COLLECTIVE SECURITY IN THE CONTEXT OF GLOBALIZATION. THE CASE OF ROMANIA

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European countries have taken part in the Globalization process ever since the end of the Second World War. Being active members of international institutions like the IMF, World Bank Group, NATO or the WTO, the European countries have even developed a collective entity of their own, that of the European Union. In later years, Eastern European countries like Romania have also become a part of this globalised system. It is the aim of this paper to present the effects that this integration has brought in terms of economic development and security challenges for EU member states, by taking into consideration the example of Romania.

Key words: *globalization, integration, security, capability, multinational companies.*

1. INTRODUCTION

There is no universally general definition for globalization. Globalization has meant a development in interconnectivity in different domains like economy, politics, social-cultural field, etc. The advance in technology has also meant that economy could shift from a regional level economy to that of an international, interconnected economy. Therefore, economists consider globalization to be integration through international trade of markets in goods and services, as reflected in a variety of possible measures [1]. These include direct measures of barriers, tariffs and transport costs; quantity-related measures of the result, trade volumes; and price-related measures of the result, the law of one price and other evidence of arbitrage. Globalization is considered to also mean in terms of economy the financial integration through international trade in assets, as reflected in a variety of possible criteria [2] such as: direct measures of barriers, capital controls and transactions costs; quantity-related measures of the result, gross and net capital flows, portfolio shares, or consumption sharing; and price-related measures of the result, interest rate parity conditions and other evidence of arbitrage.

After the end of the Second World War, economy has shifted from a state driven economy, to a private driven economy, mostly due to the development of international, multinational and transnational companies. In order for these companies to expand their business in other countries, foreign direct investment and portfolio investment appeared.[3] There has also been an increased trade in intermediate products (especially within multinational corporations), international outsourcing of services, and international movement of persons. Due to the last effect, an unprecedented migration phenomenon has taken place worldwide.

The advantages and disadvantages of globalization have been heavily scrutinized and debated in recent years. Proponents of globalization say that it helps developing nations "catch up" to industrialized nations much faster through increased employment and technological advances. Critics of globalization say that it weakens national sovereignty and allows rich nations to ship domestic jobs overseas where labor is much cheaper [4].

2. THE EUROPEAN UNION AS PART OF GLOBALIZATION

2.1. Financial outcomes of the Bretton Woods System inside the EU

The Bretton Woods System established in 1944 in Virginia, USA, meant that all member countries within the system would convert their national currency to the US Dollar, who would be itself converted to Gold at 11 dollars for one ounce of gold. Exchange rates for member states would no longer float freely, but be tied to the US dollar, thus making the American currency the strongest on international markets. The development of the Bretton Woods Fixed Currency System also meant the creation of the IMF and the World Bank Group that monitored all international financial transactions between member states [5].

By 1971, the Bretton Woods system collapsed and the United States was forced to stop using it. Former member states no longer tied their currency to the US dollar and free flotation for currencies became a trend for most countries worldwide. There are many causes that lead to the failure of the BTW, the most important being the decision of the OPEC to increase oil prices and by doing so, deflating the US dollar.

A direct effect of the downfall of the system was that for the first time, Western European countries understood the possibility of becoming an economical and financial power, it they were to unite under a common structure.

After the Second World War, France, Italy, West Germany and the Benelux Country had already formed the European Coal and Steel Community (ESCE) in 1951.

By 1958 two other Communities had been formed between the already mentioned countries, the European Economic Community (EEC) and the European Atomic and Energy Community (EATM) [6]. In 1973, when the Bretton Woods system had already failed, the three Communities had merged and had brought in the UK, Denmark and Ireland as members, thus creating the premises for what would become a united, powerful financial and social community, that of the European Union [7].

2.2. Developing multinational companies inside the EU

One of the most important consequences of creating the EU was the reduction of taxes for companies that had their HQ in any of the member states. When developing economic activities inside EU territory, these companies were relieved of several group of taxes, thus making their activity much more profitable. Thus companies from the auto industry, food industry or pharmaceutical industry managed to develop their activity throughout the European Union. One particular scenario that the EU economy has brought into practice is that of fusions, acquisitions or mergers between companies inside the EU, that have the same field of activity.

The same can be said about the military industry inside the EU. Several companies have developed their activity by moving their productions units in other European countries, different from the country of origin (Eurocopter, Aerospaciale, EADS, DaimlerChrysler Aerospace AG).

