6] See the study of the World Bank, Progress towards unification of Europe, 2000, p. 40.

inhabitant in the club (as the experience of such countries as Portugal and Greece shows), but such numbers portray the size of the discrepancies and the historical challenge for Romania. For years, several political figures in the EU and opinion leaders in the Western European countries have been discussing about the costs and benefits of the Union's enlargement. The recurrent issues concern the following: massive migration, which would endanger the work places in the West, seen that unemployment is high and it may well be heightened by a slowdown of the economic activity; the competition of the countries with a not at all negligible human capital and with much lower labor force costs; the 'flee' of several companies to Central and Eastern Europe, which would increase unemployment in the West; the agricultural competition, seen that farmers constitute a strong lobby in the Western countries; and last, but not least, the burden, for the federal budget, of receiving into the EU some relatively poor states (although Slovenia's income per inhabitant is higher than Greece's), which would turn into benefit consumers (for agriculture and regional development).

The abovementioned issues cannot be overlooked by the candidate countries or considered a lack of public will, a double language of the Western European governments or of some of these. Reality shows that it would be very difficult to estimate the costs and benefits of EU's expansion, especially as this means approaching the sphere of dynamic measures. Sententiously stating that the non-expansion is much more dangerous (demanding) for Europe than its expansion is not a rhetoric persuasive enough for the common citizen in the EU countries. The numbers show that EU's exports to the countries in Central and Eastern Europe are higher than its imports from that area. At the same time, the manpower in these countries fills the basic gaps on the labor force market in the West. Concerning Romania, highly qualified specialists in the IT field are employed by companies in Germany and other countries, and many young people from Romania ensure the functioning of services in many hospitals, hotels, and restaurants in Italy and Portugal, etc. Romania has actually become a great exporter of qualified and less qualified manpower. The circumstances following 9/11 increased the disposition of the Western European countries to be more permeable to the infusion of manpower from the candidate countries - because there are needs, especially if we think about the effects of the population aging in the EU. There are also interests - sometimes quite opposing - within the EU concerning its expansion. For example, the Mediterranean countries of the EU (generally poorer) are apprehensive of the entrance of the Central European countries into the Union, as this will change the geography of the economic and political interests, especially as countries with an income per inhabitant lower than the Union's average will be accepted. Even if the EU experimented such admissions – the case of Greece, Portugal, Ireland, and even Spain – a Big-Bang type formula will not be easy to digest. (Jinga, Popescu, 2000, p. 53).

Romania will certainly be accepted among the NATO member states due to the following aspects of US's political thinking: as the British Mackinder used to say, America is the world island before the Eurasian continent (Heartland), and for the US, the manner the forces are distributed in Eurasia will decide their global hegemony. In this respect, the statements of President Clinton about America - the 'indispensable nation' - are reminded; the alternative to this American 'leadership', as Zbigniew Brzezinski postulates, is international anarchy. By the adhesion of the states in the first wave, Washington killed two birds with one stone: it strengthened its relations with Germany and expanded its relations with Russia (but President Clinton has also won on his side a great deal of the Polish origin electorate in the USA). The fact that the US consider themselves "the indispensable nation" means that they are aware that, being the only superpower left, their interests and responsibilities are extended worldwide, and that, at present, they have the material capacities needed to fulfill these interests and responsibilities.

NATO affirms where the external American policy is in Europe. Or, as Brzezinski used to say, Europe is the American springboard in Eurasia. The strategic priority of the US is establishing a permanent partnership with the old continent in order to keep its hegemonic position. (As General Michel Cot, Europe, via the WEU, used to state, it could have destroyed the conflict in Yugoslavia right from the start, with three ships, a few tens of planes, a few thousand men, and not by crushing the Serbs, but by manifesting their political will other than in words. But, after the WEU had secretly planned its intervention strategy, France's proposition, to get the WEU involved in the Yugoslavian space, was firmly rejected by Great Britain, supported by Portugal. As it is known, the 'performance' of all the parties involved followed, helplessly 'assisted' by Europe and the UNO, until the intervention of a vigilante NATO). (Bobică, 2008, pp. 123-169).

