

THE BENEFITS AND COSTS OF ROMANIA POST-ACCESSION TO THE EUROPEAN UNION

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Abstract:

The paper analyses, first of all, the economic and social reality existent at the beginning of 2007 in Romania. Starting from this reality and from the requirements imposed by the communitary acquis for the EU member countries, we show what Romania has to do in order to accomplish a faster and more quickly European integration, an efficient one economically, socially and ecologically. Taking into account the major changes that have to be done, we also present the economic, social and ecologic benefits of Romania integration in the EU, as well as the perspectives of diminishing the gaps that separate us from the EU developed countries. All these changes and benefits generate many material and human costs and also changes in the economic thinking of Romanian people, costs that are grouped on different categories according to their nature. The paper closes with an original presentation of integration implications in the mentality and culture of the Romanian people, as well as the solutions that should assure the keeping of personality and national customs of this people.

1. The increase of population's welfare – the main objective of Romania's integration in the European Union

The notion of welfare refers both to the characterization of a person's situation and to the material and social preconditions of this situation. The welfare of a person has three major dimensions: *social welfare*, which broadly refers to the providing or collective receiving of welfare; *economic welfare* that refers to these forms of welfare assured by means of the market mechanisms or official economy; *state welfare* that refers to the assurance of social welfare by means of state.

According to N. Barr the expression *the state welfare* means "the capitalist state (especially the western one) after World War II, that constituted in a specific means of governing on the basis of social consensus, by combining the efficiency of market economy system with the social solidarity and the humanism of social policies"(Barr,1998, p. 8).

A first condition of welfare is the full employment, namely an employment with the unemployment of 2-3% not 0%, that should assure the competition on the workforce market.

In reality, only a few countries succeeded the performance of maintaining, during the whole postwar period, an unemployment under 2-3% (Norway, Sweden, Switzerland). After 1973, at the same time with the oil shock, we notice the incapacity to assure simultaneously a low unemployment and an equivalent balanced economic increase that should sustain it. The crisis of the oil price, imposed by OPEC (Organization for Petroleum Exporting Countries) in 1973, constituted the beginning of the state welfare decline in the Keynesian variant, but as Ch. Pierson mentions "it anticipated than started the crisis of a capitalist society that already confronts with major economic difficulties" (Pierson,1993, p. 72).

2. The influence of the accession to the EU over the social field

The European integration made us take part, at the end of the XX century and at the beginning of the XXI century, at a process of globalization of social policies. The globalization of social policies supposes the passing of the problems and decisions, from a national level to a supranational level, the reduction of national governments influence over the social policies and the increase of supranational organizations influence over the social policies.

The set up of the European Union and Romania's entrance in competition with the member states determined major changes in fiscal and social policies from which we mention:

- 0 unemployment, the main objective of Keynesian state welfare, "ceased to be a desideratum of the actual capitalist welfare states, not being able to be achieved by a certain country in a global economy" (Mishra, 1999, p.144). Sweden, the country that made huge efforts for two decades after the oil crisis, to maintain an unemployment of 3%, gave up after 1994 and recorded unemployment rates of 10-11%, decreasing to 7.2% only in 1999. Under the constraints of a too high budget deficit and the imperatives of its economy integration in the European Union, Sweden had to give up to the solution of full employment. The acceptance of a higher unemployment was registered in other countries from Europe or Asia too. Germany, confronted with the high costs of unification, South Korea, after the crisis made by IMF, and other countries accepted important increases of unemployment rate. Practically, only Japan seems to persist to keep a very low unemployment by isolating the economy from the foreign transnational companies, but the price is huge and is hard to believe that it will resist much time. As such, not even Romania will be able to eliminate the burden of a pretty high unemployment.
- by accepting the free movement of capital imposed by integration, the states and national economies strengthened considerably their position in the negotiations with the governments and the labor unions ; "if labor unions do not accept its conditions, the capital has any time the option of moving in a competing country"(Mishra, 1999, p.96).
- the consequence of the privileged position of companies in the negotiations with the political factors was the politicians dependence on the great finance, that can any time influence the elections results according to the degree to which they agree the members of government policies (fiscal, social);
- by increasing the unemployment and the strengthening of the employers position, the labor unions reduced their influence, and the economic management consensual approach suffered a considerable decline;
- because of the reduction of labor unions pressures in the favor of social policies and the increase of capital owners pressures for the reduction of costs, the government reduced the taxation rates, therefore they eliminated the budget resources, the state being obliged to reduce the social expenses, to limit its social protection functions.

EU appearance created the need of harmonization the Romanian models of social policies and the influence increase (economically speaking but politically promoted) of some supranational agents of globalization (World Bank, IMF, UNO) that can impose to small countries models of reform and social policies.

