

GLOBALIZATION VS. ROMANIAN COMPETITIVENESS

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Abstract

The spread of economic globalization is bound up with a series of far-reaching to the structures and practices of the world economy, therefore arising serious issues for the governance of economic life, which in turn poses particular kinds of dilemmas for the territorial nation-state and the way in which public authorities can intervene and regulate market actors. The European integration model is specific. The comparative analysis between three fundamentals processes of integration – European, American and Asian – shows this conclusion. In this paper, we examine the characteristics of this integration models. What are fundamental pillars of future EU construction? Why European model is considered like an advanced approximation of globalization?

Key words: competitiveness, globalization, structural agreements, lasting development, integration, regionalization.

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INTRODUCTION

Globalization represents a very used term, to which we can attribute many significations. By this term, we may understand the development of global financial markets, the growth of transnational corporations and their increasing domination over the national economies. Most of problems that people associate to globalization, including the penetration on market for the values on those area of which they do not belong traditionally, can be attributed to these phenomena. Simultaneously, we might take into consideration the globalization of information and culture, about television dispersion, of the Internet and of other forms of communication, as well as about increased mobility of ideas trading.

The globalization can be defined as a set of economic, social, technological, political and cultural structures and processes, which result from the changing character of production, consumption and commerce of goods. Many changing within world economy carried out, otherwise we can consider globalization as a result of creating world market. But globalization cannot be synonym with internationalism and trans-nationalism. These two processes have their “roots” on the mercantile manner of directing the commerce, especially after The Great War, within a multinational model of development.

There are four main characteristics that can explain the origins of globalization: integration within world markets of the national economies, the transition from “high volume” to “high value” economy, which result from better acknowledge of products and services used on the world’s market of national economies, the end of bipolarity between capitalism and socialism as concerns the production costs and not lastly, configuring the new economic blocks.

As defined, the globalization represents a relatively recent phenomenon, which distinguishes the present from what happened 50 or even years ago.

Globalization is wished from many points of view. Private enterprise is able on producing more richness than the state. More, the states have the tendency of abusing of own power. The globalization offers an individual liberty level, which no state can assure. The free concurrency on global scale issued the entrepreneurial and creative talents and accelerated the technological innovations.

But globalization has its negative part. Within countries less developed, many suffered because globalization, but without receiving support as concerns the social security system.

Globalization produced a defective allocation of resources between private and public goods. The markets are able of responding to other social necessities. The financial markets can determine crises. It becomes possible that habitants of developed countries of not being fully aware of devastating results for financial crisis, because they have the tendency of affect more the countries on progress of developing.

THE TRANSITION OF ROMANIAN ECONOMY: BETWEEN POLITIC AND ECONOMIC

It can be mentioned that politics had the decisional part on delaying the Romanian economy transition, affirmation confirmed by:

1. Disarticulating and destroying the Romanian economy of socialist type that produced rapidly, where time and wish weren't necessary for re-conversion and building the institutions specific to market economy. Romania, by fast passing and without precise plan of transition, assumed to be free, passed immediately to a stage of general unbalance. As result, the only practical solution that would have had success wasn't other than *A program of integral reform based upon conditions of steady general balance*, which would have lead to *the economic miracle* in Romanian country or any other place from today contemporaneous world. It is about a steady balance in production, consumption, currency, banks, stock, budget and state's finances, agricultural reform, industrial reform, exchange rate, commercial and financial relationships with foreignness, privatization of entire national economy. In other past socialist countries (as the revolution of velvet, by which Czech Republic lost the monopole of power and returned to democracy), the process being of lasting time, 2-4 years, by step by step run of the state from leading position, of control, but only by the measure of creating the institutions specific to the new economical -social system (aspect comparable to physiological processes by which destroyed cells, or those that suffered, are moved away once the new vigorous cells appear).

2. The disparity between real economy (underappreciated) and the nominal economy (much appreciated), the decrease of Romanian economy performance, due to the strong devaluation of the Romanian currency (ROL) towards the American dollar (of few hundreds times), thing favored by the fact that currency economy replaced the goods economy, that creating of utility goods.

