

## **INTEGRATION PROCESSES, GLOBALIZATION AND TRANSITION ECONOMIES IN SOUTH-EAST EUROPE**

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**Abstract.** *The economy in every country - small or big and for every region small or bigger in own development in some time period are in phase of prosperity, problems, stagnation, recession or collapse. These phases are phenomena, which soar over economy of every country. Therefore every country desires, the negative phases to be crossed as much quickly as possible without pain, asking for possibilities to exit from them.*

*Since the partition of labor is economic characteristic and necessity from a long time ago and every country small or big obligate to collaborate as with own surrounding, as wider and in some moments with longest destination in the world if it has economic benefits. It is possible in depend of economical performances of own potential to be supported that collaboration.*

*The goal of this paper is to show necessity of collaboration, the kind of collaboration (economic integrations in the world) and economic problems in South-East Europe).*

### **1. GLOBALIZATION IN WORLD ECONOMY AND NECESSITY OF ECONOMIC COLLABORATION**

Globalization of world economy represents international collaboration in the field of economic activities as international trade, liberalization of markets of goods, services and factors of production, and internationalization of financial flows. As Slaughter and Swagel [7, pp.1], said, "globalization - is international integration of goods, technology, labor forces and capital - everywhere wishing to see".

Globalization is carried out through economics integrations [1] which start after Second World War at the end of 1950s and 1960s in Europe and Latin America.

As we know The European Economic Community (EEC) was founded in 1957 and the first countries were: France, West Germany, Italy, The Netherlands, Belgium, Luxembourg and today exists as European Union (EU) in which are included Ireland, Great Britain, Sweden and Denmark from 1972, Greece in 1981, Portugal and Spain in 1984 and Finland and Austria in 1995. The plan was Malta and Cypress to be included til 2000, Slovenia, Chech Republic, Slovakia, Poland, Romania, Moldavia, Lithuania,

Estonia til 2005 and later the other countries which geographically belong to European continent. Inclusion in EU is a Herculean task, because it involves changes in the whole economic activity. The program extends the scope of integration in three respects: by removing non tariff barriers; by including services and other non manufacturing activity; and by encouraging the movement of the factors of production, labor and capital, across the boundaries within the Community, as well as the movement of the output of goods and services. The competition of the European Internal Market has been hailed as one of the most important milestones in the development of European economy in the last quarter of this century. As M. Buridge & D. Mayes in C.Driver & P.Dunne [2, pp. 232], said "300 measures" are set out in European Commission. In June 1985 White Papers are designed to eliminate the barriers; tactical rules, regulations and standards, public procurement policies; differences in fiscal structures and restraints on the movement of labor and capital'.

In 1960 in Latin America was founded LAFTA (Latin American Free Trade Association or ALALC in Spanish language) by Argentina, Brazil, Mexico, Uruguay, Paraguay and Peru, and 1961 were included Columbia and Equador, in 1966 Venezuela and in 1967 Bolivia. This integration in 1980 is transformed into LAIA (Latin American Integration Association) or ALADI in Spanish in which are members and monitors (Caribbean countries - Cuba, Costa Rica, Dominican Republic, Ecuador, Guatemala, Honduras, Nicaragua, Panama, Italy, Portugal and Spain). The south part of Latin America founded MERCOSUR common market (Mercado Comun del Sur) in 1990 by Brazil, Argentina, Paraguay and Uruguay.

In 1992 was founded NAFTA (North American Free Trade Agreement) by USA, Mexico and Canada for economic collaboration. In 1967, the regional economic relations in South-East Asia among Indonesia, Malaysia, Philippines, Singapore and Thailand and from 1984 Brunei are regulated by ASEAN (Association in South-East Asia Nations) which in 1992 was restituted as zone of free trade. In 1989 was inaugurated a process of inter-economic collaboration APEC (Asian Pacific Economic Cooperation) by Australia, Canada, Japan, New Zealand, South Korea, USA and 6 members of ASEAN (Brunei, Indonesia, Malaysia, Philippines, Singapore and Thailand and later China, Hong Kong, Taiwan, Chile and Mexico).

