

Current Dimensions of the Multifaceted Process of EU Enlargement

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Analyzing the dynamics of European enlargement process it is always a laborious undertaking, complicated by the fact that there is limited agreement when it comes to what kind of polity the EU is. For the past decades of the twentieth century the evolving European political order was often portrayed as difficult to analyze and describe, because of the arduousness to synthesize what kind of political integration is possible and likely in a multicultural and pluralistic region organized politically on the basis of nation-states.

Actually, the EU has come a long way from a bargained agreement among nation-states, to a quasi-federal polity upon which the phenomenon of globalization increasingly brings pressure. From the slogans of large corporate entities and trade organizations, to public debates, globalization has captured the imagination of people the world over and it is a common issue today not only for the press or political science, but also for the common people.

At the core of most discussions of the issue is the extraordinary explosion of both technology and information, in ways that have considerably reduced the twin concepts of time and space. In particular, information and communications technology has emerged as perhaps the most dominant force in the global system of production, albeit with significant ramifications in all other spheres of contemporary human existence.

In a broader sense, globalization can be approached as the shrinkage of distance on a world scale through the emergence and thickening of networks of connections, environmental and social as well as economic¹.

Globalization, considered by many to be the future, is frequently confused with internationalization, but is in fact something different. Internationalization refers to the increasing importance of international trade, international relations, treaties, alliances, etc. for which, however, the term of reference remains the nation, even as relations among nations become increasingly necessary and important.

In the classical nineteenth-century vision of Smith and Ricardo the national community embraced both national labor and national capital, and these classes cooperated, albeit with conflict, to produce national goods, largely with national natural resources. These national goods then competed in international markets against the goods of other nations, produced by their own national capital/labor teams using their own resources. This is internationalization as defined above.

In the globally integrated world of the late twentieth century, however, both capital and goods are free to move internationally. An important consequence of free capital mobility is to totally undercut Ricardo's

comparative advantage argument for free trade in goods, because that argument was explicitly and essentially premised on capital being immobile between nations. But the conventional wisdom seems to be that if free trade in goods is beneficial, then free trade in capital must be even more beneficial! In any event, it no longer makes sense to think of national teams of labor and capital in the globalized economy.

In opposition with internationalization, globalization refers to global economic integration of many formerly national economies into one global economy, mainly by free trade and free capital mobility, but also by easy or uncontrolled migration of people.

When different national markets with different rules for the internalization of external costs merge into a single market, then the different rules of cost accounting present a great problem. Under globalization the market left to itself will resolve the difficulty by standards-lowering competition – the way of counting costs that results in the cheapest product will prevail. Capital will move to the country that does the least complete job of internalizing environmental and social costs. Consequently globalization results in a larger share of world product occurring under regimes that externalize costs to the greatest degree, making it difficult to argue that globalization will increase efficiency, even recognizing the legitimate claims of absolute advantage.

Nevertheless, it is becoming clear that globalization is no passing or ephemeral phenomenon but it is able to foster a large number of conflicting and sometimes even contradictory interpretations, particularly of a qualitative or value-laden nature. This is reflected in the existence of some bewilderment and a growing alarm over globalization's ramifications. Because of globalization's multifaceted nature, it is essential to grasp the different motivating forces that are impelling these developments aside from the purely economic, and also to recognize the different directions from which they are coming. As Paul Streeten has pointed out, there is a globalization that can come "from above" in the form of multinational firms, international capital flows and world markets².

Intrinsic to this form of globalization is a growing legal and institutional framework, which we attempt to evaluate in this article, starting from two premises.

The first is that increased interdependence among human beings produces discord, since self-regarding actions affect the welfare of others. At worst, the effects of international interdependence include war³. As international relations "realists" have long recognized, interdependence and lack of governance make a deadly mixture.

This Hobbesian premise can be stated in a more positive form: Globalization creates potential gains from cooperation. This argument is often seen as "liberal" and is associated with Adam Smith⁴ and David Ricardo, but it is actually complementary to Hobbes's point. The gains of cooperation loom larger relative to the alternative of unregulated conflict. Both realists and liberals agree⁵ that under conditions of interdependence, institutions are essential if people are to have opportunities to pursue the good life.