3. The incoherence and discontinuity in government (the first decade registered not less than five governments), as well as the legislative instability. Each part and all together have contributed, decisively, on exceeding the economic by the politic. Each of the previous political moments iterated the necessity on accomplishing the reforms, thing remained only to theory, the practice proving that very late it passed from restructuring and abolition of industrial "giants" of the state, generators of great loss in economy and lacks within state budget, that un-industrialization was partly made chaotically and without having at base a precise thought of what has to be made in the view of reaching the aims on transition period. Therefore, we may say that the reform was minimized; no concrete element existed during the entire decade 1989-1999 as concerns the structural politics, which had to attract around it the national interests' community.

Within the same context, the adopting has to be also mentioned, same tardily, of the Concurrence Law, as near as 1997 and entered into force a year later, although in countries as Czech country or Hungary, this fundamental legislative deed for reform was adopted even in the first years after the moment of difficulty, 1990.

As concerns the legislative unsteadiness, not only the delay of adopting certain normative deeds of great importance for delineation of legal frame of developing the mechanism and specific processes of a market economy, but even the adopting of certain basic laws was difficult and needed many variants and ulterior modifications (see the case of Privatization Law, which was changed structurally of 12 times, or the entire system of taxation, intended to economic agents and which, in only 10 years, suffered 132 modifications). All these lead towards manifesting the mistrust and holding back of foreign investors as concerns the health and normality of business

environment in Romania. In the view of not remembering of the not performance management of trade companies remained on state's ownership, the financial and contractual indiscipline, but especially of financial blocking that transformed into serious economic blocking, phenomenon that "affects" the economy from many years.

4. Toleration and as result, strengthening and generalization of corruption, scourge that remained one of the main deficit of recovering the economic -social and political life of our country.

5. The weaknesses and the inconsistency of politics that aim towards the human capital (education, health, science and research), although we dispose of human potential that proved many times the value and power of comparing and succeeding toward people from developed countries of the world.

These were few of the essential problems, wherewith the Romanian society have confronted with, and to which the politics has to face and exceed the situation, accomplishable thing foremost by the existence of political wish of acting towards interest of all and removing the apprehension towards consequences of implementing all radical-structural reforms and whose postponement doesn't lead only towards the increase of social costs.

This isn't the moment in the paper for presenting extensible the solutions for exceeding the present state of things. Adhesion of Romania to European Union beginning with 1st January 2007, with benefits and especially with its costs (having a large estimative area between 14,5 and even 40 milliards of Euro) represented for our country the including within a space over 500 millions habitants and unique market, strongly competitive, where Romanian companies will be able of enjoy of the four economic liberties: work force, of the capital, of goods and of services. It is obviously observed that to economic field an especial priority has to be given, so that truly, the entire social-economical and political training can function within mixed economy conditions, which does not represent something else than real model of the economy on actual market. Moreover, on the entire process of globalization and simultan eously with our country adhesion within European Union, involves from Romania's part an own significant effort on finding and amplifying those areas (which are especial within services sphere), which have to be competitive with those similar within European Union and which can assure a favorable position, benefic within re-setting on economic-social level.

GLOBALIZATION, A WISHFUL ILLUSION?

An extremely striking feature for the current globalization process is constituted by intensifying the information flows to all fields. Presently, moreover, the power is owned by those having great financial capitals, but those that own strategic information. The information can create competitive advantages; their lack can determine bankruptcies to even important companies. Suggestive in this way is the motto of Mitsui Japanese Company: "Information is the boat of saving company". The process of *globalization* extends and strengthens permanently, and the governments and leading of companies are obliged to take the most adequate decisions, taking into account the main effects, meaning:

1. Internationalization of products flows, services and capital has as effect the consolidation of the most powerful companies and corporations by fusions or acquisitions, with a value more and more increased.

