

THE IMPACT OF THE CONTROVERSIES WITHIN THE CONTEMPORARY WORLD ECONOMY ONTO THE REGIONAL ECONOMIC INTEGRATION AND INTERNATIONAL TRADE

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Abstract: *Following the new position of Romania as a member state of the EU, I consider it imperiously necessary knowing and approaching the problem of the nowadays phenomena the world trade and the world economy are confronting, EU according to today statistics being in the top of world exporters and on the second place as importers. It is for this fact obvious, because of belonging to this integrationist group, EU position and strategy in approaching international trade relationships to have a major impact on our country's trade orientation. In this context, taking into account the fact that economic integration represents a main component of globalization and that Romania wanted, since 1990, to be reintegrated into the international trade, theoretical globalization approach was felt necessary, as well as describing the impact of the present controversies within the world economy onto the international trade and regional economic integration processes, respectively.*

Key words: *globalization, triadization, regionalization, international trade, regional economic integration, Romania's European Union integration*

1. Introduction

The ideal of European integration initially "fed" by the 19th ¹⁵⁴ century poets and philosophers utopias visions or interpreted by conquerors, which sought justification for their domination greed, imposed itself like a real political objective only after the continent was torn apart by two unspeakable wars. That is why, an Eastern Europe characteristic during the post-war period was largely represented by a constant integration tendency, both economically and politically. This process, initially determined by the wish of avoiding new conflicts between the great European powers¹⁵⁵, and later consolidated in opposition with communist integration, has reached today a superior phase. This phase, which due to the qualitative steps forward, represents a unique achievement of our continent centuries old history, of this *Eurosphere*, as Mark Leonard [2005] called it in his work, suggestively entitled "Why Europe will run the twenty first century", and which was so expressively defined as being "a group of one hundred countries, all over the world, or even more, that looks at the European Union waiting to be coordinated and considering it like a model".

Examples of those being part of the *Eurosphere* could be found everywhere internationally – and these are based mostly on the commercial model developed by the European Union during the 50 years of existence – especially if we have a look at the at the groups aspiring towards integration, groups which consider the European Union as a model of regional integration, an aim worth every necessary effort to get to.

Thus, European integration determines an inciting debate which, of course, will carry on the fascinating game of ideas, finding along the years the secret of spirit youth, always confronted with the Kantian questions: What can I know? What do I have to do? What am I allowed to hope?

"*Unity in diversity*" is the motto of Europe today, under which, even if it might cover the entire *Eurosphere*, unites nowadays only 27 different nations, with 22 official languages and a rich cultural

¹⁵⁴ On the 21st of August 1848, Victor Hugo presides in Paris, The Congress of Peace, proposing Europe unification on universal vote basis. He launches the syntagm "United States of Europe", an idea to be taken again by Aristide Briand in 1929 during a speech in front of Society of Nations and, in 1946, by Winston Churchill in his famous speech of Zurich

¹⁵⁵ "European nations union request that the centuries long opposition between France and Germany to eliminated: this action has to start first from France and Germany themselves" – Robert Schumann, Paris, the 9th of May, 1950.

diversity. Paraphrasing the academician Mircea Malița [1998], we could say that nowadays Europe is the most representative for “ten thousand cultures” integrated into a “single civilization” – that of the European Single Market – from whose experience, acquired in the 50 years of construction of what we call today European Union, resulted a wide European aperture towards commerce, investments and world cooperation, that brought about its position between the great economic powers of the world. This complex of European performances, especially economic performances, commerce stands out by far, as statistics, no matter which, point out that European Union is in the top of international commerce.

This economy sector of the Union founding countries constitutes, in fact, the starting point of its today performances which brought about its turning into a Common Market, after the first border union registered by WTO, then followed by the by the present Economic and Monetary Union, as a part of the final objective – that of the Political Union. Furthermore, the Economic and Monetary Union and the Euro currency creates new opportunities for international partnerships, offering its members the stability they need in the foreign trade as to enable growth and development based on the advantaged offered by the European Single Market.

