# European Integration and Globalization

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**Abstract:** According to many, the term globalization is able to explain any phenomenon whatsoever, be it positive or negative, that takes place within the global social system. It seems like a sort of magical formula, which is to be found in the speeches of all sorts of people, be they economists, politicians, businessmen or sociologists. However this magical formula of globalization has its limitations, since it encompasses a certain amount of quibbling, beyond which not many can pass. In the context of globalization there appears the question on its role in the process of European integration. Is European integration a part of this global process or, quite on the contrary, does it present certain distinctive features, as it moulds itself differently from the globalization phenomenon? A clear-cut answer seems difficult because of the various aspects involved. Not only the general phenomenon of globalization, but also the economic integration on European level is based on the liberalization of markets and on the opening of national economies towards the exterior, having as direct consequence the intensification of trade exchanges. If from a global point of view one may talk of a market fundamentalism in that the market principles know no boundary, European integration on the other hand implies not only market economy, but also a guided and monitored action of Member States according to the needs of the whole entity, also taking into consideration - as far as possible – all aspects and consequences on social level.

**Keywords:** globalization; European integration; liberalization; market principles

During the last two decades of the previous century the vocabulary of most modern languages coined a new term, i.e. *globalization* (de la Dhesa, 2007, pp. 18-19)[1], which being widely and excessively used nowadays, has somehow lost its core significance. In its wide range of meanings and designated realities, this word designates altogether success and failure, economic progress and social regress, cultural voids and moral decreases, all considered consequences of the intense worldwide spread commercial activity and of its subsequent consumer culture.

The various definitions given to this concept are not exhaustive, since each of them aims at defining globalization according to the specific field of activity to which it addresses. Therefore, one analyzes globalization from an economic, political, sociological, cultural point of view, actually from the viewpoint of the subsystems making up the global social system. In an attempt to gather the various aspects implied by globalization, one may assess that it represents a globally felt process and phenomenon, based on an intensification of economic activities and exchanges, which were in fact possible due to the diminishing or even complete removal of certain barriers, thus leading to countless interdependent connections, so that any unbalance in a certain part of the world could eventually be felt thousands of miles apart, causing shocks that shatter the entire human society.

[1] Theodore Levitt is among the first to use this term in the year 1983, in a paper on the globalization of markets. In 1990 Michael Porter uses the term to differentiate between the multinational company and the global one, as he understood them. Also in 1990 Kenichi Ohmae uses this term in order to define the global company as „one which has entirely abandonden its national identity, operating as an over-national entity on global level".

One talks about the globalization from the last 20 years of the 20th century. But is it a phenomenon that emerged precisely at that point in the past, or could one, quite on the contrary, talking about globalization projected against the background of a pretty long period of human history? The answers to this question are various and instead of providing certainty, add up to the puzzle. Therefore, some analysts consider that globalization began in the 20th century and that in fact "everything started with the liberalization – privatization – dereglementation politics introduced by the Reagan administration in USA and by Thatcher in Great Britain during the 80s. Others go back in time and consider that the starting point of globalization was the introduction of floating exchange rates during the 70s, starting with the Nixon administration, as well as the liberalization of capital flows starting with the Ford administration. Well, other authors go even farther back in time, placing the beginning of globalization right after World War 1, during the times of President Wilson (…)" (Brăilean, 2004, p. 132), when The Council of Foreign Relations was founded.

Another category of answers, like that belonging to Guillermo de la Dehesa, considers that one may spot the early days of globalization in the mid 50s of the 20th century, emphasizing moreover that there was another wave of globalization during 1870 and 1914, a process which being intense enough may be compared to the one we experience today. The disadvantage of the initial wave of globalization was represented precisely by the outburst of World War 1, which led to the stagnation of globalization throughout the two world wars (de la Dhesa, 2007, p. 71).