It was not meant to be for the EU to start the 'common external and security policy' agreed upon in the Maastricht Treaty with a success. It is not less true that inside the EU, there is an interest in international affairs. EU's participation is visible both financially, and politically, diplomatically, and militarily. For some issues, the European standpoint does not coincide with the American one (the 'Gulf' test has proven that not all the partners showed themselves ready to align behind the US). For the moment, everybody seems happy: both the ones thinking about the ambitions of the Germans, and the ones fearing the threats of Russia, both Russia, which would rather take 'one' (the US) than 'two' (US and Europe), and the Eastern states, which get to enter the high class; but especially the US, which would not have it easy with a Europe strong from an economic and political point of view.

Aspects concerning Romania's advantages and disadvantages under the terms of integration

Romania joining the EU supposes giving up the national prerogatives as a basis for the formulation and enforcement of economic policies, but this renouncement is not a mere act of transfer of prerogatives, as it concerns the ability of an economy to make its functioning with another space (the EU) compatible, without excessive costs, on both sides. There is a sui generis example of EU expansion, which refers to a former communist country and which comprises plenty of lessons - the eastern lands of the unified Germany. Today, more than one decade away from unification and after transfers roughly amounting to 800 billion euro, the unemployment rate in these lands approaches 20%, and the economic stagnation is a constant of the previous years.

A few words on dollarization/euroization. The ones pleading for this monetary arrangement seem to conceive the economic space where the scheme as a simple 'annex', lacking a complex internal life, would apply. This scheme omits, for instance, the consequences of a major commercial deficit, which would automatically and severely decrease the quantity of internal currency (with the Central Bank in the impossibility of intervening), which would cause a major deflation and recession, tough to bear from the economic and social point of view. Besides, the banking system would be submitted to terrible pressures following the high interests. Romania's historical chance at modernization by joining the EU must also be judged from the perspective of the need for 'sheltering' against the uncertainties and volatility in the world economic space.

Given that the flow of Romania's exports and imports with the EU at this time vary between 60-65%, and 50-55% of the total, respectively, the numbers being comparable with the weight of the intra-European trade of many EU states. It may be said that at least from the economic point of view – except for some non-tariff barriers for agriculture and a few industrial sectors protected by the EU – Romania is de facto integrated into the community trade. The statistical data in the last years indicate an improvement of the coverage extent of imports by exports via the EU relation. The orientation of trade towards the EU was accompanied by a significant creation of trade especially after the signing of the Association Agreement in February 1993. The asymmetric concessions of the EU Association Agreement protected many Romanian produces against the competition with the European ones, while the symmetric concessions of the CEFTA agreement brought significant deficits to this trade sector, the products of Romania's external trade being less competitive than those of its main partners, because of the productivity difference. The imports of produces from the EU area represent approximately 7% of the ones in the CEFTA area, amounting to 27.34% of the total, which makes us suppose that we are already dealing with the European competition by intermediaries – the re-exporters in the CEFTA area – bypassing the tariff barriers.

The adhesion to the EU of the countries in the first wave will make the deficit of produce trade swiftly worsen, just like Romania's comparative advantage over the EU. Romania's agriculture will not be able to rise up to the CAP rigors without the state's strong intervention to make this sector worth in the view of adhesion, although there are clear signs of an ever more difficult bearing of the CAP rigors in Europe (for example: the Netherlands), and this will not change, given the strong lobby exercised by the EU producers. Nevertheless, it is possible that the farmers in the EU be attracted, with Romania's adhesion, into obtaining certain ecologic productions on fields which have been at rest for more than 15 years. Spain's example, where, with its entrance into the EEC, the income of some producers doubled, is not conclusive. Romania has the highest level of agricultural labor force occupation – 27.9%. Agriculture, the production of which is based on small farms, using labor extensively, will have to cope with the greatest restructuring of manpower, so a great deal of the cost of integration will be paid by the employees in agriculture. Apart from unemployment, there may be psychological or transfer costs.