The second premise is that institutions can foster exploitation or even oppression arousing a dilemma: although institutions are essential for human life, they are also dangerous.

The only alternative to this solution remains to explain how effective institutions that serve human interests can be designed and maintained. And today, more than ever, we can ask the rhetorical question: who guards the guardians?

Democratic theorists emphasize that citizens should reflect on politics and exercise their collective will⁶, based on a so-called "culturally established background consensus shared by the citizenry"⁷. Governments derive their just powers from the consent of the governed⁸ and also from their reflective participation.

Although we agree with the conclusion that institutional protection from the arbitrary exercise of state coercion is as important at the global level as at the level of the national state, we speculate about the nature of the public institutions that are viable in a partially globalized world.

Political institutions can be defined as persistent and connected sets of formal and informal rules within which attempts at influence take place. Starting from this definition, for the purpose hereof, we are interested in their consequences, functions, and procedures in the context of globalization, which, in all its forms, is powered by an unrestrained drive to maximize profits.

Open the borders, reduce and privatize the state, deregulate, be efficient and competitive, submit everything and everybody to savage free market law – such are the rules and basic principles of key economic globalization actors. In practice, productive structures and processes are increasingly more distanced from human development needs. Such globalization entails economic instability and political crisis. Never before has social inequality and exclusion reached such levels – too many human beings for an economy meant for less people, pursuing an unsustainable pattern of resource-use and consumption.

In the face of this exclusionary globalization, we need to look at other globalizations. Some of them bear alternatives and hopes. In the struggle against globalization serving only business interests, actors emerge who are forging the bases of a global civil society founded on human rights and active citizenship. However, fundamentalisms of all sorts also proliferate in civil societies, propagating intolerance and violence. The explanation is that ongoing processes are challenging the world power system formed in the past. National states have been weakened and have been losing their regulatory capacity over economic forces active on a world scale.

However, most of the traditional institutions are still deeply influenced by their origins and need many changes to confront challenges posed by globalization processes. Instead, we should aspire to a more loosely coupled system at the global level that attains the major objectives for which liberal democracy is designed at the national level. We can think of outcomes in terms of how global governance affects the life situations of individuals⁹.

Governance should enhance the capability sets of the people being governed, leading to enhancements in their personal security, freedom to make choices, and welfare as measured by such indices as the UN Human Development Index. In order to accomplish these functions: security, liberty, welfare, and justice we need to design institutions culturally and politically so diverse¹⁰ that most functions of governance should be performed at local and national levels, on the familiar principle of federalism or of the European Union's notion of "subsidiarity."

A few key functions, however, should be preserved and exercised by regional or global institutions, such as to limit the use of large-scale violence, to limit the negative externalities of decentralized action, to provide focal points for the states policies in the domain of infrastructure. A major implication of interdependence produced by the globalization is that it provides opportunities for the actors of the globalized world to externalize the costs of their actions onto others. Examples include monetary policies, air pollution by upwind countries, and the harboring of transnational criminals or terrorists. In situations with a clear focal point, no one has an incentive to defect. Great efficiency gains can be achieved by agreeing on a single standard – for measurement, technical specifications, or language communication. Actors may find it difficult, for distributional reasons, to reach such an agreement, but after all institutionalized solution has been found, it will be self-enforcing.

Apart from these organizational functions, the global governance cannot exist without assuming the preventive role of dealing with system disruptions and providing a guarantee against the worst forms of abuse, particularly involving violence and deprivation, so that people can use their capabilities for productive purposes.

As global networks have become tighter and more complex, they have generated systemic effects that are often unanticipated, like global climate change and more recently the collapse of the World Trade Center towers of New York under the terrorist attack of September¹¹.

In the same category should also be included the struggle against the dictators that exterminate their own people. In order to avoid the disruptions of the balance, induced by their political actions in the global system, they may need to be restrained or removed by the system itself. It is true that one of the reasons for such actions, which lead to the above-mentioned disruptions, that are so great as to be morally indefensible, should be considered the global inequality, but concerted international action remains the only appropriate response to it.

