

Ways and Instruments of Accomplishing the Regional Policy – Romanian Sustainable Development Strategy 2000–2025

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Abstract

Regional development policy is one of the most important and most complex policies of the European Union, status arising from the fact that by its objective of reducing economic and social disparities between different regions of Europe, it acts on some significant areas for development, such as economic growth and SME sector, transport, agriculture, urban development, environmental protection, employment and vocational training, education, gender equality etc. Conceived as a policy of European solidarity, regional policy is mainly based on financial solidarity, i.e. the redistribution of part of the community budget contribution made by member states to regions and poorer social groups, thus, supporting other sectoral policies such as agricultural policy, social policy and environmental policy.

Key words: *regional development, economic and social disparities, sustainable development*

JEL Classification: *Q01, R11*

Introduction

Regional development is a new concept, the same in the EU, aimed at boosting and diversifying economic activities, encouraging private sector investment, helping to reduce unemployment and last, but not least, leading to improved living standards.

Due to the complexity of processes and phenomena, the magnitude of challenges and problems to be solved, the sustainable development of a society is no longer the exclusive attribute of political, economic and intellectual elite. Equally, the sustainable development of a country is every citizen's responsibility and, therefore, it requires involvement and active participation in most appropriate manners, according to the citizen's interests and capacity to contribute to the sustainability of the economic and social progress of the society. Participation in the elaboration and implementation of this strategy is a participatory alternative that lays the foundations of a common platform for action at national and local level, able to give consistency to combined efforts, to shape the Romania's future and to beneficially influence people's lives for several decades in the future in terms of chances, opportunities and rigors of globalization, European Union integration and expansion of the society based on information and communication technology.

Creating and maintaining a national consensus regarding the strategic development objectives of Romania until 2025 represents a prerequisite for effective action and involvement of all stakeholders, at all levels of the Romanian society in order to achieve them.

The Romanian National Sustainable Development Strategy

The Romanian national sustainable development strategy until 2025 is a condition and a supportive factor for continuity, coherence and consistency of economic and social processes development of the country, based on objective criteria and general requirements for implementation, no matter the doctrinaire-political orientation of the ruling parties.¹

Sustainable development strategy is presented as an open project, able to effectively and promptly respond to the increasingly rapid changes in the economic environment, the internal and external circumstances, the existing constraints and those generated by the new status of Romania's full membership of the European and Euro-Atlantic community. The process of developing and implementing the sustainable development strategy in the Romanian society is marked by a number of restrictions. The main constraints are determined by *the existence of serious economic, social and technological disparities*, which separate Romania from the developing countries with a high development level.

Sustainable development involves intergenerational solidarity, ensuring continuity of economic growth, development processes and social processes in line with current European and world processes and with the contemporary technological progress.

Sustainable development is in line with the European social model, more efficient and economically productive, more sustainable ecologically, more democratic and accountable politically. When elaborating the sustainable development strategy, the organic interdependence among the economic, social and environmental components was taken into account.

The principles and proposals regarding the thematic content, as well as the organizational issues of sustainable development focused on the following *areas* in particular²:

- population mobility;
- infrastructure: water management, transport, energy and telecommunications;
- public services of general interest;
- agriculture;
- forestry;
- information society.

The timing of the strategy was divided into several *stages*, unequal in size, but each with their own meanings.

A. The period up to 2004³ – including 2004 – had the following major processes: the transition to a market economy, stopping economic slowdown and halting economic recovery, strengthening macroeconomic balances. Those processes have provided a bottom line of economic growth and strengthened macroeconomic balance, including the reduction of inflation and efforts to conclude negotiations with the European Union.

B. The period 2005-2007⁴ is marked by the completion of the accession process to the European Union, which requires concentrating our efforts to align to communitarian performance and increasing the capacity to absorb EU funds.

The mixture of monetary, fiscal and banking policies was, starting with 2005, influenced by the denomination process, the transition to the new RON, which had a great impact on Romania's

¹ Guvernul României, *Strategia Dezvoltării Durabile a României 2000–2025*.

