

# COORDINATES OF ROMANIAN SUSTAINABLE DEVELOPMENT

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## Abstract

*Strategic objective of macroeconomic management, sustainable development implies the identification of an interaction space between economic, social, environmental and technological systems, in a dynamic and flexible process of functioning. Starting from fundamental macroeconomic principles, the paper synthesizes relevant aspects concerning planning, as main instrument of macroeconomic management and macroeconomic modelling, as a basis of substantiating development strategies. Likewise, the paper presents a mix of politics which operationalization could register Romania on sustainable development coordinates.*

**Keywords:** *sustainable development, macroeconomic management, planning, macroeconomic modelling, strategic objectives, development politics.*

## 1. Introduction

Romania has come, over the passed few years, an ample and complex process of systemic transformation, of legal, institutional and organizational frame readjustment, having strategic objectives in settling a democratic system and building a functional, modern and competitive economy. Economy reforming took place by a compacting process of structures, of resources control, privatization and economic sectors restructuring, of ensuring a balanced and predictable business environment.

In implementation of structural reformation, Romania permanently benefits of support and consultancy from European Union and international financial institution (World Bank, International Monetary Fund, European Bank for Reconstruction and Development and so on), by multiannual reforming programmes of public administration, law and budgetary systems, of privatization support, bank and state enterprises restructuring, improvement of business environment, assistance in preparation for integrating in economic and institutional structures of European Union.[1]

The National Strategic Reference Framework 2007/2013 (CSNR), approved by European Committee in 2007, establishes intervention priorities of Structural Instruments of European Union<sup>1</sup>. Likewise, CSNR connects between priorities of National Development Plan 2007 – 2013 and those of European Union, established by Community Strategic Orientation concerning Cohesion and by revised Lisbon Strategy[7].

European Commission has allocated Romania, for 2007-2013, a total amount of approximately 19,67 billion euro, from which 19, 21 billion for Convergence objective and 0, 46 billion for European Territorial Cooperation objective. Reforming and Convergence programme answer the accomplishment efforts of convergence targets by defining direction of action at national level for subscribing to politics objectives and European strategies.

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<sup>1</sup> European Fund of Regional Development, Social European Fun and Cohesion Fund

In 2010, European Commission launched “Europe of 2020” Strategy, for a smart economic growth, ecologic and in favour of inclusion. Romanian, as a state member of European Union, assumed general targets of “Europe of 2020” Strategy, as well as national development targets subsumed to European document [2].

It is necessary to promote an integrated system of planning to reunite national politics with European politics in terms of a wholesome coordination. Also, “Europe of 2020” Strategy, as a central document of planning of public politics, will be filled with precise objective in priority domains form national perspective.

## **2. Macroeconomic principles**

From conceptual point of view, macroeconomic could be defined as the ensemble of economic activities seen in their unit and interdependency, which takes place in a political-cultural frame and constituted in a historical ethics, within state borders.[12] Mezo-economics reunites economics activities in frames, subframes and regions, while microeconomics describes the total of economic process in economic unities, approached through existent interaction between these.

In time, macroeconomics has been the subject of many controversies. Research in this area had as a result the elaboration of five principles which compose the so-called “macroeconomics core”[4] nowadays, these principles are accepted by the majority of macroeconomics specialists. The macroeconomics core presents a double dimension: theoretical and applicative. The theoretical dimension comes from the scientific substantiation of principles, which develops a methodological support of macroeconomics, while the practical dimension is derivate from the significant impact of such nucleus on options of macroeconomic politics.

According to first principle, in national economy quasitotality, the real gross domestic product is fluctuant around a climbing trend.[13] This trend is determined by the offer manifested on economy ensemble, while the fluctuation of real gross domestic product is a consequence of registered modification within the sphere of demand. The second principle states there is no compromise on long term between inflation and unemployment [14]. The essence of such principle resides in the fact that monetary expansion acceleration is reflected on long term in inflation rate growth, without having an impact on unemployment decrease.

Accepting compromise on short term between inflation and unemployment develops the content of a third principle of macroeconomics core. There are different opinions on what concerns the efficiency of monetary politics reported to the fiscal one, though, unanimously recognized the fact that macroeconomic politics have the role of fading gross domestic product fluctuation by balancing aggregate nominal demand.

The fourth principle underlines that anticipation is a factor which influences macroeconomic politics’ effect. The principle emphasizes a connection between the level of credibility of macroeconomic politics and the short term cost of disinflation. Nevertheless, last principle recommends fitting macroeconomic politics, which in uncertain terms, are landmarks of macroeconomic politics. This core represents the theoretical-methodological fundament of macroeconomic management.