The advantage, as compared to the EU, knows a pronounced descending trend, while with the rest of the world, we still have a slight advantage. As for the chemical industry, it will be affected, seen that the percentage of EU imports stayed constant, while the export of chemical products decreased more than twice in the last five years, which proves the weak productivity and competitiveness of this industry. Without an adequate restructuring until the moment of the adhesion, it will not stand a chance in its competition with the EU. The industry of plastics, leather, and leather goods, cellulose and paper are weakly performing, Romania being, at this point, less competitive than any other CEFTA country. The structure of the internal production, being uncompetitive in general, these industries will only survive by their taking over by the great Western companies upon the adhesion. The industry of wood and treatment is advantaged as compared to the EU countries, preserving this trend by investments in technology and capital attraction. Upon the integration, this sector will benefit, developing and creating new work places. The apparel and footwear industry, with a quite high competitiveness, currently amounting to 32.43% of the total export and 47.04% of the total Romanian export to the EU proves viable; even if most of the production is low, the qualification and payment extent of the labor force in this field makes it viable. Integration will lead to an increase of the productivity of this branch, and to a decrease of the unitary manpower costs. The industry of glass and ceramics will be affected even with the adhesion of the first wave to the EU, because of its low competitiveness and unitary manpower costs. Because the countries entering with the first wave will benefit, the larger the EU, the greater the gains for the member states and the losses for the non-member ones. Currently, the states are developing and gaining on the expense of the losses of other countries.

As for the industry of metallurgy, machines, and equipment, if the trend of technological imports is preserved, Romania will gain from this field upon the integration. The unitary manpower costs in the metallurgic industry are much lower than the average for the rest of the industry. The fact that, at present, we export much equipment, but especially subassemblies, proves the viability of this activity sector. (Jinga, Popescu, 2000).

At governmental level, research and development are yet poorly supported, in Romania the weight of the expenses with research and development in the GNP being 4-5 times lower than that of the EU countries, even lower than in the other candidate countries. As for education, Romania lacks behind the EU average as number of students per inhabitant, the best going abroad. However, the combination of research, development, and education may trigger tremendous results. The Romanian producers and exporters of software are a category of winners – for example, SOFTWIN created the first software in the world using the WAP technology to remotely access and control security networks. This product was bought via the Internet by nearly 500,000 users in the US only in the last 45 days of the year 2000, making SoftWin reach its target of holding 1% of the world market for antivirus products in 2001, and for 2006 hoping to reach a market quota of 6%.

Conclusions

With the integration of markets, companies will have to deal with the ever fiercer competition characterizing the market of goods. As such, they will have to eliminate the excess of manpower in order to improve their productivity. The manpower is pushed into finding new work places, in other companies, activity sectors or even into changing their occupation altogether. The reality is that we are faced with an under-usage of the substantial manpower and, in the context of the future deficit of manpower in the EU, Romania may become a source of attracting human capital by the European industries (either directly, by the migration of the labor force, or indirectly, by subcontracting). Even now, when there are severe barriers before the migration of manpower (visas, labor permits), Romania is, along with Poland, the only country in Central Europe which registered a positive flow of migration to the EU.

Function to the mobility of manpower and the swiftness of adaptation, the cost of integration borne may be higher or lower. A rapid redistribution of resources will be accompanied by a redistribution of manpower, because people will have to direct towards those sectors creating employment. Turning towards agriculture 'as final employer' (for example, Botoşani, Iaşi, etc.) is not a solution, the agricultural field being restructured at its turn based on the criterion of productivity. First of all, the redistribution of manpower is necessary, because the companies must survive and develop their business in a completely new environment. At the same time, the sectors neglected during communism, namely, services, are on the increase and the manpower demand in this respect is also getting higher. Export is a process beneficial to the whole economy, but temporarily there will be people losing and people winning. Logics tells us that the losers will be those who are close to retirement, in the sectors faced with the economic downturn, holding specific qualifications which cannot be put into use in other fields, while the winners will be the young ones, holding qualifications in the rising sectors. In other words, in order to attain the structure of occupation in the Mediterranean countries of the EU, in the Romania of 1989, 31.3% of the working population had to change their activity field, occupation, and qualification. Therefore, in comparison to other countries, Romania will have the population the most affected by integration, needing a high flexibility in order to adapt to the new conditions on the labor market.

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