² Ionescu, C., *Politica de dezvoltare regională* (nr. 2), Editura Tritonic, 2009.

³ Constantin, D.L., *Strategia și politica regională în România*, Biblioteca digitală ASE.

⁴ Guvernul României, *Planul Național de Dezvoltare 2002-2005*.

economic and financial performance. For Romania's European future, in this final pre-accession period, the main objectives were: thorough preparation of the accession to the EU, the overall increase of the competitiveness in the Romanian economy, institutional modernization, debureaucratization and firm fight against corruption, the introduction and operationalization of the EU acquis.

C. Period 2007-2010-2013 will mark *de jure* integration of Romania into the European Union and the development of the country into a new context with its costs and benefits, opportunities and constraints. During this period Romania's macroeconomic evolution will be influenced by the following major *impact issues*:

- The EU Lisbon Agenda – a strategy whose deadline for its goals is 2010; these objectives are aimed at achieving global levels of competitiveness, based on the promotion of information society;
- Preparation of Romania to the EURO changeover, which requires compliance with the convergence criteria on inflation, budget deficit, exchange rate movements, public debt etc.;
- Development of the National Development Plan (NDP) for 2007-2013. The National Development Plan is a tool for strategic planning and multiannual financial programming, developed in a broad partnership and which aims to fundament Romania's accession to the European Union's Structural Instruments. Based on the NDP development priorities and strategic objectives will be negotiated with the EU⁵. During 2007-2013, the size of the financial support of the European Union is estimated at about 16-17 billion euro.

To qualify for these funds requires a clear and coherent concept about the long-term strategic objectives and priorities pursued by the Romanian society is required, as well as tools, policies and means of implementation.

D. The period 2013-2025 aims at Romanian developments on trajectories regarding the sustainable growth, similar to those of countries with a high level of development. The main effects of the EU integration and the efforts will be estimated on the basis of absolute and relative reduction of disparities compared to the EU average

Essential for the development of the Romanian society is mainly the qualitative sense of the evolution and the speed with which our country will connect to the world scientific and technological progress.

Pillars of Sustainable Development

The pillar of sustainable development is a whole, marked by the interdependence of processes and phenomena that occur in the societal system. Sustainable development strategy takes into account economic, social and environmental issues, for a better understanding of their interpenetrations.

The Economic Pillar of Sustainable Development

The economic objectives of sustainable development are to reduce economic disparities between Romania and the developed countries. In their essence, these goals represent a means of human development, improved life quality and reduction of social inequities. The main ways to deal with gaps included in the strategy of sustainable development are⁶:

⁵ Guvernul României - Planul Național de Dezvoltare 2007-2013;

⁶ Ailenei, D., Grosu, T., *Politici de dezvoltare regională și locală*, Biblioteca digitală.

- stopping the de-industrialization and creating conditions for a modern and efficient industrial development;
- agriculture modernization;
- services development;
- reducing extreme poverty;
- reducing regional development disparities;
- increasing the private sector role in the economy;
- increasing the contribution of the public-private partnership.

Promoting an effective restructuring policy of the economy imposes the priority in developing the services and in reducing employment in agriculture, infrastructure development and their connection to the European and global systems. This is envisaged by: construction and modernization of the transport system, power generation, transport and distribution, construction of new, modern environmental-friendly power plants, the introduction of alternative energy sources (wind, solar, hydrogen);, water and its management (assuring cities and villages with drinking water, irrigation, defense works against floods, landslides, accumulations, wastewater processing); telecommunications and a new infrastructure based on information technology (computers, internet, information electronic media).

Promoting the *information society* in Romania is a major opportunity to reduce the information gap – as well as other existing gaps. The information society, based on knowledge, is one of the most effective weapons against poverty.

Education and culture are key elements for improving the quality and creativity of human capital factor, being the production factor with the highest share in the economic growth equation.