The main goal of all forms of economic integrations is to eliminate the barriers of trade and flows of factor of production and financial flows among the member countries with existing of some system of protection against the third countries. The schemes of integration are defined as collection of agreements, rules and organization among several countries with main goal for impulse of common development of their economies, starting with utilities which follow from trade agreements, elimination of customs and non customs barriers, growth of trade in goods, services and factors of production.

If the economic integration is to operate without problems it is necessary the economies of those countries to be complementary and supplementary against countries outside of some economic integration, and collaboration to be with sense.

With numeral economic integrations cited above we can say that the world economy is divided in three tree blocks: 1) European economic space with EU, 2) NAFTA and 3) Japan with ASEAN. Also many countries from world economic scene stay outside the economic integrations.

The utility of blocks or economic integration is:

1. The countries trade inside economic integration and thus they are less sensitive to restrictions from third countries outside that integration
2. The countries in some economic integration realized bigger effects, because of appearance as bigger economic power against the third countries
3. These basic utilities follow from the same aims enumerate in C. Driver & P. Dunne [2, pp. 232] and for us they are very impressive and therefore we shall repeat here:
4. Reducing transaction costs
5. Lowering the barriers, which enable firms to segment markets, thus increasing both the size of markets and the intensity of competition
6. Removing many of the means by which the public sector can discriminate in favor of its own firms at the expense of those in other member countries
7. Reducing the costs of capital and labor by permitting their more efficient flow round the Community
8. Assisting the process of structural change in the Community by investing in infrastructure technology and human skills.

Today isolation, total closing and autocratic societies are behind us. The states all over the world are connected with numeral political, military, technological, economic and cultural relations. The status of every country, its economic life and economic power, social stability, political institutions, the form of existence in a group in society and with it the life of individuals, their individual destiny are stipulated from including countries in economic integrations, in general opening and economic possibilities for the country in narrow and wider surrounding in world frames.

## 2. TENDENCIES AND TRENDS IN PROCESS OF GLOBALIZATION

We live in the time in which attained development and its characteristics are specific and therefore new names appear in that level of development as: network society, information society, postindustrial society, show business economy and so on. Very fast we approach the situation in which communications among people, firms, institutions and social community, as well as in trade with goods, services, capital, information and knowledge are performed very quickly and efficiency through Internet without limits of distance, space, time and state borders.

Until now dominant tendencies and trends of the process of globalization, we should illustrate as [8, pp. 243]:

### *Tendencies:*

<i>Forms</i>	<i>Tendencies</i>
National corporations and banks	Global network
Under national organizations and institutions	Voluntary transfer of part of sovereignty of states for change for members in that Integrations
International agreement	Liberations of the telecommunications, trade, air fly and so on

*Trends:*

<i>Categories</i>	<i>Trends</i>
Routine production services	Less earn and employment with international competitions, selling of capacities in countries with chipper labor force
Personnel services	Less earns and growth of employment and growth of demand

The process of globalization continually and capillary is spreading in the entire world, without difference in political, economic and civilization level of development of many states and regions. This situation is consequence of electronic communication among the people, firms, institutions and society communities and also trade with goods, services, capital, the flow of information and knowledge, made to ignore the distance, space, time and states bounders.

### 3. PROCESSES OF INTEGRATION IN SOUTH-EAST EUROPE

European union (EU) as an economic integration of West European countries is a nice dream and for the countries from Central, East and South-East Europe as well. The membership for the countries from this part of Europe is the following step by step in preparation for entry in EU. The EU helps them from 1989. In Agenda 2000, the Commission of EU it is said it would report regularly to the European council on progress made by each of the candidate countries. These regular reports, which started to be prepared from 1998, describe the relations between every country-candidate for membership and the Union. The reports draws on numerous sources of information including applied democracy, rule of law, human rights, protection of minorities as the political criteria for accession, and economic criteria (the existence of the market economy functioning with price and trade liberalized with decreasing of unemployment, inflation rate, growth of GDP and, in one word to say, to improve the business client).

EU aid consists of pre-accession preparations:

- PHARE programme, which has been providing support the countries for political change (institution building about financial control, public finance, and the central bank, tax administration, parliamentary procedures, institution building in agriculture, environment) and for economic restructuring (financing investment – SMEs development, research and technological development, industrial restructuring and privatization, trade) and so on.
- SAPARD programme is based on two major priorities- improvements of agriculture and food processing toward the market efficiency and improvement of conditions for economic activities and self-job creation.
- ISPA programme supports transport and environment sectors – construction, renovation and modernization of motorways roads and railways and environment concerns drinking water and wastewater.
- TEMPUS programme applied from 1990 is the EU cooperation scheme for High education, which supports the process of reform of high educative structure (renewal with development new curricula and courses, development of new teaching materials, methodologies, re-training and up-dating of skills for teaching staff, student and so on).