## **3. Planning and macroeconomic management**

Constructing a modern and competitive economy needs an efficient management at macroeconomic level, which main instrument is planning. Macroeconomic planning was institutionalized in developed countries right after World War II. In these states were established

national plans or economical – social development projects. In the second half of '70's and the beginning of '80's was registered a reduction of manifested interest for planning. Presently, the problem of planning and its importance in a modern economy represents a controversy in the world of economists. In our opinion, macroeconomic planning is absolutely necessary in contemporary economic context, marked by profound evolution, complex and unpredictable. It is important to mention the fact that planning presents a pronounced international dimension, becoming a global phenomenon. Some authors appreciate that planning is present also in interstate and superstate economic structures, which give content to international economic integration, including economical-social life globalization process[11]. Use of macroeconomic planning is determined by a series of objective factors, between which we remind: insufficiency of information offered by market; its incapacity of adequately allocating resources; modifying economic agents' behaviour, by transition from organizing production with the purpose of immediate profit, to organizing on long term; the impure and imperfect nature of existent competitiveness in present economies.

Macroeconomic planning includes two stages, such as: diagnosis-analysis of national economic system and projecting national strategy of economic development. The diagnosis – analysis of national economy aims to an evaluation of internal economic potential, as well as identifying progressive landmarks in international economic environment. The national strategy of development is planned on the basis of diagnosis-analysis of economy. As a fact, the strategy constitutes the result of macroeconomic planning activity, the “national product” with which a state enters the existent competition on grounds of elaborating partial – sector strategies, of branch, of sub-branch and regional. Strategy constitutes an essential premise of economic progress, creating, by means of present times, a bridge to connect past and future. Strategy defines first exterior concretization of paradigm “start thinking to finish”. Such paradigm is based on the principle “All things are created twice”, meaning there is an initial creation, of mental order and a second physical creation.[3]

Projecting strategies of development represents a complex step with the help of macroeconomic modelling activity. In the second half of XX century we witnessed an accelerated development of macroeconomic modelling, as a consequence of progress registered in areas such as macroeconomic, national accounting, econometrics and calculus techniques. Thus, in states with advanced economy, were created informational banks and macro-models, one of the most important being the Institute of Statistics and Quantity Economics in Hamburg.

The macroeconomic model is a mathematic construction made by variables which condition one another and have a significant impact on functioning mechanism of a national economy. Academician Emilian Dobrescu appreciates that a macroeconomic model could be expressed by a function such as[5]:

$$ST_T = \phi [ST_t, EX_\tau, AP_T, OP_T, R]$$

where:

$ST_T$  = vector of indicators which mark economic system status in T time;

$ST_t$  = historical information, consisting in data referring to economic system status in previous time;

$EX_\tau$  = variables expected or planned, representing anticipated evaluation of indicators which significantly influence the decisions of economic operators ( $\tau \geq T$ );

$AP_T$  = values determined by algorithms of calculus outside the specific model;

$OPT$  = optional or control parameters which mark politics with great impact on business environment (public expenses, international position of economy, monetary politics, operating mode of markets);

R = set of relations through which values of models are connected (balance relations, behavioural equations, objective functions).

Nowadays, we find a great number of macroeconomic models worldwide, fact which indicates a significant importance given to modelling by states with advanced economy, as a support to project activity of development strategies. Necessity of macroeconomic planning is confirmed, therefore, also by recent activity registered internationally.

#### 4. Romanian politics of sustainable development

The fundamental objective of sustainable development is identifying a space of interaction between economic, social, environmental and technological systems, in a dynamic process and flexible of functioning[9].

Sustainable development is defined, in essence, by the following coordinates[12]: permanent compatibility of man created environment with natural environment; equality of chances of generations who coexist succeeding each other in time and space; interpretation of present by future, under introducing as a purpose lasting development of ecologic security, instead of maximizing profit; moving the gravity centre in ensuring general welfare from quantity and intensity of economic growth to its quality; organic integration of ecologic assets with human assets.

For subscribing to sustainability trajectory, Romania must fulfil the following strategic objectives on short, medium and long term[7]:

- 2013 horizon – organic embodying of principles and lasting development practice in the sum of programmes and public politics of Romania, as a member state of European Union;
- 2020 horizon – reaching present medium level of community countries to main indicators of sustainable development;
- Romania's significant approximation to the medium level of the year of European Union member states from the point of view of sustainable development indicators.

Sustainable development of Romanian economy implies the operationalization of a mix of economic politics structured by the following main axes[7,8]:

- Economic competitiveness increase and economic development based on knowledge;
- Development and modernization of transportation infrastructure;
- Protection and improvement of environmental quality;
- Developing human resources, promoting occupancy and social inclusion, as well as reinforcement of administrative capacity;
- Developing rural economy and productivity growth in agriculture;
- Decrease of development disparities countrywide;

First priority axis of development has three major directions:

- Improvement of market access for enterprises, especially small and medium ones, by sustain of productive investment, by certifying enterprises and products, by creating an environment favourable to business financing, by developing business infrastructure (incubators, business centres, emerging clusters), as well as by promoting the Romanian touristic potential;
- Developing economy based on knowledge by promoting research and innovation as well as by efficiency of modern electronic public services (e-Governance, e-Education and e-Health);
- Energy efficiency improvement and value renewable resources of energy.