The performances of the European integration make some researchers of the world economy to state that European Union represents the first institutional construction – which might resemble a <<“regional state” built of many “states” - which will constitute the political structure at the end of the 21st century, the EU influence being beyond present time and space”>> [Howorth, Jolyon, March 2007: pp. 24].

From this perspective, and considering the current debates with respect to the regionalization and globalisation of the world economy, we naturally wondered what will come in the future and what the Romanian economy expectations might be, on immediate, medium and long term basis, from the moment our country decided to join the European Union, in 1990, and to follow the way towards integration. This question seems even more natural considering the public debates each of us witnessed along these years, with a lot of points of view and scenarios with regards to the possible way the more and more integrated, as well as globalised economy could run forward, and for these reasons, we will try to find some answers in what it follows.

2. The controversies of the contemporary world economy

2.1. Regionalization instead of globalization?

The famous researcher of some subjects like the peace and the conflicts, Ernst-Otto Czempiel, sustains that regionalization – and not globalization – is the element characterising the present: “Globalization is, as it seems, the defining element of the end of the 20th century. This word is on everybody’s lips. Indeed, the world has become the horizon of the society knowledge. Mass-media has entered all over the place, the highways connect all the corners of the world, and the trans-national corporations are represented in many countries of the world. The term *globalization* is used also argumentatively to justify the changes desired at the political and economic levels. It serves to *stage* the political transformations.” [Czempiel, Ernst-Otto, 1999: pp. 24-25 and 30-31]

Yet, if we analyse the term “globalization” more closely, we will notice that this is not a very resistant one. The internationalization of the world economy started even in the middle of the 19th century, the trans-national corporations expanding only in the 60’s what they had started doing long before. They are not represented yet at the world level. They appear in industrialised countries, spread along a thin “string” laying on the North-American continent, Western Europe to South-East Asia. In the North and South of this “string”, globalization is till very little present. More than half of humankind must travel for two days to get to the nearest telephone. The world still has long to wait until it is economically globalised.

Referring to the relation between regionalism and globalization, Mircea Malița appreciates that there are two differences between the two concepts.. “Unlike globalization, which is not a deliberate construction of the states, regionalism is based on the deliberate and voluntary transfer of sovereignty towards supranational institutions. In the second place, globalism is not endowed with institutions capable to exercise control or to generate common policies”. [Malița, Mircea, 1998: pp. 109]

Having in view the difference between globalization and regionalization, other authors support the idea that the latter consists in the fact that in the case of regionalism, “the economic liberalization takes place at a smaller scale geographically limited to the space of the states participating to the group”. [Bari, Ioan; Păun, Laura, 2001: pp. 41]

Yet, only the quantitative aspect does not explain the differences between them. On the other side, the region cannot be understood outside the national state and globalization. Regarding the sphere relation, the region is between state and globalization. But only through the presentation of some differences between regionalism and globalization does not result what the region is.

As there is not a unanimously accepted definition of globalization, there is no definition of regionalization, but both are processes tending to cover the entire globe and determining one another, being interdependent and interconnected (for example, during the Cold War, the threat of the nuclear weapons). Their use would have had global consequences, a possible destruction of the Earth. The air and water pollution is present all around the world, as well as the climate changes. These processes must not be underestimated; they must be taken very seriously into consideration. They do not though raise the term "globalization" to the rank of defining feature of the present and future.

The term "globalization" has also another meaning, a systematic meaning. "Globalization" means not only "spreading" but also "interdependence". The states are interconnected. They are not isolated or autonomous anymore when it comes about fulfilling their political interests. They depend on each other. Who speaks about "globalization" must have in view also this relation of interdependence. This relation is indeed a new element which did not exist sixty years ago or if it did exist, just in very basic lines. This interdependence does not occur today globally. The world economic crisis of the 90's is a proof supporting this theory. It occurred in the South-East Asia and its effects were felt in the industrial states. These were not totally taken in by the crisis. The effects occurred at the regional level and not at the global level.