Industry development targets both the assertion of traditional industries in Romania, and new industries with market, technological opportunities, with high efficiency, generating high value added products that create highly skilled jobs. Industry will continue to play a foremost role as a branch which generates and uses new and perfectionist technologies.

Agriculture is for Romania, a vital sector that is seriously lagging behind the level of development of the developed countries. Romanian agricultural capacities, compared with those in the European Union countries, indicate the existence of very large gaps. Labour productivity per person employed in agriculture in Romania is only 6% of the value recorded in the European Union, the value of agricultural production per hectare is about 250 € in Romania, compared with 2,000 € in the European Union. Despite the natural and human potential of the agriculture, Romania became a net importer of agricultural products. It is therefore imperative that all agriculture be reinstated in our economy and move beyond the subsistence and semi-subsistence sector. Regardless of ownership, radical measures are necessary for the profitability, the increased efficiency and productivity of the Romanian agriculture, the growth of export availabilities. The future belongs to the industrial type of agriculture that promotes green technologies, non-destructive for the environment.

The strategy for preparing the rural areas and the Romanian agriculture to join the European Union and for the maximum exploitation of the opportunities offered by the common Agricultural Policy must include at least the following *objectives*⁷:

- reducing the population employed in agriculture at about one million people and providing alternative employment and income (growth of SMEs for industrial production and

⁷ Guvernul României , *Strategia Dezvoltării Durabile a României 2000-2025*.

- services), in conjunction with the creation of viable economic holdings, through the effort to reduce the degree of fragmentation of the fund land exploitation;
- development of an infrastructure and rural specific services;
 - administrative and institutional capacity development to attract enhancement financial resources and exploitation of regional resources. The integration of other economic sectors in the perspective of sustainable development requires a considerable increase in the level of quality and competitiveness of the Romanian products and services.

For the Romanian economy to become knowledgeable, competitive and dynamic one, *a strategy quality, competitiveness and productivity* is required by the end of 2025. This strategy should take into account the *European Innovation Scoreboard* (EIS), proposed by the European Council in Lisbon. Following the program developed by the European Union, the content of the EIS and the indicators involved allow to achieve the strategic goal of becoming a knowledge economy, competitive and dynamic, capable of sustainable economic growth, of improving creatively and qualitatively the use of human and material resources, of a great social cohesion. Romania's economic growth engines on a medium and long term are accumulation and domestic consumption, exports and new technologies⁸.

Domestic market development involves increasing the employability of the workforce, create permanent jobs generating incomes and, implicitly, purchasing power. Domestic market growth cannot be achieved by domestic demand compression measures, as some experts predict, as the internal solvent demand in Romania is very low and the same can be said about the loan as a source of economic recovery by financing investment on medium and long term.

Sustainable development necessarily involves *a large investment program*, which is based on specific policies and instruments. In this context, it is envisaged to encourage reinvestment of profits, investment promotion and private local and foreign investment through various forms and incentives. Sustainable development means an increase in the efficiency of investments in Romania to levels comparable with those in the European Union countries and shortening the duration of achieving investment objectives. It is well known that uncompleted investment means fund blockage it generates losses. Achieving the strategic goal of reducing disparities involves ensuring economic growth to rates above the average European ones. Achieving a real economic growth, as close as the country's growth potential will depend on the quality of the political class, because Romania's sustainable development must be a goal and a common denominator for absolutely all political parties. Sustainable development must become *an element of national intergenerational solidarity*, which empowers the creative effort of all society members.

Another important goal for sustainable development is *to maintain macroeconomic balances standing*, taking into account their dynamics. Practically, there is about the correlation between macroeconomic indicators which should not affect one sector to another sector's advantage, which should fairly share both costs and benefits between social actors. It envisages a series of *budget balances, of the trade and payments balance sheet*. Also in this category fall also *the inflation rate*, which must be reduced to a few percent, and *the unemployment rate*, which would reach the natural rate of unemployment, which is 4-5%.

