

Reform and Compliance: The Impact of International Conditionality on Romania

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Abstract

Negotiated conditionality is a core strategy of international organizations to encourage candidate countries to comply with their political or economic standards. Its key feature is given by its strategic calculations. The argument of this paper is that the conditionality mechanisms can be topped by rather complicated bargaining rational thinking which results in half-finished reforms conducted with delays and which often match yesterday's development preferences of the international actors. The focus of the paper is to propose a concept and to illustrate a model of Romania's strategic practices as a newcomer country aspiring to integrate within international actors' clubs.

Keywords: external governance, conditionality, strategic bargaining, EU integration

1. Introduction

Generally, the literature on external governance assumes that the process works as a sequence of 'reinforcements by reward' (Schimmelfennig, Engert & Knobel, 2003; Schimmelfennig & Sedelmeier, 2004; Koch, 2015). In this logic, an international actor pays out or withholds rewards contingent on a country's degree of compliance with agreed upon or proposed conditions. The external governance model dominant in the literature is based on the assumption that the bargaining process starts from a status-quo that reflects the distribution of development and policy preferences in the domestic society, and this equilibrium is upset by the international actor's conditionality (Schimmelfennig & Sedelmeier, 2004). In this process, the aspirants have little leverage in negotiations, and most often have to accept the template that is offered to them. Contrasting this perspective, the argument in this paper is that the mechanism of bargaining has a status quo in the form of an agreed upon template of development which mainly reflects the policy agenda of the international actor. The country's capability to keep up with this template upsets the equilibrium point by introducing incentives to divert from the agreement. The argument proposed is built around four case studies of development templates that Romania has negotiated over previous decades. More important than the analysis of each case in itself is the model. The concept this paper proposes regarding Romania is *prêt-à-porter* development - a process in which the aspiring country agrees to the somewhat simplified development template that is offered by the clubs of the economic and social advanced nations, only to realize later that the respective template is not fit for its context and resources, and tries to renegotiate. *Prêt-à-porter* development is not a concept aimed at fully explaining the whole process of a country's development. Rather, as this paper argues, it is a way of explaining particular cases of development, exemplified in the argument that follows with Romania's particular episodes.

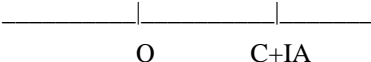
2. *Prêt-à-porter* Development Model and Illustrations

Prêt-à-porter development is an approach of the big international actors in their relationship with newcomers in their arrangements, indicating a process in which, similar to an outlet store, the variety is already designed to match the prospects of the former and not the needs, resources, and preferences of the latter. The template changes to keep up with the expectations and developments of the international actors, whereas the newcomers still ponder on and allocate resources to yesterday's fashion trends. Translated at the level of the new customer, this process is reflected in reforms that are conducted in partial and piecemeal fashion shifting with delays to match templates that are already in the process of being changed.

The *Prêt-à-porter* policy template does not have much variety to choose from, since it is all very special and highly-ranked at certain moments on the agenda of big international actors. The *garde-robe* reflects policy experience and solutions that are suited for the arrangements of the international actor but are not difficult to wear by newcomers which previously had different domestic arrangements or approaches. The consequence for the newcomer is a politics of sequential stimuli and delays as well as often outdated response adjustments. As minimum standards change with each new *garde-robe*, the newcomer asks to be exempted of the latest requirements, behaves in accordance with

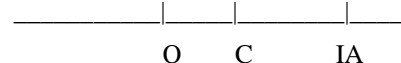
yesterday's specials, and makes minimum effort to maintain status.

Scenario-0. Imagine an elementary one-dimensional spatial map, with two actors and a status quo position (Q). The actors are a Country-X (C) and an International Actor (IA) in a case of international negotiations in which a Country-X is willing to join the club of an International Actor. The sides have negotiated their differences and have agreed upon a common template that mostly reflects the policy agenda of the international actor.

Situation-0: 

However, cordial partnership is complicated by the incapacity of the Country-X to keep up with the agreed upon template and by its rational calculations. The country has secured itself a position within the club of the International Actor and there is no pressing need to fully comply with the International Actor requirements. Thus, the Country-X has an incentive to give up the initial agreement by claiming the International Actor template hinders the advance of national projects.

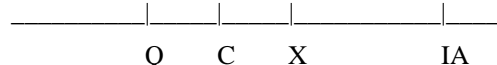
Scenario-1. The International Actor prefers more extensive reform than the Country-X, but the latter has control over the implementation of the national projects and is in the impossibility to introduce a change from Q greater than C. Rationally, the International Actor prefers C to Q and thus will comply to C demands.

Situation-1: 

Episode-1. Fear of being left outside important international agreements and isolation were constant fears for the Romanian political leadership for the past half century. Before 1989, the Romanian communist leadership would sign international agreements to show that it is not an isolated regime and to collect political favors from the IMF, European countries, US, or the UN. When Romania approached these international actors, it was initially offered high class templates of public policies and options.