The economic part of European integration had, in our opinion, the greatest influence over the Romanian social policies. This happened because the economic competition where all the member states take part created a competition of decreasing the costs by reducing the taxes or salaries in order to increase the products competitiveness; the taxes decrease led automatically to the reduction of state social expenses, and the reduction of production costs

determined the unemployment increase. At the same time, the economic competition among national economies determined a competition among the models and social policies, especially of state welfare, regarded by means of the models efficiency. The debates that previously focused more on the moral imperatives: social justice, the reduction of social inequality among citizens etc, focus now on arguments regarding the economic efficiency of social policies.

The requirements for the opening of state borders by the Europeanization processes are, in our opinion, more numerous; here we present a few examples of consequences: workforce migration from a state to another (inside some branches of the same firm or at different companies inside EU, for instance) created new necessities, as the ones of a transnational insurance system for the migrant employees; the workers migration from the poor countries to the rich ones (S-N and E-W) determined the appearance of large groups of migrants and residents that need the reconsidering of the citizen concept and the step by step replacing of citizen rights with the human rights as a basis of social policies; the free movement of citizens determined the social migration with two flows: from the poor member countries to rich member countries, looking for social aids, and the other way round towards the so called “social tourism” – the pensioners or the unemployed from the rich member countries going with the money for social protection in countries with reduced prices, as tourists, in order to avoid the state of poverty which they would have faced with in their own country with the same money. All these transnational processes that exceed the control space and the responsibility of each state (as previously, the ones from other fields: global pollution, drugs dealing etc) need at the same time decisions and international actions.

3. The need for social policies globalization

The critical opinions brought to the economic policies of rich countries that transformed the poor ones in sources of raw materials and outlets generated the appearance of the concept of social policies for redistribution among states. According to B. Deacon, “the globalization of social policies supposes, at international level, the following: global social redistribution, social global regulations, global social resources and empowerment” (Deacon, Hulse, Stubbs, 1997, p. 23).

After joining the EU, Romania becomes a promoter of domestic social policies, subject to supranational social policies. In the global social policies there are not used poor persons, but poor states, with the welfare distribution among states and categories of states. States contribute with important sums of money to the European funds, and the ones that face problems (economic or social crises, natural or social disasters) receive irredeemable aids from these funds. Additionally, there are regional forms of political representation (European Commission, the EU Council of Ministers, the European Parliament) or international (UNO), regional or international financial bodies (BERD, IMF, World Bank), regional military forces (NATO, the future military organization of EU) with intervention missions (from UNO) in countries from all over the world, regional or international courts and international legislation that prevails the national one in certain fields.

Although, in the Romanian social policies, in comparison to the economy, for instance, the integration is not sufficiently advanced, there are international agreements regarding certain fields such as the child protection, the refugees rights and others that are based on the Human Rights Statement and that often completes the measures of national social protection, thus becoming a source of protection and a provider of welfare for certain social groups from countries in difficulty. In this global process of redistributing the welfare both political organizations are involved and also nongovernmental organizations with international implication such as Save the Children, Doctors without Frontiers that support with resources gathered from the developed countries the branches from the countries with problems.

Despite some positive developments, we agree that we can not speak only of the set up of an European or global system of individuals social protection. On the one hand, it can not be totally transferred the responsibility of national governments on some international bodies (and implicitly on the rich countries), because there are neither sufficient sources nor the adequate political framework, and on the other hand, the generosity of rich countries towards the poor ones is extremely limited due to the domestic interests and often politically conditioned, a thing that is not always accepted by the poor countries. Additionally, the process of harmonization concerning the models of social protection among the developed countries inside EU is heavy and due to both the important differences among them and some differences that make difficult the unification.

Romania, as an ex communist country aspiring to a capitalist destiny being in full process of integration in the economic, political and military western structures, but at the same time in full crisis of transition, feels very deeply the major social problems and the need of a coherent system. In our opinion, the measures that Romania should take in the following period have to combine the priorities linked to internal specific problems, to the major social issues previously ignored or badly solved, with the priorities linked to the step by step integration in the new European space marked by other rules at which we have to adapt.

Internally, we agree that obviously, the social policies strongly redistributive and universal (at which Sweden starts to give up) are not viable for Romania, where there are no sufficient resources for such an approach. On the other hand, the huge costs of transition affect and will affect negatively wide segments of population, that the social policies must protect, bringing them to a minimum level of subsistence by using efficiently, focused and conditioned the few resources we have. The potential of resources from EU will have to be used at full capacity. Therefore, in our country it is needed the change of governmental culture of poverty, based on a sick economy, inefficient, with the model of welfare based on work.

At the same time, we consider necessary measures of external adaptation of the system of Romanian social policies, of adaptation to the imperatives and logics of Europeanization, such as:

- a) emphasizing the increase of efficiency and giving up the objective of reducing the social inequalities. If, the economy develops and the living standard of the poor rises, it doesn't matter that the incomes of the rich increased;
- b) creating welfare by work in order to reduce the budget expenses and implicitly the taxation rates, therefore the costs with the workforce, and thus becoming competitive abroad with our companies;
- c) the rapid privatization of state companies and attracting foreign multinational companies on the Romanian market in order to integrate our economy in the world economy and strengthen the positions of our Romanian firm by associations and advantageous mergers with big companies (of course without losing completely the control over some strategic areas from economy).

