

## EDITORIAL

# JANUARY 1<sup>ST</sup>, 2007: ROMANIA'S ACCESSION INTO A CHANGING EUROPEAN UNION

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In an ideal world, characterized by the ever increasing, linear type of history described by Jacques Turgot<sup>1</sup>, in case developing countries have a higher growth rate than developed ones they may catch up in a number of years that can be easily computed.

Back in the '60s and '70s of the last century this scenario was quite widespread and indeed it was mobilizing for many countries and people.

Unfortunately, history has the tendency of not being linear and, the more so, of not being ever increasing from the point of view of economic and social development. And changes in development patterns do occur because of changes in technology, energy sources, ideologies, demography and many other reasons.

Being in Romania and writing just a number of days before accession to the European Union one could find easily numerous reasons for optimism. But because European Union itself is not a sitting target, another approach of reflection is that of analyzing the target and not the follower. Romania is, for all practical purposes, a middle income country, a developing/evolving market with a GDP per capital which is about 30 % of European Union average. Romania is trying hard to catch up and having a model or rather being inside a model is definitely helpful. But what is Romania trying to catch up with ?

European Union<sup>2</sup> has already a long history as organization and in 2007 it celebrates 50 years since the first practical achievement in economic integration, i.e. the establishment of the European Steel and Coal Community. But since 1957 a lot changed both inside and outside European Union.

European Union started with six members relatively comparable from the point of view of economic and social development level. In time, and especially after 2004 and 2007, European Union has to cope with the diversity of development levels of its members.

If we look outside European Union, back in the late '50s there were some developed countries and a lot of developing countries, some of them very young. That situation

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<sup>1</sup> Anne Robert Jacques Turgot, Reflections on the Formation and Distribution of Wealth, London: Printed by E. Spragg, For J. Good, Bookseller, No. 159, New Bond Street.

<sup>2</sup> We use here the term "European Union" in a generic sense as European integration organization, although in time the official name changed.

determined a favorable position for the developed countries if we speak about terms of trade or, generally, about bargaining political power. If we look around, from the standpoint of 2006, we can see a much different world, a world characterized by globalization, with a single super-power structure, with new important actors (like China or India), with a growing importance of countries that possess important energy or raw materials resources (like Russia or Brazil, among others), with international risks like terrorism or climate changes.

Faced with so many internal and external challenges the core countries of the EU (i.e. EU-15) have to adapt on an unprecedented scale. The adaptation required is so huge that the European Commission decided to analyze the “European values in the globalized world”<sup>1</sup>. Among the most important challenges one may list:

- ageing population which requires not only new social policies to stimulate natality, but also an immigration policy similar to that of USA;
- globalization and speed of change that require a new approach to education, skills and employment mechanisms that will make life long learning and easiness in shifting jobs a reality;
- mobility of population within EU which will require standardization and/or comparability of education and adult formation as well as harmonization of job related practices including social security and pension schemes.

Although there is no such thing as a “single European social model”, anyway there are a lot of discussion on the need to change this social model. In fact, the discussion is about changing the attitude to work and the expectations vis-à-vis social security. They are both a bit too generous in a globalized world with a lot of competition in all areas of activity.

The combination of globalization, technological change and energy and raw materials price increases forces European Union to think about a reallocation of its resources within the budget, more funds being required for the research and development activities and less funds to be allocated to agriculture. Although the need for this refocusing was accepted, it will be taken into account only for the 2014- 2020 financial exercise. In this context, some ideas point to the fact that some parts of the Common Agricultural Policy may be re-nationalized in the sense that certain responsibilities may be given back to member states.

In a different area, global competition, demographics, enlargement of the EU and technological change require a more open market for services. But despite the fact that services represent more than 70 % of the GDP of many member states, this area is still not a single European market as it should be despite the recently adopted Service Directive. Therefore changes are expected in the coming years.

The EU has to change also from an institutional point of view. But while the idea as such is widely accepted, in practice things are getting more and more confusing. After the rejection of the Constitutional Treaty in France and Netherlands in 2005, the EU member countries took one year of reflection, followed after the lapse of time by another year of reflection. Anyway, in the meantime other member countries continued to ratify the Treaty (like Finland on December 5, 2006), even if, as such the Treaty will never be

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<sup>1</sup> European values in the globalised world, Commission of the European Communities, Brussels, 20.10.2005 , COM(2005) 525 final .

adopted. Again, changes are expected in the coming years.

The conclusion of the above which are just some of the changes and challenges which European Union has to address in the future is that Romania has indeed a fast moving target after its accession. As result, Romania will have to look carefully not only to the EU directives, norms and other pieces of legislation with which it has to harmonize but also to the global environment which induces and requires adaptations from the part of the EU. Romania will have to anticipate some of these adaptations and will have to be part of the decision process teams that will design these adaptations.

The accession of Romania to the European Union by January 1<sup>st</sup>, 2007 is a positive thing in itself because being the less developed part of a otherwise developed entity is better than being less developed on your own. Another positive issue is the fact that Romania may benefit of the late comer effect and do whatever improvements to upgrade its infrastructure, its economy, its education and social security systems according to the now-a-days technologies and practices. That means it can be more modern in certain respects than other member countries with more mature economic and social networks.

The moment of accession has its positives and less positives aspects. The positives are that Romania will benefit of all existing experience of older member countries and will be part of the changing process. The less positives refer to the fact that now the various rules and regulations are more strict than some years ago and some programmes are less generous than they used to be. Also a less positive issue is the fact that Romania has to comply at once with a lot of requirements (environment, consumer protection, etc.) while the older member countries had much more time to include such requirements into their activities.

A final remark: the less positives happen anyway, the positives happen only if we know how to handle them. Therefore, Romania and Romanians have to learn a lot in a very short time if they want to balance the positives with the less positives and, at best, even to get an surplus in the process.