- The new framework for closer relations between the EU and the countries from Southeast Europe is the Stabilization and Association Agreement (SAA) 1999, including (BiH, Croatia, FR Yugoslavia, Republic of Macedonia and Albania). Republic of Macedonia signed it in April 6th, 2001. This agreement main goals are stabilization, harmonization and association of West Balkan to EU. The EU wants to improve the democratic and economics processes in these countries through pleasant access first in trade and customs.

#### 4. REGIONAL COLLABORATION AND POSSIBILITY FOR INTEGRATION OF COUNTRIES FROM SOUTH-EAST EUROPE

We can say that there is a big number of countries in which in smaller or bigger volume live population with social-cultural and religions elements from nations from the countries with which has boundary. This characteristic is the same for countries from South-East Europe. These elements ought to be clasped for every kind of collaboration especially in economy, because the neighbor countries of region of South-East Europe are with similar geographical characteristics and therefore with similar configuration of production specially in agriculture. That is the reason to be more efficient in all communications with the economic integrations. Their agricultural goods are characterized as healthy-with natural kind of rearing without agrochemical additives- simply said it is rising on clear agricultural soil.

Also, one other important element is that some regions of ex Yugoslavia are now sovereign and independent states and ought to continue intensive mutual economic collaborations. The main reason is that, a half-century ago, they were in narrow internal collaboration with production capacities connected and planned for market in that region and wider. It is better way to have common exit toward economic integrations in the world.

Now, when the countries of South-East Europe are in transition activities, the processes which do not go very easily and without difficulties, the best way is to start with more intensive communications among them and then after total finish of transition activities they would appear with efficient economies which keep equilibrium with supplies of developed countries and economic integrations in the world.

Therefore, they started with SECI (South-East Cooperative Initiative) founded in 1996 by Albania, Bosnia and Herzegovina, Bulgaria, Greece, Romania, Hungary, Turkey, Moldavia, Croatia and Republic of Macedonia from 2001. The main goal was the economic collaboration of the region. This institution ought to be supported by own top political factors of these countries as soon as possible and to be institutionalized and work more intensively.

The collaboration of economic field of the countries of South-East Europe ought to be developed in bargain with market economic legislation and complementary to supply of separate countries of the region in line with other surrounding countries.

Like SECI, the initiatives appear further as [CEI - Central European Initiative (whose members are Albania, Bosnia, Bulgaria, Greece, Croatia, Macedonia, Romania and Slovenia)], BSEC-Black Sea Economic Cooperative (whose members are Albania, Bulgaria, Greece, Macedonia, Rumania, Slovenia and Turkey). The governments of these

countries need support them and to come an agreement about:

1. Development of democracy inside every country with institutional rules for behavior and with impossibility of influence power of some individuals and some groups.
2. Respect of territorial integrity and sovereignty for every country and also growth up above the historical inherit partitions, conflicts and isolations, as somebody said free of romantic nationalism.
3. Rounding and finishing of the transition processes on the basis of market economy, as the Balkans should be included in world economic tendencies
4. Growing the collaboration with own surrounding - neighbor countries and wider with all Balkans countries, the region of South-East Europe and wider.

The economic collaboration need appear in the first place and it is to be far from all other provocations and problems about material and cultural inheritance, the reasonable respect of the rights of nations and nationalities, because economic collaboration is the clasp which enables development of every country and rise of living standards and welfare for all nations from this region.

With these elements it is possible to realize prosperity of economic development, high level of communication infrastructure, cultural collaboration and so on.