The term "globalization" shows correctly but imprecisely that the position of the state changed at the end of the 20th century, in a double sense. It is charged with processes of interdependence which allow a state to reach its aims only by cooperating with other states. The state collaborates therefore very closely with its neighbours. This process takes place at the regional level. That is why it is the regionalisation that is a defining element of the present and not the globalization. Only a few processes have a global tint: the potential destruction by using atomic weapons, air and water pollution.

Also, the industrial states are undermined by the social players, too. These have become emancipated from the control of the governments and they built their own fields of action in the international policy, setting up, by cooperating with partners from other states, a network of social interactions. These players are not only the big trans-national corporations but also the non-governmental organizations.

2.2. Triadization instead of globalization?

In the following fragment we draw the attention on the fact that the processes of economic "globalization" are restricted to the level of few states – of a triad -, due to which we are rather speaking about a "triadization": "The current globalization is a partial globalization. That is why, the term «triadization» is more appropriate. «Triadization» means that the process of technological, economic and social-cultural integration are more intensive and more important among the most developed three regions of the world (Japan and the newly-industrialised states in the South and South-East of Asia, Western Europe and North America) than the integration processes between these three regions and the less developed countries or among the less developed countries."

Triadization takes place in the people's mind, too. The Japanese, North-Americans and Western Europeans think that the world "that matters" is their world. Here are presented arguments supporting the cultural and scientific supremacy, the technological supremacy, the military hegemony, the economic welfare and, implicitly, the capacity to control and organize the world economy and society.

The phenomenon of triadization occurs, moreover, in the geographical model of the strategic corporatist alliances. Of the 4200 cooperation agreements signed between 1980 and 1989 at the world level, 92% were signed by corporations from Japan, Western Europe and North America.

The statistics regarding the direct foreign investments show that, in the last ten years, in Japan, the USA and Western Europe the number of reciprocal investments rose. The triadization of the direct foreign investments is the result of the fluxes of investments resulting in an economic situation totally different from that of the 60's and 70's.

Until the beginning of the 80's, the developing countries played a clear, even though limited role of source and target for the foreign investments. In the 80's, the triad monopolised four fifths of all the international fluxes of capital. The part due to the developing countries lowered from 25 percent in the 70's to 19

percent (...). The countries in this triad interact more and more among them, their integration process continuing to go on.

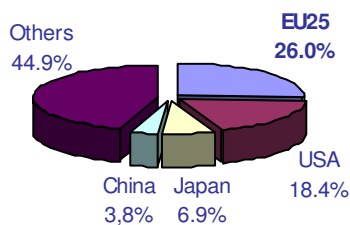
If target means victory then there can be only few winners. Those who lose are excluded and let deal on their own. Those who win will keep depending on each other, integrating more and more. The necessity to build new connecting bridges between the excluded ones and those integrated lose its importance. Together with the globalization there occurs a new division of the world.

By this process of exclusion, some countries and regions are losing in time their connections with the countries and regions economically evaluated. Instead of participating to the process of entailing and integration stimulated by the new global order, these countries are moving in the opposite direction. The process of exclusion has in view almost all the countries in Africa and large parts of Latin America and Asia (except for South-East Asia).

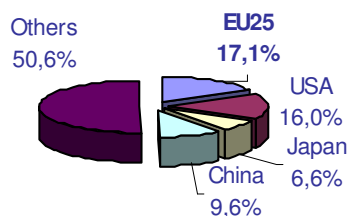
The figures speak for themselves: in 1980, the poorest 102 countries in the world were participating to the exchange of merchandise 7.9 percents of the total of exports at the world level and 9 percents of the total of imports. Ten years later, this participation was reduced to 1.4 percents, 4.9 percents respectively. From the other perspective the participation rate of the three regions of the triad increased from 54.8 percents to 64 percents of the total of exports at the world level and from 59.5 percents to 63.8 percents of the total of imports.