Other authors are even more open-minded when it comes to establishing the beginning of globalization. Thomas Friedman (Friedman, 2007, pp. 25-27) for instance considers that globalization began in 1492 and continues up to our days, at the same time delimiting three main stages of this phenomenon. The first stage, named by the author globalization 1.0, started in 1492 with the discovery of the New World and lasted approximately till 1800, the main trait of this stage being the power of any type held by the countries involved in this phenomenon of globalization. The direct consequence of this period was the re-designing of the world, its size being reduced from large to medium. The second stage of globalization, i.e. globalization 2.0, encompasses the period between 1800 and 2000, being in its turn divided into two sub-periods, each with specific traits. The former half is represented by a stimulation of globalization due to the decrease in transportation costs, whereas the acceleration of globalization from the latter half was possible due to the decrease in the cost of telecommunication means. During globalization 2.0 the emphasis moves from the power held by countries to the power held by multinational companies. Globalization 3.0, in other words the last stage, began around the year 2000, still being in full development nowadays. What matters now is the power of the individual to collaborate and compete on global level. The consequence of this stage is that the world has reduced its size, becoming very small; obviously, this reduction in size should not be regarded literally, but implies actually greater access to information, greater possibilities of mobility from one place to another, of simultaneous interconnection in various points in the world. Friedman actually names this newly emerged global situation *flat earth:* „(...) the flattening of the world means connecting all information centers on the planet to one single global network, which – unless politics and terrorism interfere – could lead to a new era of prosperity, innovations and collaborations among companies, communities and individuals" (Friedman, 2007, p. 25).

In the context of globalization there appears the question on its role in the process of European integration. Is European integration a part of this global process or, quite on the contrary, does it present certain distinctive features, as it moulds itself differently from the globalization phenomenon? In order to see the development of the European integration as well as its objectives, one needs to point out the essential moments in this process that ended up with the achievement of the European Union with its 27 members. One should also mention the fact that this is not a finished process, that this is only the current stage in the evolution, since the EU intends to continue the enlargement by accepting other new members.

The creation of the European Union began as a process of sectorial economic integration, the main objective at that time being ensuring peace on the European continent that had been already devastated by the two world wars. This desire was nevertheless possible by joining the two major industrial areas during war-time, i.e. coal and steel, the core idea being to control Germany, which was otherwise guilty in both cases for the outburst of hostilities. On the other hand, this collaboration between France and Germany also aimed at putting an end-point to the historical feud between the two states, since this cooperation could lead to the removal of the suspicions of one state towards the potentially aggressive activities of the other state. It was precisely this core idea of the collaboration between French and German industries in the field of steel and coal that led to the 1951 ECSC Treaty signed and approved by France, Germany, Italy, Belgium, Netherlands and Luxembourg. Ideas regarding European unification had been pretty recurrent throughout human history so far, the best known such ideas originating from the inter-war period from Richard Coudenhove-Kalergi and Aristide Briand. Still, when regarded in retrospection, one may consider that the first real steps towards European unification as we know it today were represented by this sectorial economic integration. The same six states also signed in 1957 the Treaties of Rome to establish the European Economic Community and the EURATOM, which basically represented important progresses towards European cooperation. The novelties brought by the EEC Treaty were considerable, not only from an economic point of view, but also when it came to reflecting these on political and social level. Thus, the declared economic objectives were represented by the harmonious development of economic activities, by the continuous and balanced expansion, by the increase in stability and level of living. All these were intended to be achieved by means of the common market, possible due to the customs union which also implied the other four liberties of movement (of goods, of persons, of services and of capital), but also by harmonizing economic policies, aiming at designing common policies on commercial, agricultural, competition and transportation level, such as by harmonizing economic and fiscal norms and regulations. Even though the intentions of this treaty were quite clearly mentioned, their application in practice encountered numerous difficulties, which actually led to a revision of the treaty, also taking in consideration the enlargement of the community, which had occurred meanwhile.

The six founding states were joined in 1973 by Great Britain, Ireland and Denmark, in 1981 Greece and in 1986 Spain and Portugal, thus reaching a number of 12 Member States. Under such circumstances the revision of the initial treaty became a necessity due to the greater number of members which had brought along greater diversity, but still having in view the initial objectives. The Single European Act signed in 1986 represents a consolidation of the economic constitution, without modifying though the economic structure of the Rome Treaty (Pelkmans, 2003, p. 37). The additions contained by the Single Act regarding the economic aspects refer to the expansion of the vote with qualified majority regarding the domestic market, precisely defining the domestic market, harmonizing norms in the field of health and work security, economic and social cohesion.