##### 5. CHANGING AND PROBLEMS IN ECONOMIES OF SOUTH-EAST EUROPE

The countries in world economy after World War II belong to developed economies and developing economies in general. The first one and the second one are occupied with own problems that they try to resolve. The most characteristic problems are: two oil shocks, technological flows, stagnation, recession and so on. The technological flows make big changes in output of developed economies. They consist of largely undourable services: education, government, finance, insurance, real estate, and wholesale and retail trade. The countries in recession and stagnation were the countries from East and Central Europe with socialistic systems. In 1990s, these countries were making big economic reforms (transformation from social to private ownership, market of goods, capital and labor) with general goal -to tend towards market economy. This process in economic literature is known as economic transition and the economies of these countries are called transition economies [9, pp. 8-9]. In these transition activities every country is using own methods, criterions and dynamic in the process of privatization. But first, the consequences from these transition processes are same for all these counties as it is rising of unemployments, declining of GDP, devaluation of national currency, more intensive black and gray economy, very low living standard of the population, increased crime, unstable democracy, more intensive social and religion intolerance and many other weaknesses.

Also in this part of the world is very strong nationalistic paranoia for historical injustice about appropriation of neighbors of the territories, languages, nations, culture and so on. It seems as all nations of the Balkans are between them historically seized in form of materiality and spirit sense lessened from neighbor nations. The leaders of some political parties, which call for brotherhood, harmony, national tolerance, neighborhood and democracy, are proclaimed for the biggest demagogues and national opponents. The

others, which are real opponent organize bigger groups of volunteers and form some unregular military formations making local war. This economic situation with very big unemployment and with very low living standard is very easy way to find the people who do not think deep and can be recruited for military actions for correcting on so call historical injustices. In that pathological situation of national spirit with own bitten, both by small countries and also international community, local wars were made between some of them where UN had to intervent. As it is known that every war has not total victors and total vanquishers without consequences from both sides, the best way is every dispute to be solved by political communications and agreements.

The simplest and the more efficient form for better life is collaboration with neighbors, but it is easier when they are on high level of economic development. In our situation when the country is in one region as it is South-East Europe, specially the Balkans then it is with many economical problems and occupied with transition processes. Social ownership must be transformed to private. Therefore all existing enterprises have this kind of processes. Also there were founded numeral small and micros firms, which started from zero. The development of both of them is very difficult and in every country separate. Therefore the collaboration between these countries is an enormous problems.

## 6. CONCLUSION

The imperatives of globalization and international world economic processes are strategics based in relation: scientific and technological progress - market integration.

The processes of globalization through economic integrations and multinational companies are unwinding through restitute rules of behavior of the countries memberships and completion of some criteria and standards to be a member of some economic integrations.

On the bases of these conditions, today's results of process of globalization are high level of economical growth generally in the world, especially for developed economies, low level of inflation, low-level of rate of unemployment, in the scope of economic integrations and in the scope of every country which is member of some economic integration and also countries which cannot be member of some of integrations.

As result of this economic situation appears the question of relation concentering people, nature and technique, the rich and poor people, protective and non protective, healthy and unhealthy, young and old, hungry and feed and as culmination of all of this is equilibrium of civilian and military segment. Economic integrations help the change through correct collaboration. This is possible if feel for the rights exist at all, which is result of hospitalities which start in every family, school, working place, state, and the world at all.

For the countries in transition processes to be included in globalization, it is necessary to know with which goods and/or firms and/or economic areas they are to be leaders, followers or outsiders in that process of globalization. They need think about their best economic characteristics, which can supply on the world and with it, they would have high economic results or opposite - unsatisfied results from the economic integrations.

## REFERENCES

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## INTEGRACIONI PROCESI, GLOBALIZACIJA I TRANZICIONE EKONOMIJE U JUGO-ISTOČNOJ EVROPI

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*Ekonomija svake zemlje u procesu svoga egzistiranja prolazi kroz manje ili veće prisustvo ekonomskih faza (prosperiteta, stagnacije, recesije ili kolapsa). Nalaziti se u nekoj od ovih faza, uzroci mogu biti ekonomska situacija kod bližih - susednih iz neposredne okoline zemlje ili udaljenih zemalja sa kojima sarađuje direktno ili indirektno na ekonomskoj osnovi. Međutim, pošto je cilj svake zemlje nalaziti se u fazi prosperiteta, one se po različitoj osnovi integrišu u ekonomske integracione celine kako bi njihov vlastiti ekonomski razvoj bio uspješniji. U radu je napravljen osvrt i značenje integracionih celina u svetu i u tranzicionim ekonomijama u jugo-istočnoj Evropi.*