Moreover, in 1970 these regions were participating with 60.8 percents to the world trade. In 1990, the intra-continental trade within each region was of 48.7 percents, the inter-continental trade among the three regions increasing to 24.9 percents. In all, the participation of the three regions to the international trade was of 73.6 percents. The rest of 26.4 percents was divided among Russia and Eastern Europe, Middle East, Africa and Latin America.

It is also important the rate of increased growth of the inter-continental trade between the Asia-Pacific and the Western Europe. This type of trade increased from 6.3 percents to 10.2, from 27.1 percents to 33.4 percents respectively. In contrast, the participation of Africa and Middle East lowered from 14.1 percents in 1970 to 9.9 percents in 1990, that of Latin America from 7.8 percents to 6.1 percents and that of the former communist block from 7.3, to 4.1 percents. In 2005 and 2006, respectively, as we can notice in the graphs below, the “triad” countries (that is 29 states in the world) were participating with 50.6% to the world trade with goods and with 55.1% to that with services. Also, we must mention the fact that, 85% of the world population has only 15% of the global revenue. The globalization provides, as we can remark, many opportunities to make money much more rapidly, but only for the very rich people. These have used the latest technology to transport important amounts of money in any point on Earth in a few seconds and to speculate more efficiently. [Bauman, Zygmunt, 1999: p 6]



Graph 1– Participation to the world trade with services (2005)



Graph 2 - Participation to the world trade with goods (2006)

Source: Publications of Eurostat and European Commission – The General Direction for Foreign Trade, May 2007, and the 2006 WTO’s World Report,

3. Conclusions

An argument supported by many analysts refers to the fact that only 20% of the population able to work can ensure the advance of the world economy that is they actively participate to life, gain and consumerism; and hence H.P. Martin and H. Schumann’s more than sombre conclusion referring to the future of mankind: “to eat or to be eaten”. [Martin, H.P.; Schumann, H. 1999: pp. 13] The opinions of these two authors emphasize more the destabilizing character of globalization being the cause of the social

polarization between a fifth of the more restrained and richer society and the poorer and poorer most majority of four fifths. In other words: the world economy has been characterised lately by a decrease of the exchange of goods between the very rich economies and with an increased rate of growth of North America, Western Europe and Asia and the rest of the world (especially Africa). If we take into consideration this tendency to see how the situations will be in twenty years time, we will see that the participation of Africa, Middle East, Latin America, Russia and Eastern Europe, reduced from 39.2 percents (1970) to 26.4 percents (1990), will reach 5 percents (2020). This means exclusion. This is the new division between a globalised world, more and more integrated, and a more and more excluded one.

The conclusions that can be drawn from the short presentation of the actual challenges with which the international trade meets – including Romanian one -, prove that the commercial dimension of globalization is, undoubtedly, very important, this being one of the most important causes of the phenomenon and the motional power for the *globalization* processes in other domains. But one cannot overlook the fact that globalization comprises more than the increased integration of the global trade and economy: therefore, it cannot be limited strictly to economical processes, an issue that often occurs.

As a result, we consider that, when problems start to get a more and more global character, their political solution should also be of a „global” matter. In this regard the concept „Global Governance” has been invented, that has to be both efficient and democratic. But these two basic requirements are in a tensed relationship, too. The most advanced model in cooperation between the states and societies is the European Union (EU), thus having the possibility to consider it a Global Governance „laboratory”. But also amongst the EU one can notice the same dilemma regarding the efficiency (functionality) and democracy. We also must consider the fact that, the European states have more similarities than those on a global level, and WTO, that presently represents global government of the international trades, has to face all the challenges resulted from the controversies of the contemporary world economy.

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