We believe that only adopting such measures (maybe surprising for some of us, because they change the traditional paradigm of approaching the social policies), that should take into account the efficiency imperative in social policies and the combination of internal determinations linked to poverty and social exclusion, with the external ones, linked to europeanization and globalization, Romania has chances to pass on long and medium term from the actual situation characterized by the governmental culture of poverty to a model of a social welfare, based on work and social participation from everybody.

4. The costs and benefits of European economic integration

Being a country with “many economic opportunities – from tourism and agriculture to oil and metallurgic industry – Romania can become attractive for foreign capital, if it assures

good internal conditions (legislative, fiscal)” (Dăianu, 1997, p. 56). The rapid capital movement supposed by integration – where companies lose their classical national identity – can become advantageous for our country under the conditions of a high qualified workforce, but comparatively cheaper.

Whether Romania will not overcome the actual economic situation and will remain far from EU economic structures, it can remain undeveloped, with an economic, political and military ridiculous role regionally and internationally speaking. Romania’s economic opening does not involve only advantages but also risks. “An open economy is an economy that will absorb more rapidly and dramatically the external shocks” (Barnes, 1995, p. 72).

Romania remains vulnerable in the face of organized crime, as, for instance, the fact that it passed from the stage of transit country for drugs to the one of consuming country, and then producing country (it is supposed that there are already in Romania at least a few laboratories for producing drugs).

With small budgets, poor equipment, the domestic security structures can barely face these modern challenges, especially sophisticated ones such as money laundering, banking frauds. Bucharest even shelters a regional center for fighting against crime in Central and East Europe (SECI), but “corruption in administration, the high state property and absence of important investments in security structures increase considerably the risk that Romania will face in the future, a real war with the organized crime” (Savano, 2002).

If we take into account the huge underground circulation of money in Romania where many payments are made in cash, it is therefore difficult to follow and monitor by institutions – and the wild distribution of incomes suppose by the hard to imagine corruption in the bureaucracy of “white collars”, then we realize that we deal with a dispersion of incomes of Latin-American type rather than European type. In these conditions, the risks of appearance of antiglobalisation phenomenal type are very high.

Romania has on its national territory the most important Hungarian community that lives outside Hungary’s borders. And it seems that the gypsies community is the highest in Europe. Globalization supposes (and here it coincides with the philosophy promoted by European Union) an extremely tolerant policy of nation-state towards the minorities of any type (ethnic, confessional, sexual) (Chirovoci, 2001, p. 123). In our opinion, Romania confronts with a real ethnic issue.

5. Some major consequences of Romania accession to the EU

The main difficulty of accession consists in making up some integrated efficient models of national and international public policies that should face the integrated market forces.

The second major consequence of integrated economy should be the change of multinational companies in transnational companies, these having the role of main leading actors in the world economy. Transnational companies will have an authentic delocalized capital, without a specific national identification, with an internationalized management, at least willing to set up anywhere in the world to acquire the highest and surest profits.

The third consequence of integration would be the continuation of political influence decline and the power of negotiating of the organized workforce (labor unions). The globalised markets and transnational companies tend to reflect themselves in an open world market of work force. In our opinion, the companies that need a very skilled and productive workforce will continue to set up in the developed countries, with all their advantages, than to look for regions where salaries are smaller. The upward trend of global mobility of capital and the relative stability of workforce will favor those developed countries that have a more adaptable workforce and with the lowest social costs reported to the benefits of competence and work motivation.

We are convinced that, finally, the hegemonic national power will be able to impose their own objective neither in its own territories nor elsewhere, and more important agencies (public or private) will thus enjoy increased powers of negation and avoiding and hegemonic aspirant. A series of organizations, from nonprofit international organizations up to transnational companies will acquire more power to the disadvantage of national governments. In such a world, the national military power would be less efficient. It will not be used to achieve economic objectives, because the state-national control of economy will disappear to a great extent. The usage of the military force will focus more and more on noneconomic issues, such as nationality and religion.

Romania will not be able to defend of the integration wave closing in itself, trying to preserve outdated structures. In other words, as it is the motto of the Club in Rome, you have to think globally and act locally. We neither have to lose our identity in an anonymous world, and nor to practice a narrow and outdated nationalism. We should open the economy step by step towards the European structures, but also to develop both the institutions and reflexes in order to be prepared to face another type of crisis compared to the classical one with which we were used to. “ To establish step by step the minorities rights - as it is normal, as any form of tyranny is counterproductive – but to defend yourself to fall into minority dictatorship against majority, that is also dangerous”(Baldwin, 1995, p. 148).

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