Yet, the effects of globalization on inequality are much more complicated than they are often portrayed. Whereas average per-capita income has vastly increased during the last forty years, cross-national inequality in such income does not seem to have changed dramatically during the same period, although some countries have become wealthier, and others have become poorer.

Meanwhile, inequality within countries varies enormously. Some globalized societies have a relatively egalitarian income distribution, whereas in others it is highly unequal. Inequality seems to be complex and conditional on many features of politics and society other than degree of globalization, and effective action to enhance human functioning will require domestic as well as international efforts¹¹.

Whatever the economic effects of globalization, social globalization certainly increases the attention paid to events in distant places, highlighting abuses, particularly in the context of the envisaged NATO and EU enlargement. Advocating such issue is not new: the transnational antislavery movement between 1833 and 1865 is an important historical example. Yet, the expansion of concern about human rights during the past two decades has been extraordinary, both in the scope of rights claimed – and frequently codified in UN agreements – and in the breadth of transnational advocacy movements and coalitions promoting such rights.

The concern about poverty, however, has not been matched by effective action to eliminate its sources. The European Union

(EU) provides a compelling example of first-mover advantages in international organizations. New members of the EU have to accept, in their entirety, the rules already established by their predecessors. As a result, the innovators of the European Community – the six founding members – gain persistent and cumulative advantages from having written the original rules. These rules are important. Even if implementation is often slow, during the 1990s all members of the EU had implemented more than 75% of EU directives, and more than half had implemented more than 85%.

In the same context, the second key question is that of stability. If institutional rules constrain majorities, why do these majorities not simply change the institutional rules to remove the constraint? The general answer seems to be that institutions generate rules that avoid this paradox, for example, by giving agenda-setting power to particular agents¹² or by requiring supermajorities to change institutional arrangements.

These rules ensure that majorities cannot alter them easily when the median voter's preferences change and, as a rule, they are required chiefly in order to reach certain equilibrium than to *protect the* oppressive global institutions. The way to reach such equilibrium, without sacrificing the individual liberties, could be to pay more attention than we have to expectations of how others will behave and, therefore, to underlying values and beliefs. Expectations are critical determinants of action. They depend heavily on trust, reputation, and reciprocity, which depend in turn on networks of civic engagement, or social capital.

Building such networks is an incremental process and, from this point of view, we cannot speak about a very clear-cut partition into "international" and "domestic" but, rather, they are networks that cross those lines. Rational strategic action depends on the expectations and incentives that these networks create. Without an understanding from a historical, institutional and political point of view¹³, we can neither comprehend the varying expectations on which people rationally act nor design institutions based on

normative views. We cannot simply assume that the material self-interest is a sufficient explanation, as economists do.

Another form of globalization can come from below (such as the environmental and anti-nuclear movements, or, more relevant to this discussion, human rights struggles). The human rights movement has long laid claim to a universalizing, some would say a globalize mission. This is evident in the assertion that the regime of rights and freedoms established through the Universal Declaration of Human Rights – and the numerous other instruments that have since been promulgated in the same spirit – extend beyond the sphere of purely national concern.

The globalization-from-below activists have the potential to add a democratic dimension to the debates about globalization from above. In this way, globalization can be brought down from the institutional sphere, where the major political decisions are made, and where the globalization from above is located, to the daily realities of ordinary citizens. Especially important, it can help them mobilize in resistance against the hegemonizing tendencies that globalization from above may present.

From this viewpoint there are serious questions that emerge from an examination of the extent to which the phenomenon of globalization respects the basic human rights principles of equality and non-discrimination: The nature of contemporary global inequality is captured by an examination of the main elements that are touted as being the bedrock of the globalizing "revolution".

Should we review, for instance, the situation of Romania, we could say that globalization has not affected all Romanians with the same intensity or in the same way. Most of the rural population lacks cable television and has no awareness of the World Bank or the IMF. As of 1996, over half of foreign direct investment in Romania was placed in Bucharest alone. Largely owing to the expense of many cross-border connections, globalization has gone furthest in Romania among the middle classes. A cellular phone and McDonald's fast food are too costly for the inhabitants of some of the

disadvantaged zones of Romania¹⁴, declared and acknowledged as such through several Governmental Resolutions.