The Social Pillar of Sustainable Development

As part of all social policies, the Romanian Sustainable Development should be based on a Romanian social model compatible with the European social model. This involves *increased social and national solidarity, justice and social equity*, effectively combating poverty

⁸ http://europa.eu.int/comm/dgs/regional_policy/index_en.htm

(particularly extreme one), and the harmful effects of polarization, while increasing the employment of rate.

In social terms, sustainable development requires *compatibility between economic efficiency and profit*, as functions of the competitive market, with justice and social equity. Ultimately, increasing the quality of life for all members of the society is crucial, economic growth representing the means of achieving this.

Using *fiscal and distributive social policies on revenue* in order to meet social needs requires efficient public services, managed in the spirit of quality and performance. These services must become an essential tool for combating poverty, promoting equal opportunities, lifelong learning, ensuring gender equality and combating discrimination and social exclusion.

- Ensuring, through public services, *universal access to education and health* is a basic requirement for sustainable development in a modern society.
- Improving *pension system* and *tax reduction* is the requirement for Romania's social sustainability, as well as instrumentation of mechanisms to substantially diminish corruption in all its forms of manifestation.
- *Strengthening legal and institutional framework* for increasing the application of national laws, together with changing attitudes, showing public and social accountability at the individual and collective levels are ways in which the social sustainability elements of Romania's development can improve. Corruption encourages extremely harmful phenomena for sustainable social development, such as speculative economy, social exclusion, economic instability, the collapse of values system. A society cannot prosper if eroded by such phenomena.
- Promoting "the middle class" is an element of development sustainability, of economic and social balance, of fight against *social polarization* and *self-protection* of the society's members.
- *Social and population's income policies* occupy a central place within the instruments meant to ensure the conditions for achieving sustainable development. Wage growth reported to labor productivity, eliminating all risks and salaries not correlated with the individual intake, actual conflicts of interest, incompatibilities, all these also represent a prerequisite for sustainable social progress⁹.

Ensuring a decent quality of life, increased for each member of the society, requires a *structure of taxation and income redistribution* based on compatibility between the fair competition principle and that of justice and social equity. In this regard, it is necessary to establish the optimal level of taxation, taking into account the criteria mentioned above, as well as the neutrality of fiscal policy to social groups with the same income level

Fiscal relaxation appears as a stimulating factor of savings and investment for individuals and legal entities and should be used with priority in this respect. This also involves reducing the number of excessively high taxes.

The Environmental Pillar Of Sustainable Development

The environmental issues has become of special importance to the development and implementation of any investment project and to the daily activities due to the serious consequences that it has and has had on the balance of the ecosystems, patterns of production, distribution and consumption in terms irrational exploitation of natural resources. For this reason, the strategy of sustainable development has a *separate chapter on environment*, which

⁹ Dobrescu, E., *Dezvoltarea durabilă în România. Modele și scenarii pe termen mediu și lung*, Editura Expert, 2005.

integrates micro and macro levels of systemic and multidisciplinary approaches to economic and social dimensions. *Eco-efficiency* and its practical application in the economy and society, has imposed the category of “eco-efficiency”, which means ubiquitous environmental issues in any calculation assessment of the investment cycle efficiency, production and consumption. Intergenerational sustainability of economic growth is provided mainly by the use of natural resources we own, without jeopardizing the balance of ecosystems. Looking at things ecologically, economically and socially, the error of sacrificing nature on a long term for an immediate profit on a short term seems increasingly obvious. This narrow view is totally inconsistent with the requirement for strategic management and fair international cooperation. Following worsening consequences, the environmental issue has increased in importance, so that it is now increasingly considered a top priority, before the economic and social ones. Non-compliance with the environmental balance could tip over all scales of economic systems and social values, in some cases leading to their total destruction. Environmental strategies being developed must be linked from the very beginning with the socio-economic development. This interdisciplinary link requires high professionalism and inter-institutional cooperation.