The transportation strategy targets an infrastructure modernisation in trans-European transportation and connectivity networks, developing transportation infrastructure of national interest, improving afferent services and sustainable development in transportation sector, by promoting intermodality, by traffic security enhancement on all transportation modes, as well as by decreasing the impact of transportation work and activities on the environment.

Environmental policy has as main targets to provide public utilities services at highest standards of quality and necessary quantity, development of integrated systems of waste management, improvement of sector systems of environmental management, developing systems of natural resources management (preservation of biologic diversity, ecologic reconstruction of deteriorated systems, prevention and intervention in case of natural hazards and so on), as well as infrastructure modernisation of air protection.

The fourth axis of development implies to fundament and to adopt measures of structuring on the following directions:

➤ Developing human assets, by investment which target initial educational system, disseminators of learning (human resources from education), content of learning (diversification and providing quality to educational offers) and professional formation system continues;

➤ Promoting fully occupying (are taken into concern the growth of adaptability of work labour and enterprises; development of initiative for social partners; improving transition from school to work places, promoting entrepreneurial culture in education and formation, identifying and capitalizing all opportunities of labour market integration and so on);

➤ Promoting social inclusion (main domains of intervention are integration on labour market and fighting discrimination, improving access and participation to initial education and continues to vulnerable groups, developing an efficient system of social services destined to marginalization risk reduction and social exclusion);

➤ Developing administrative capacity and good governing, by creating a public administration – central and local – which to become an important factor of competitiveness, of development, progress and cohesion.

Rural economy development and raise of productivity in agriculture have as strategic objective building a competitive agriculture based on knowledge and private initiative, along with protection of natural, cultural and historical patrimony in rural areas of Romania. Thus there will be taken actions in directions such as increase competitiveness in agrifood and forest economy, raising standard of life in rural areas, sustainable economic development of farms and forest exploit, as well as promoting “LEADER” initiatives, by which it is expected to increase rural community capacity to develop business initiatives based on partnerships.

Diminishing disparities of development between country regions implies, mainly, improving transportation infrastructure, health, social and education services, developing business infrastructure and supporting local business activities with innovation character, increase the degree of touristic attraction of certain regions by creating an adequate infrastructure and improving specific services, developing alternative ways of tourism, protecting and promoting natural and cultural patrimony locally and regionally, renewing urban areas affected by industrial restructuration or which handle serious social-economic problems, such as European territorial cooperation at crossborder level, transnational and interregional.

Reaching strategic objective within the six national priorities of development represents support for a sustainable economic development. Increase long term competitiveness in Romanian economy, developing basic infrastructure in conformity with European standards and continuous improvement of local human asset are the fundamental premises of Romanian integration in economic, institutional and social architecture of European Union.

## Conclusions

In structural reform implementation, Romania beneficiated of support and consultancy from European Union and international financial institutions by multiannual programmes of reform in public administration, law and budgetary system, support of privatization and bank restructuration, as

well as state enterprises, improvement of business environment, as well as assistance in preparation to integrate in economic and community institutional structures.

European committee allocated Romania, for 2007 – 2013, the total amount of 19, 67 billion Euros, from which 19, 21 billion for Convergence objective and 0, 46 for European Territorial Cooperation programme. Convergence Reform and Programme answer the efforts to accomplish convergence targets by defining directions of actions at national level for framing politics objectives and European strategies. Romania assumed general targets of “Europe of 2020” Strategy, launched in European Committee in 2010, as well as national objective in development subsumed to European document.

After accomplished research in macroeconomics the so-called “macroeconomics nucleus” appeared, which presents a theoretical-methodological dimension as well as a practical-applicative dimension. First dimension derives from scientific substantiation of principles, which is a methodological support of macroeconomics, while the second has in sight the significant impact of this nucleus on macroeconomic politics options.

Creating and consolidating a functional economic system, modern and competitive, needs a performing management a macroeconomic level. Main instrument of macroeconomic management, macroeconomic planning needs a diagnosis-analysis of national economic system, followed by projection of national strategy of economic development. Diagnosis-analysis of national economy has as main objectives evaluation of internal economic potential, also indentifying landmarks of evolution in international economic environment. Based on diagnosis-analysis the national strategy of economic development is projected. Actually, the strategy is the result of activity in macroeconomic planning, “national product” with which a state enters international competition.

For subscribing the sustainable development trajectory, Romania must operationalize a mix of economic politics structured on the following main axes: increase of economic competitiveness and economic development based on knowledge; development and modernization of transportation infrastructure; protecting and improving environmental quality; developing human resources, promoting social occupancy and inclusion, as well as enhancement of administrative capacity; developing rural economy and increase agriculture productivity; diminishing disparities of development countrywide.

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