In 1972 Romania was the first communist country to join IMF and World Bank, and was offered very convenient financial arrangements to back the set up and development of a heavy industry sector. Soon, however, the larger economic context changed. Due to higher prices for petroleum imports, higher international interest rates, and low foreign demand for Romanian goods, the economy wobbled halfway through the communist period style 1976-80 Five-Year Economic Plan. In 1981, the country turned to the IMF to request the rescheduling of its financial debts. The IMF template now had different items. New funding facilities had been made available and were easier to access yet conditional on correcting long term structural imbalances in the economy. An agreement was not reached and in 1982 Romania started to negotiate with a consortium of nine banks with the IMF participating as observer (Boughton, 2001). The impossibility of Romania to comply with the banks' conditions resulted in the IMF backing off and the acceptance of an unprecedented "token drawing" proposal which sparked discussions in the IMF board (Boughton, 2001, pp. 323). The results of the crisis were that without substantial structural adjustments, the Romanian economy deteriorated and the regime took a new direction of austerity.

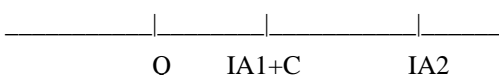
Scenario-2. The International Actors come with different priority demands and conditionalities for Country-X in order to keep up with the engagements the country had implicitly assumed in various international arenas. Faced with concurrent demands, Country-X governments prioritized resources to obtain effectiveness and esteem in areas considered more stringent and necessary for the country's position in relation to the respective international partners. The International Actor prefers more extensive engagements than the national governments, but the Country-X would reject IA as much further than his ideal point Q. Therefore, the International Actor proposes X, which it prefers to Q and is within the Country-X's range of policy indifference.

Situation-2: 

Episode-2. In 2000s NATO asked new members, including Romania, to modernize their armed forces (especially aircraft) in order to comply with its interoperability standards deemed necessary for the Alliance's effectiveness in multinational operations. Simultaneously, NATO asked Romania to send troops in Afghanistan and Iraq and police forces in Kosovo. As the war against terrorism burst onto the international arena in 2001, the requests from NATO were for Romania to commit manpower to the theaters of operations while the issue of military-technical modernization


became less salient. For Romanian governments, sending a few hundred troops on in Afghanistan and Iraq each year was cheaper than buying new sophisticated aircraft and would at the same time strengthen ties with NATO armies. In 2002, the first Romanian battalion was deployed in Kandahar, Afghanistan, and by 2010 the contingent increased from an initial 400 to about 1800 military personnel. In 2003, Bucharest deployed its first operational forces in Iraq and would continue the mission of assisting the Iraqi security forces until 2009. Throughout that time, the costly process of buying new aircraft moved sinuously. In early 2000s, Romania announced it would begin the search for a new fighter plane with the aim of replacing its old MiG-21 LanceRs which were projected to end their operational use by 2011. Initial intentions were to buy up to 48 new planes; the F-16, Eurofighter, Rafale and Saab-Gripen were among the possible options. However, a lack of funds consistently delayed the final decision. Finally, Romania engaged negotiations with a number of countries to acquire secondhand aircraft, and in 2013 signed a contract with Portugal for the delivery of 12 modernized F-16s, of which half were delivered in the fall of 2016. Meanwhile, in an effort to maintain status in international arena, Romania was still committed to the NATO agenda of taking part in field operations, and starting in 2015 the government in Bucharest committed troops to the NATO Resolute Support training, advisory, assistance, and counter-terror mission in Afghanistan.

Scenario-3. On an international subject the Country-X had agreed to, two or more international actors sequentially announce progressive priority demands for Country-X in order to keep up with international progressive engagements. Faced with a progressive agenda, Country-X's government prioritizes resources to meet the level of the demand considered acceptable given Country-X's operational capacity. International Actors prefer more extensive engagements, but the Country-X would reject the latest IA2 as much farther than its ideal point Q. Country-X therefore keeps with previous IA1, which is within its range of policy indifference.

Situation-3: 

Episode-3. In early 1990s, climate change was high on the agenda of the UN for the first time. In 1992, Romania signed the United Nations Framework Convention on Climate Change (UNFCCC) and ratified it in 1994 (Law 24/1994), becoming the first country included in the Annex I of the UNFCCC. Nevertheless, the menu is hard to digest and Romania asks to negotiate the base years for calculating the reduction in pollution emissions. In 1996, UNFCCC exempts Romania of its request from complying with the 1990 as a base year and allows it to make calculations in reference to 1989 (UNFCCC 1996, decision 9/CP.2). However, the first national Greenhouse Gas Inventory based on the UNFCCC requirements was submitted with delays only in 2002. By this time, the EU got involved in the process and in 2002 signed the Kyoto protocol setting common targets for all EU countries and those which want to join. In 2011, the UNFCCC compliance committee found "irregularities" in Romania's 2010 national report and decided that national emissions inventory datasets had been inadequately registered. Natalia Yakymenko, an analyst with Point Carbon, told EurActiv that, "It's hard to evaluate whether Romania's projects have really generated anything" (EurActiv, 2011). The controversy was brought about by the Romanian authorities who did not use the 'Track 2' procedures for carbon trading, which are supervised by the Joint Implementation Supervisory Committee (JISC), but instead followed 'Track 1' procedures, which refer to bilateral agreements regulated mainly by Eastern European countries from the former communist bloc (EurActiv, 2011), and which the country initially agreed upon when it ratified the Kyoto protocol in 2001.