The environment is one of the factors that *act globally*, which requires that development strategies should be made in conjunction and consistent with those developed in other countries worldwide. Therefore, we can say that Romania has actively participated and has made commitments within conventions and international environmental agreements. However, it is still insufficiently comprehensive the perception, of some decision makers at national and international level, on the effects of the environmental degradation and on the economy and the cost needed to prevent and reduce pollution, maintain the environmental quality. The interdependence of natural and manufactured capital requires a greater analytical effort in relation to the greenhouse phenomena, climate change, biodiversity reduction, soil erosion and air and water infestation with contaminants etc.

A major component of the environmental strategy is *the recycling of reusable materials and waste management*. It will become one of the specific industries of the 21st century, which can also be a profitable activity and a source of financial funds. It protects not only the environment, but it reintroduces in the economic cycle useful materials, which have become scarce in nature. The strategy in this area has to find the most appropriate ways to use public-private partnerships for different categories of environmental factors in the struggle for a cleaner and more sustainable Romania, for an environmentally sound behavior and an early education in this respect starting from the first school years.

Our environmental strategy must *prevent* a series of traps, related to the acceptance of polluting industries in Romania, by transfer from developed countries that protect their environment, to waste disposal and other pollutants from other countries on our territory, to negotiate small amount prices for pollution permits. At the same time, we need a better monitoring of polluters, based on thorough impact studies, starting with the design phase of products and technologies, so as to prevent pollution or, where appropriate, apply “the polluter pays” principle.

Conclusions

Sustainable development of Romania is not a result that is obtained in an easy way, but rather requires an ongoing effort, sustained and coming from each member of our society who, directly or indirectly, can contribute.

Becoming aware of this goal of sustainable development of Romania must extend and strengthen in the spirit of national and social solidarity, regardless of political-ideological expectations, of more or less favorable circumstances.

Sustainable development must take into account a number of constraining factors, which are restrictive, objective/subjective

Internal constraints result from:

- the limited character of natural resources (especially energy and the continuous deterioration of soil quality);
- -population decline (declining birthrate, aging, migration);
- the existence of significant social and economic disparities (productivity, standard of living, technology, culture, education, differences between rural and urban areas, large share of agricultural population);
- natural and extreme weather disasters caused by, among others, the general deterioration of the balance of ecosystems and environmental factors' quality.

Externally, significant constraints are generated by:

- tightening competition in globalized markets;
- the more obvious manifestation of monopolistic positions, of market distortion in the field of scientific research and knowledge, of new technologies;
- deterioration of general environmental conditions (greenhouse gases, climate change, biodiversity loss etc.);
- danger of international terrorism, uncontrolled migration;
- widening the gaps between rich and poor countries, increased social polarization.

The development strategy for sustainable development is a complex process that attempts to issue long-term milestones not only in the areas of macroeconomic, demographic, infrastructure, energy, agriculture, information technology and telecommunications developments, but also those in education, health, labor etc.

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Modalități și instrumente de realizare a politicii regionale - strategia dezvoltării durabile a României 2000-2025

Rezumat

Politica de dezvoltare regională este una din politicile cele mai importante și cele mai complexe ale Uniunii Europene, statut ce decurge din faptul că, prin obiectivul său de reducere a disparităților economice și sociale existente între diversele regiuni ale Europei, acționează asupra unor domenii semnificative pentru dezvoltare, precum creșterea economică și sectorul IMM, transporturile, agricultura, dezvoltarea urbană, protecția mediului, ocuparea și formarea profesională, educația, egalitatea de gen etc. Concepută ca o politică a solidarității la nivel european, politica regională se bazează în principal pe solidaritate financiară, adică pe redistribuirea unei părți din bugetul comunitar realizat prin contribuția statelor membre către regiunile și grupurile sociale mai puțin prospere, susținând, astfel, alte politici sectoriale cum ar fi politica agricolă, politica socială și politica de protecție a mediului.