2. Internationalization of markets, beyond the protection barriers, reaching towards the increase of competitive pressure. Form this reason, by the Treaty of Maastricht (signed on 7th February and entered into force on 1st November 1993), the applicant countries to European Union are solicited to have a *functional market economy*, but also companies able to resist to concurrencies pressure and of market forces within Union.

3. An increased concurrency signifies a continuous pressure over the producers in the view of reducing the costs, improving the qualitative level, the growth of productivity and increasing the professional level and of employment for the employees. Searching new markets, with low cost and qualified work force, the phenomenon of migration on activities of USA and

Canada towards South part, then from West Europe towards East, towards economies being in transition. Nowadays, the meaning of migration is directed towards China and India. Two processes are in fact carried out: *outsourcing* – externalization of certain entire sectors of activity towards other companies strictly specialized and respectively, off *shoring* – moving some units of production into new areas, potential markets of sale, with low cost and qualified work force.

It is estimated that over 28% of world companies used this last process, the percentage aiming towards growing to 40% at the end of the year 2008. The benefits are obvious; if we refer only to Europe, the yearly cost of a job position (including all taxes) is of 46.600 Euro in Germany, 43.990 Euro in France, 41.875 Euro in England, 6.490 Euro in Slovakia, 7.211 Euro in Poland, 7.423 Euro in Estonia. It is also estimated that new -created units will have at the end of year 2008 a turnover of over 50 millions dollars. China signifies also low cost work force, but also a market in continuous ascension. The off shoring will determine massive loss of work positions in countries with low cost work, and also a series of central -European companies started to move towards East. This phenomenon is visible in Slovenia, where more companies moved already the lines of production in countries as Romania and Bulgaria. The explanation is simple.

The minimal wage in Romania is sixth-seventh times less than that of Slovenia, and the wage of Bulgaria is even nine times less. This tendency concerns the authorities from Ljubljana, taking into account that closing some autochthon units leads towards increasing the unemployment, almost nothing in the view on stopping the migration towards East. Therefore, Alpina Company decided to move the production to Romania and China, movement by which company estimates to save 250 millions dollars per year. Same, the Labond Company works presently with the subcontractors of Romania, Hungary and Poland. Recently, the highest manufacturer mobile telephony of the world, Nokia, closed the factory of Germany, from Bochum, following that production to be moved to other three plants, among which that of Jucu (Romania, Cluj County). It is expected, that together with the development of our economy, the standard living and wages will increase, so that companies which in present activate on our market to move towards East, in Moldova, Ukraine or Russia, where the level of wages will be lower.

The National Plan of Development (NPD) represents a concept specific to European policy of economic and social cohesion (Cohesion Policy) and represents the strategic planning document and multiyear financial programming, issued within a large partnership, which will orientate and stimulate the social-economic development of Romania in accordance to Policy of Cohesion of European Union.

The National Plan of Development (NPD) represents the fundamental instrument by which Romania will try to recover more rapidly the disparities of socio-economic development towards European Union, by methods of promoting to European level, and which will beneficiate of a substantial financial support of its part, the global objective supporting on three specific objectives:

- The growth of competitiveness on long term to Romanian economy;
- The development on European standards to basic infrastructure;
- The improvement and using more efficient of autochthonous human capital.

As regards the Strategy of NPD, considering the global objective of reducing more rapidly the disparities of social economical development between Romania and Member States of European Union and beginning from a comprehensive analysis of the current social economical situation, **six national priorities of development** were established, which group interiorly many priority areas and sub-areas:

- The growth of economic competitiveness and development of economy based upon acknowledgement;
- Developing and modernizing the transport infrastructure;
- Protecting and improving the quality of environment;
- Developing the human resources, promoting the occupying and social inclusion, as well as strengthening the administrative capacity;
- Developing rural economy and the growth of productivity on agricultural sector;
- Decreasing the disparities of development within countries regions.

For the Romanian companies, the success or failure chances are the same as for the external competitors. Everything depends on adequate management, efficient on human, material

and financial resources, taking into consideration the growth of competition pressures, as well as by the capacity of implementing and maintaining the process of continuous learning (lifelong learning).