Signed in 1992, the Maastricht Treaty, also called the European Union Treaty, is actually a more profound revision of the EEC Treaty. Its economic significance is provided by the introduction of the concept of economic and monetary union, as a general means of fulfilling the objectives of this treaty, along with the previous two. These are re-configured and re-formulated, aiming at the balanced, harmonious and durable development of economic activities, durable and uninflationist development, along with considering the environment, high economic convergence, increase in the level of living and in the quality of life, economic and social cohesion, as well as solidarity among the Member States. Beside the principles established in the EEC Treaty, one also adds the principle of subsidy and the maintenance of the *acquis communautaire*, in other words the achievements of the European Union in the field of community law and jurisprudence. The enlargement of the European Union continued still by three more states joining the EU in 1995: Austria, Finland and Sweden.

One felt the need of a new revision of the previous treaties and this led to the 1997 Amsterdam Treaty, in which one established economic objectives such as balanced and harmonious development of economic activities, reaching a high level of employment and social protection, equal treatment for men and women, protection and improvement of the quality of the environment, increase in the level of living and quality of life, economic and social cohesion among the Member States. For ten years, between 1995 and 2005, the European Union had only 15 members and still a new treaty – the one from Nice - was signed in 2001.

The enlargement of the Union from 15 to 27 members was achieved in two consequent waves of enlargement, one in 2005 when new states joined the EU, i.e. Hungary, Poland, Czech Republic, Slovakia, Estonia, Latvia, Lithuania, Slovenia, Cyprus, Malta, and the other in 2007 when Romania and Bulgaria also joined the EU. The 2007 Lisbon Treaty entered in force on 1st December 2009 and represents in fact the latest change of the Treaty regarding the European Union of the CE Treaties, without replacing them, yet building the legal frame and providing the necessary tools in order to face all challenges that could appear due to the great number of EU Member States.

The brief presentation of the evolution of the European Union is necessary in order to better understand the problems and issues presented by this economic, political and social construction. To the initial economic aspects one adds today the political ones, since not only the establishment itself but also the further development of the Union implied various problems regarding super-nationality, which in its turn lead to countless hostility reactions, since many considered that the national sovereignty of participating states was jeopardized. The European Union of today is an interesting combination between federalism and confederalism. The action of Member States is done on super-governmental but also on inter-governmental level, aiming at fulfilling the interests of the Union, each Member State having the obligation to avoid hurting the interests of the whole. The retrospective look on the formation of the European Union allows us to come up with an answer regarding the role played by the European integration in the general context of globalization. European integration is obviously part of the global trend but there are certain mechanisms that differentiate the two: the negative effects implied by globalization are corrected, at the level of the Union, by a set of common policies among participating countries, aiming at diminishing certain inherent discrepancies. The opening of the markets and the liberalization of international trade are the basic principles of globalization. One should however notice that the necessity to find new sales markets was characteristic rather to developed countries. Due to their high level of technological development these countries had reached a certain level of production that required selling on other markets. Up to the moment of opening markets by removing commercial barriers, national economies were protected by means of strict customs policies, which brought considerable income through taxes and fees applied on imported goods.

The new economic game according to the rules of the free market led to the reconfiguration of power relations. A first consequence of the economic liberalism is the increase in competition, which implies an increase in the quality of products and services on the global market and an increase in competition. Therefore, due to the relation between demand and supply on the free market, one achieves an optimal use of resources, by redistributing these towards the most effective manufacturers. Then, in order to face the challenges posed by the world free trade, economies need to become specialized. Practice has shown so far that the most effective way is the inner-branch specialization, in other words specialization within the same branch of industry, due to the reduced costs of this method. The inter-branch specialization, i.e. between different branches of industry, requires higher restructuring costs, being therefore ineffective.

The most intense commercial changes take place among countries with comparable levels of economy, from the point of view of the development level, and this precisely because of the inner-branch specialization. The natural consequence is that there appears a model of the type center – margin, in which the developed countries, while having an advanced level of technology, invest in innovative industries, whereas less developed countries have weaker production means and invest in traditional industries.

If on a global level the uncompetitive economies have to give up on the first position in favor of performing economies, the economic factor being the most important aspect, on the level of the European Union this process takes place in a somewhat reduced way. Therefore, although the principles of the free market also apply in this case, there is here a greater interest from the states to protect certain sectors and areas. Experience has shown the vulnerability of weaker economies when confronted with the strong ones. In order to attain the EU objectives, one needed to adopt specific measures so as to overcome economic and social differences. There is certain protectionism of the Member States within the Union, which may be observed in the elaboration of common policies, whose application aims at genuine economic convergence and social cohesion. Community policies aim at the coherence and harmonization of the countries' actions in order to eliminate the negative effects generated by the liberalization of markets in less developed countries.