These reassertions of an existing situation point to one dimension of the globalization divide – the rural and the urban. That usually translates into another division: those who have and those without. In a country like Romania, where the majority of the populace is based in the rural area eking out a subsistence existence, the fact is that globalization has not improved things.

Partaking in the processes of globalization, represented by the opening of free markets, the liberalization of trade barriers and the removal of protectionist barriers, is thus no guarantee that all will benefit.

There are clearly also problems concerning whether globalization is even of benefit to those who contribute a considerable amount to its success – workers around the world, legal and otherwise. Thus, while the countries of the developed part of the world clearly rely on migrant labor to sustain and operate their economies, the extent to which they either recognize or reward this category of person is debatable.

Paradoxically, increased integration – often touted as one of the major benefits of globalization – will not produce benefits for a very significant section of the population: the labor turned redundant further to the privatization and restructuring of the Romanian economy, and this because the drive towards a single European market, which has increased the mobility within the European Union of its Member States' citizens, has meant instead, over the past few years, increasing restrictions for migrant workers, for those originating from Romania included. And yet, the economies of the EC members are increasingly dependent on this cheap, flexible labor force. They are an unprotected population, whose rights are often not addressed by the national legislation of either the receiving states or their states of origin.

However, not only the Romanian society faces great challenges on the issue of poverty and social exclusion. Globalization processes may also be seen to unveil and deepen the logic of inequality and exclusion in the world.

Sparing no society, poverty and destitution are now global phenomena. Worse still there is a radical separation between economic and social spheres, while economies are globalized, the social is nationalized. The greatest indicator of the narrow limits of economic globalization is increasing control over migration. All barriers to circulation of goods are lifted but their producers are blocked from moving freely. In addition, visions and wills are forged within societies to exclude foreign workers, denying them basic citizenship rights. These are globalization's contrasts and dead ends.

As is fairly apparent from the preceding arguments, we can only conclude that the impact of the adverse consequences of globalization on the enjoyment of human rights is multidimensional; all aspects of human existence, be they political, economic, social or cultural, are affected.

The negative impact on one dimension of human rights, e.g. economic rights, necessarily has a visible effect on other rights. This reality reinforces the principle enunciated in the Vienna Declaration and Programme of Action (1993) that human rights are "universal, indivisible, interdependent and interrelated".

Today, international human rights obligations have to be viewed through the prism of this fundamental principle. The Charter of the United Nations recognizes the important linkages between the maintenance of international peace and security, the establishment of conditions of economic and social progress and development, and the promotion and protection of universal human rights.

A singularly important development is the imposition by the Charter of a legal obligation on Member States to take joint and separate action in cooperation with the Organization to promote, *inter alia*, higher standards of living, full employment and conditions of economic and social progress and development, and universal respect for, and observance of, human rights.

Action taken by Member States, either collectively or singly, to defeat this pledge is clearly a violation of the Charter, which under certain circumstances may amount to violations of principles of *ius cogens*.

International economic relations and the policies that drive those relations cannot in the name of *laissez-faire* economics be exceptions to the international rule of law. They are essentially subject to the dictates of international law, particularly those that recognize the sovereign equality of nations, the right of self-determination of peoples and respect for human rights as cornerstones of modern international law. While States are directly obliged to comply with those principles, they are also obliged to ensure that private economic actors within their jurisdictions do not act in a fashion that abuses and blatantly violates those rights¹⁵.

This view should become dominant when European developments are seen as reflecting the imperatives of international competition, technological and economic globalization and mass migration.

Politically, a sense of collective identity was non-existent until the establishment of the Union. A shared identity is not to be expected, given the lack of an institutional infrastructure that could assure the political accountability of office holders to a European constituency. Adding new member states from Central and Eastern Europe will increase heterogeneity and make the development of a common identity even more unlikely and, thus, beyond the economic difficulties, we can expect also a real cultural shock of integration.