The competitiveness of an economic agent and therefore for the Romanian firms (companies) is determined mainly by three high features, meaning:

- services offered;
- afferent costs;
- registered quality.

From here, the need of supporting these areas that can assure the wishes mentioned above and which, in conditions of Romania, are those of third sector: transports and tourism (with accent put on rural tourism).

Starting from these aims, two main questions can be identified, meaning :

1. How can Romania beat the economic disparities?
2. What should be made so that more people should beneficiate of results on economic growth (and not only limitary groups)?

The battle for *competitiveness* becomes difficult, because as shown already, it carries out under the impact of three simultaneous processes: *transition* to democracy and market economy; *globalization*; *European integration*.

The answer at first question is given by the example of countries that succeeded – few at number. The economic analysis revealed that fast, lasting and on long term economical growth is possible when driving forces that determines it are put into motion by stimulants that a political, economical and social system has to offer efficiently and efficacy. These forces are:

- accumulating of physical and human capital;
- efficient allotment of resources;
- continuous improving of technologies.

And the best system, known until present, which puts into motion these forces is that based upon private property, free initiative, competition and law state.

The answer at the second question is given by a series of conditions that have to be satisfied simultaneously within the process of economical growth:

- the economical growth has to generate new work positions;
- the people have to have success to educational systems, that have to assure achieving the acknowledge and abilities required by new job positions;
- corruption has to be retained and reduced;
- those that from different reasons do not find their place within an economical competitive system to be comprised within social protection area of the state and of social communities.

Because the concept of *convergence* signifies *an economical growth* and which on its turn is included on the *economic development*, we can say that it becomes an important problem for Romania, but also for the other countries of EU, meaning the assuring of *lasting development*, a global objective, which neither European Union nor other country can assure (achieve) by itself. And than, the attention is directed towards *regional development*, where putting the accent on changes and adjustments on structural nature. The analysis of changes on structural nature determined by the economic integration over the regional specialty and by training, over the *competitiveness*, different branches and sectors from national economy is especially important in the view of making a pertinent analysis over what has to be done for stooping or even eliminating the negative points that can appear on aimed regions.

The confrontation of ideas from different social-economic environments: research, education, agents of economical development, political class, representatives of civil society, have to have a benefic impact over finding the best solutions for detecting and reducing the regional disparities, for assuring a harmonious regional development, lasting, which has to assure full capitalization, meaning the increase of *competitiveness* of different economic areas, of local resources.

CONCLUSIONS

If, ever, within the managed history of the World, it was spoken more insistently and laboriously over something – facts, wars, cultures, civilizations, personalities, phenomena, etc, well, it was never spoken over it more than now about globalization. Practically, this process directed and continues to direct, to attract the attention, the preoccupations and energies to a spectrum more and larger of institutions, but also of citizens which, no matter their social and professional aim, report their existence to global coordinates of the development. It is spoken so preoccupied, on all vertical of human training and education, so that this process, globalization, seems to be the last discovering of anxiety and inquire of humanity, a discovering of all revelations, social phenomenon that gives ultimate mark overt planetary saving. But things are different. Globalization, in fact centers of globalization, which without them globalization wouldn't have been possible, as social phenomenon, not necessarily aware, can be identified and taken into consideration yet from the beginning times of group development on human conditions. Awareness of propriety, and of instinctual need on its continuous extension, the permanent diversification of general object of ownership, and implicitly, of its value, perfecting continuously of forms and methods of exertion the domination by means of force and of war, the impossibility of maintaining in ownership of defining revelations on human society development, together to generosity of their spread fenceless are few elements that can be taken into consideration, when speaking about globalizations center parts; the globalization, as social and historical process and phenomenon, but even as practice unavoidable and irreversible process, a process that reflects the institutionalized human wish, this being able on quickens, decelerations or directions in certain way the process, with specific corresponding consequences.

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