Fusions or acquisitions have also been a case to take into consideration inside the European military industry (Agusta Westland, Airbus Group etc.).

The development of multinational companies at an EU level has also had its disadvantages. While migration became a key issue, for labor force in search of a better market, another disturbing phenomenon has been that of social dumping.

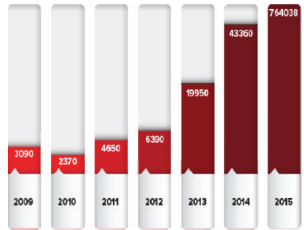
Dumping represents the acts of practicing prices that are lower than the average prices on a particular market. Social dumping therefore means the pursuit of a company in practicing a lower income for the labor force than the average income on the market. When that market is the European Union, there have been companies who moved their production units from one country to the other, in search of lower income for the labor force. This has brought upon a negative effect, because the regions from which multinational companies have fled have had issues in terms of unemployment.

Illegal migration from outside the EU has also been an issue for the European Union, whose institutions have dealt with this phenomenon for several years.

2.3. Security challenges for the EU

Since the Schengen Space has been developed, illegal immigration has become an issue for the countries that represent external borders for the EU. Since free travel exists inside the Schengen Space, countries that do have external borders need to develop their borders much stronger. Recent events in Syria and other countries in the Middle East has lead to an increase in illegal immigration as can be observed in **Table 1.**

Table 1. Illegal Immigration, Western Balkans, 2009-2015, Source: Frontex



According to specialists, the number of illegal migrants reaching Europe's border has jumped sharply in the first four months of this year, suggesting this year's total could be on track to overtake the 140,000 refugees who arrived during the 2011 Arab Spring, according to new figures [8].

The Western Balkans route represents one of the most important routes for illegal immigrations, which concerns Romania and neighbor states. All routes are taken into consideration by Frontex, an agency developed by the European Commission to assure Border Control for the European Union.

2.3.1. Security Agencies developed by the EU

Frontex is a European Union border agency created in 2004 in order to guard and secure the external borders of the EU.

Frontex estimates that 42,000 illegal immigrants reached the EU between January and April 2015, a number that is four times the size than the previous from 2014[9]. The agency has presented all routes for illegal immigration that exist at the external borders of the European Union as it can be seen in **Figure 1.**

Fig.no. 1. Main routes for immigrants by land and sea

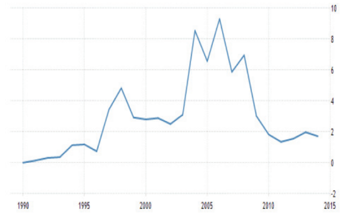
Source: http://serbianna.com

Due to this increase in illegal immigration around the borders, Frontex was granted the legal framework from the European Commission to form its own capabilities in order to better secure the borders. This concept is called Eurosur and it implemented by Frontex together with member states that have external borders [10]. Such is the case of Romania a country that has external borders with Ukraine and Moldova, and is part of the Eastern Mediterranean and Western Balkan routes for illegal immigration, through its coast at the Black Sea and its borders with Serbia and Hungary.

3. ROMANIA ON THE PATH OF EUROPEAN INTEGRATION

3.1. A market for foreign investors

After the end of the communism in 1989, Romania has taken its part in the globalization process. Throughout the last 25 years, Romania has opened its markets for foreign investors (**Graph 1**) and has liberalized its national economy. Romania has become a part of NATO starting with the year 2004 and a part of the European Union, starting with the year 2007.



Graph no. 1. FDI as % of GDP

Source: World Bank

As part of today's globalized economy, member in the WTO, IMF, World Bank Group, NATO and EU, Romania has become an interesting option for investment for both foreign investors and multinational companies.

Even though the percent of FDI has decreased since 2010, due to the previous financial crisis (started in 2008), Romania is still attractive to foreign investors. With a cheap labor market and a potential of fast growth in economic development, companies like Renault, OMV, Ford or Mittal have invested in production units in Romania and by doing so, have created a significant number of jobs.

Eurocopter is a particular case of foreign investment, as the French company develops products for both the civil and military fields. Together with IAR, the Romanian national company, they produce, operate and maintain the PUMA SA 330 or the IAR 330 as the Romanian Military names it. These helicopters have been upgraded to form the IAR 330 or PUMA SA 330 SOCAT, which gives the helicopter attack capabilities.