The determining factors of globalization are technological development and liberalization of the exchange of goods, services and capital. The strong technological development allows for instance the reduction of costs in the case of transports, means of communication or production techniques. The result is represented by the „diminishment" of distances and the increase in the level of interdependence. Liberalization of trade takes place multilaterally, „having been strengthened by a series of unilateral, bilateral and regional agreements concluded among various national and regional authorities" (de la Dhesa, 2007, p. 21). Commercial structures on world level involved in the process of globalization represent the framework for the development of economic exchanges between participating countries. For instance, General Agreement on Tarrifs and Trade (GATT) signed in 1948 and which excluded from its action sphere the countries from the Soviet block, had great impact and success due to the significant reduction of customs fees and taxes. World Trade Organization (WTO), founded in 1995 and having its headquarters in Geneva, is an international structure designed to regulate the trading norms among countries. The activity of WTO helps the movement of commercial flows under optimum conditions of freedom. Another important aspect of the activity of this structure is the solving of differences appearing among clashing commercial interests of various states. ASEAN, MERCOSUR, NAFTA all represent other examples of trade agreements which aim at the liberalization of trade by opening markets and accelerating economic growth. Under these circumstances the European Union plays a more special role, taking into consideration the fact that it started off as an economic community in the first place and ended as a massive political structure as configured by its 27 members. The European construction commenced even from the beginning as a result of the intention and will of participating countries to collaborate among one another within a union, the desires and objectives in view being for the sake of all Member States, of economic growth and of social cohesion. What is important to notice is that the process of globalization is conditioned to a great extent by the existence of democratic institutions meant to ensure a climate of political stability and furthermore meant to develop economic trust for foreign investors. A special place on world market belongs nowadays to China, a country which even though politically very far away from democracy, is nevertheless due to the practicing of market economy an important actor on world market, competing against USA, Japan and EU.

The process of globalization determined two main directions of the public opinion: those in favor of globalization, and respectively those against globalization. The process of European construction in its turn had its share of pros and cons. As any other process in which asymmetrical economies are involved, globalization will bring along not only advantages but also losses. The natural question refers to winners and losers. Who are they? On a first look absolute winners seem to be the strong economies, which benefitting from the new sales markets, end up having higher incomes. Also in the category of winners one may count the developing economies since they benefit from direct foreign investments, which in fact represent a capital infusion and which lead to the appearance of new working places.

The skeptics however consider that globalization, far from bringing any benefit at all, does nothing else but „(...) increase the discrepancy between the poor and the wealthy, actually turning the ones that are already poor even poorer (...)" (de la Dhesa, 2007, p. 295). Even though he writes down such an opinion, Guillermo de la Dehesa does not agree with it, since from his point of view everyone benefits from globalization, starting with consumers and continuing with all the people involved in the activity of world free market. He mentions only one category of losers, which appears not as an unfortunate result of globalization, but as a direct result of the lack of globalization: „(...) the persistence of poverty and lack of equality seem to be the result of an insufficient globalization and not the other way round. However it is no accident that certain countries were left aside, nor is it the result of some failure in taking advantage on the opportunities of integration in world economy. It seems this is the result rather of the lack of certain fundamental institutional features: qualified working force, representative and coherent government, developed civil society, all these necessary in order to make globalization work" (de la Dhesa, 2007, p. 296). On the other hand, a negative effect of globalization arises precisely from the increase of economic interdependence and the use of all resources for the sake of the world economic circuit. Globalization generates a certain anxiety and tension due to the lack of social regulations which could protect the victims of unforeseen economic crises. Due to the interdependencies created, any economic crisis moves in a domino-effect thus having devastating consequences. It would therefore be necessary to get the countries involved by establishing social policies which could ensure a minimum level of safety.

Who else suffers from globalization? It is the environment that is mostly damaged because of the chaotic use of resources and because of the pollution generated by great corporations. Economic globalization has consequences on all levels of social life and especially on the ecosphere. One might say that the need to cooperate in the field of environment protection and conservation is much more important than the one in the economic field, since it is not only the current generations but also the following ones that have to suffer from this. In the field of environment protection the collaboration between countries is highly significant, because only in this way could one impose a common policy to which all factors of social life and last but not least economic agents could refer.

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