Such a shock could occur further to the enlargement of the existent global polity with a law-abiding culture to countries and groups without a similar respect for law. Possibly, the argument is relevant for some candidates of EU membership. Yet, the effect may be modified because these new members may emphasize a different legitimacy basis for their integration with the EU, like for example their commitment to become part of a modern and democratic Europe. If, however, participation in discourses over the aims and justifications of European institutions and policies is important for awarding legitimacy to the globalized governance, a possible development of the extension of the integration of the South-Eastern European countries with the EU is towards an increasing legitimacy gap between those taking part in discourses

and interactions and the candidate countries, the bystanders. The bystanders are impacted, but because they are not taking part in argumentation over the future of Europe, they are less prone to give legitimacy to the new polity, which is based on globalization.

Lately, there has been a growing clamor – particularly from the main beneficiaries of globalization – that rules need to be established to govern the international economy, with a specific focus on questions such as copyright violations, trade sanctions, and protections for increased foreign investment. Unsurprisingly, most such demands emanate from those who are already benefiting to a considerable degree from the current inequities in the global economy.

However, what is required is a more balanced approach, which ensures that human rights principles are integrated into the rule-making processes from the outset. The primacy of human rights law over all other regimes of international law is a basic principle that should not be departed from.

In seeking to achieve this objective, critical challenges must be made to the dominant neoliberal economic framework of analysis, and in particular to the measures of austerity and punitive conditionality that have been the modus operandi of the existing system, which Romania has also felt in the relations with the IMF and the World Bank.

Further reviews of existing debt relief and poverty eradication measures must also be undertaken by the European institutions, keeping in mind that economic and social integration, in the meaning of causal interdependence among parts, dictate political integration, in the meaning of structural connectedness and institution building.

In conclusion, as the European Union faces globalization, the actual challenge resembles that of the founders of the European Union: how to design working institutions for a polity of unprecedented size and diversity. Only if the European institutions are able to rise to that challenge, they will be doing their part to ensure the "rebirth of freedom" on a world and human scale in a united Europe.

Notes:

¹ Robert O. Keohane, Joseph S. Nye Jr., *Power and Interdependence*, 3rd ed., New York, Addison-Wesley, 2001, p.15.

² Paul Streeten, *Globalization and its Impact on Development Co-operation*, UN Press Release, vol. XLII, *Development*, No. 3, 1999, p.11.

³ Thomas Hobbes, *Leviathan: or the Matter, Forme, and Power of a Commonwealth, Ecclesiastical and Civil* (ed. Michael Oakeshott), Oxford, Basil Blackwell, 1967, p.27.

⁴ Adam Smith, *The Wealth of Nations*, Chicago, University of Chicago Press, 1976, p.53.

⁵ Robert O. Keohane, Joseph S. Nye, Jr., *op.cit.*

⁶ James Madison, *Federalist No. 10*, in *The Federalist Papers*, by Alexander Hamilton, John Jay, and James Madison, Wesleyan University Press, 1961, pp.56-65.

⁷ Jurgen Habermas, *Between Facts and Norms: Contributions to a Discourse Theory of Law and Democracy*, Cambridge, MIT Press, 1996, p.19.

⁸ John Locke, *Second Treatise of Government* (ed. Peter Laslett), Cambridge, Cambridge University Press, 1967, p.62.

⁹ Samuel P. Huntington, *Political Order in Changing Societies*, New Haven Yale University Press, 1968, p.33.

¹⁰ Oliver Williamson, *The Economic Institutions of Capitalism*, New York, New York Free Press, 1985, p.41.

¹¹ Joseph A. Schumpeter, *Capitalism, Socialism, and Democracy*, 3rd ed., New York, Harper and Row, 1950, p.69.

¹² Shepsle, Kenneth A., "Institutional Equilibrium and Equilibrium Institutions", in *Political Science: The Science of Politics* (ed. Herbert F. Weisberg), New York, Agathon, 1986, pp.51-81.

¹³ Fritz Scharpf, *Governing in Europe*, Oxford, Oxford University Press, 1999, p.15.

¹⁴ Jan Arte Scholte, *Globalization, Governance, and Democracy in Post-Communist Romania*, UN Press Release, vol.V, *Democratization*, No. 4, 1999, pp.66-67.

¹⁵ Deborah Spar and David Yoffie, "Multinational Enterprises and the Prospects for Justice", in *Journal of International Affairs*, vol. XLII, No. 2, Spring 1999, p.557.