Scenario-4. Faced with reform requirements coming both from internal factions and from the International Actor, the Country-X claiming consistency with its structural reality steps outside these requirements (IA) and tries to establish an independent reform agenda (C) claiming that the International Actor position is not suitable to advance fundamental, national objectives. The International Actor is surprised that Country-X considers its position insufficient, feels hand-tied and concedes to Country's reform agenda.

Situation-4: 

Episode-4. The demographic structure of the Romanian society in the early 1990s included, alongside the Romanian majority (roughly 90% of the country's population), an important Hungarian minority group located in Transylvania (accounting for almost 7% of the total population) and various other numerically smaller nationalities. This context was accompanied by an OSCE, Council of Europe, and EU agenda that after 1990 put a strong emphasis on the protection of ethnic minorities (Skovgaard, 2007). The item of minority protection become more salient in the late-1990s as Romania was getting ready to start its negotiations on EU accession.

Romania had a tradition offering education in the languages of its minority nationalities dating back before 1989. However, starting in 1960s, the communist regime gradually restricted institutions and processes of education in languages other than Romanian. After 1998 in an effort to respond to requests to protect its national minorities, the Romanian government made provisions for the creation of an educational system which protected and guaranteed education for the national minorities in their own language. The process started in 1995 when a new education law (Law 84/1995) stipulated that, “groups, classes, sections or schools teaching in the language of national minorities may be established...” (Art. 119) and that, “In public Higher Education institutions, sections, groups, colleges and faculties providing tuition in the language of national minorities may be created, upon request, according to the present law...” (Art. 123).

Romanian governments rejected the prospect of creating a state-funded, independent university for the Hungarian ethnic minority. However, Romania created islands of protection for the education in the language of the ethnic minority groups inside already-existing education mechanisms and structures. Babeş-Bolyai became the first multicultural university in Romania. In 1997, the university officially assumed its multicultural profile and ten years later, in the academic year 2015-2016, it offered 72 undergraduate programs in Hungarian and 9 in German. Each school that offers instructions in Hungarian has a Vice-Dean to coordinate the activity of the respective line of studies. In addition, of the 10 Vice-Rectors, two are Hungarian ethnics and one is German (Babeş-Bolyai University website, 2016). In a mission statement titled “Recommendations on Expanding the Concept of Multi-culturalism at the Babeş-Bolyai University, Cluj-Napoca, Romania” issued by the Hague on 17 February 2000, the OSCE High Commissioner on National Minorities, Max van der Stoep, acceded to the solution of a multicultural university in Romania. However, the multi-cultural university project faltered. The development of programs in Hungarian and German failed in the cases of the School of Law and the School of Business. The academic work published under *Studia Universitatis Babeş-Bolyai* the 29 series does not reflect the multicultural profile of the university, with papers in Hungarian and German making up only a small fraction of the total. In addition, the university administration is not conducted in Hungarian or German and the official documents are issued only in Romanian. In this context, triage emerged as a rational strategy. Unsurprisingly, the result was an inconsistent institutional design and failure to live up to stated objectives. Minimal cooperation occurred only when strategically necessary to preserve the university’s legitimacy and the pretense of a multicultural façade. Pleas from inside the university advocated for a solution for higher education in Hungarian but rejected the “current structural formula” along with the need for an autonomous public university which would offer instructions only in Hungarian (Roth, 1999). The template of a multicultural university slowly became yesterday’s special. No other university in Romania would follow the example of Babeş-Bolyai in becoming multicultural. The agendas of OSCE, Council of Europe, and EU on the functioning of a multicultural university in Romania faded as the country advanced towards and finally joined the EU. Meanwhile, starting in 2001, the independent Sapientia Hungarian University of Transylvania was established. In 2012, the law regulating the functioning of the Sapientia University was promulgated (Law 58/2012). That same year, Sapientia offered 16 programs accredited by the Romanian Agency for Quality Assurance in Higher Education (ARACIS).

3. Discussion

This article outlines an analytic model to illustrate the transfer of international actors’ development template to an aspiring or recently integrated country. The model shows that the conditionality instruments can be superseded by rather complicated bargaining which results in half-finished reforms conducted with delays and which often match yesterday’s development preferences of the international actors. Prêt-à-porter development featured differently in Romania under different cases, but in all situations the bargaining process was triggered by the domestic governments’ willingness to accede to a high class garde-robe and by the subsequent incapacity to keep up with it. Quite possibly, the prêt-à-porter development pattern is not unique to Romania, and it is not the only model to explain the country’s development options, accomplishments, and failures.

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