The most recent update to the helicopter has been the PUMA Naval version for surveillance and coast guard capabilities around the Romanian black-sea border. These helicopters are now part of the Romanian Navy and operate and the three Romanian Frigates: King Ferdinand, Queen Mary and Marasesti.

As part of NATO, Romania has taken part in international missions, like those of Bosnia, Afghanistan and Iraq.

With recent events concerning immigrations, at the request of Frontex, Romania can be part of the capabilities developed to increase security and surveillance around the external borders of the EU.

3.2. Developing security capabilities in South-Eastern Europe

The South-Eastern Region of Europe spreads from Romania to the North-East, to Croatia, Bosnia and Albania to the West and Bulgaria and Macedonia to the South-East (**Figure. 2**).

Countries that form this region are those of Albania, Bosnia, Bulgaria, the Republic of Macedonia, Montenegro, Romania and Serbia. Of these countries, Romania, Croatia and Bulgaria are member states of the European Union.

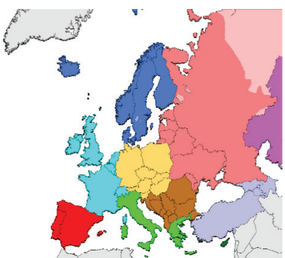


Fig. no. 2. South-Eastern Europe Region

Frontex has asked all EU member countries that have external borders to take part in building border capabilities in order to better handle the issue of illegal immigration that has occurred starting with 2014[11].

With foreign investors like Airbus, Romania can assure the development of such a capability. Not only did Romania already have equipped its naval forces with the Puma Naval helicopters that can assure missions of security and surveillance [12], but the new factory developed in the city of Brasov, near the IAR and Eurocopter factories, intends to build a new line of Super Puma helicopters, both for civil and military use. It must be said that no buyers have been yet to be assigned for this helicopters. If Frontex requires a capability to strengthen its border security, a foreign investor like Airbus could have the answer. The Super Puma helicopters can be equipped for surveillance, for security or rescue missions and can take the place of the existing helicopters as they are more modern and better equipped.

As part of NATO, Romania has also acquired a number of F-16 jets, with the first 12 to be delivered to the Romanian air forces in 2016. These F-16 are to take part in forming up to at least four squadrons for air-security missions, air-police and surveillance on all four directions of Romania’s border, while protecting the airspace of the entire country.

With its current navy and with the new line of helicopters and air jets, Romania can become a factor of stability in the entire South-Eastern region of Europe, being able to assist other countries like Bulgaria, Macedonia, Croatia or Serbia in developing their border missions, while attending to the general capability built by Frontex [13]. Romania has the ability to develop capabilities and security missions to its northern border with Ukraine as well as assisting the Republic of Moldova with missions such as border police, border security or surveillance.

This is the main advantage of globalization in the case of Romania. Foreign investors and the allegiance to NATO have enabled Romania's forces to have a higher degree of readiness than ever before. Romania is today a more stable country and better prepared to handle any threats.

4. CONCLUSION

As part of the globalization process, Romania has had both advantages and disadvantages in the last 26 years. Romania's road to democracy and a capital market regime might have been a difficult one, but it has changed the outcome of the country's trajectory from East to West.

Foreign investors have started to invest in the country and they have brought new technology and opportunities for the labor market. Meanwhile Romania became an integrated part of the European Union, developing economic, social and political relations with the member states. Migration to western countries has become an option for the labor force as well, as job opportunities have emerged in member states like Spain, Italy, Germany or the United Kingdom.

As a NATO member, Romania has become an important part of the Alliance and has developed institutional relations with allied member states as well. The military industry has developed in this context, by bringing in new foreign investors who have helped the Romanian Army acquire better and more modern equipment.

Factors like illegal immigration or competitive disadvantages from multinational companies have also taken their token on Romania's ability to tighten the gap with more developed countries in Western Europe. By doing so Romania is still in struggle in attempting to reach a steady economic growth.

However, as part of international structures like NATO and E.U., Romania has the ability to be an important factor in increasing security around European Borders, becoming an economic partner for the countries inside the E.U. and other countries as well, not only in the South-Eastern Europe region, but also in the entire Balkan area.

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