

## **MACROECONOMIC PLANNING AND SUSTAINABLE DEVELOPMENT IN ROMANIA**

**IONESCU Vladimir-Codrin, CORNESCU Viorel**

University of Bucharest, 36-46 M. Kogalniceanu Avenue, Bucharest

e-mail: [vladimir-codrin.ionescu@drept.unibuc.ro](mailto:vladimir-codrin.ionescu@drept.unibuc.ro)

[viorel.cornescu@drept.unibuc.ro](mailto:viorel.cornescu@drept.unibuc.ro)

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**Abstract.** Creating a modern and competitive economy requires an efficient management on a macroeconomic level, whose main instrument is to plan. This paper presents the fundamental principles that compose the “nucleus of macro economy” and emphasizes the major importance of planning and of the activity of macroeconomic modeling in the projection of national development strategies. In the final part of this paper some strategic objectives of short, medium and long term are exposed, as well as the priority development axes that represent the support for Romania’s entry on the sustainability trajectory and implicit for the entry in the economical, institutional and social architecture of the European Union.

### **1. Introduction**

Romania has been entering in the last few years the direction of openness and closeness to the developed countries’ economy, the reorganization and reformation of the economy taking place through a process of compaction of structures, of resources’ control, of privatizing and restructuring the economical sectors, of assuring a neutral, competitive business environment.

In the employment of structural reforms, Romania has benefited and continuously benefits of support and consultancy from the European Union and the international financial institutions (The Global Bank, The International Monetary Fund, The European Bank for Reconstruction and Development etc.), through multi-annual programs of reform from the public administration, the law and the budget system, of support for the banks’ and state enterprises’ privatization and restructure, of improvement for the business environment, of assistance in the training process for integrating in the economical and institutional structures of the European Union [1].

The National Strategic Reference Framework 2007-2013 (NSRF), approved by the European Commission in the year 2007, establishes the intervention priorities of the Structural Instruments of the European Union\*. Also the NSRF creates the connection between the priorities of the National Development plan 2007-2013 and those of the European Union, settled through the Communitarian Strategic Orientations regarding Cohesion and through the revised Lisbon Strategy [6].

In order to establish the strategic vision of the NSRF during the cohesion policy, the European Commission assigned Romania a total amount of approximately 19,67 billion euros for the period 2007-2013 out of which 19,21 billion euros for the Convergence objective and 0,46 billion euros for the European Territorial Cooperation objective. The reform and Convergence Program respond to the efforts of accomplishing the convergence targets by defining the action directions on a national level for being situated in the politics’ objectives and the European strategies.

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\* The European Regional Development Fond, The Social European Fond and The Cohesion Fond.

## **2. The Nucleus of the Macro Economy**

The national economy represents a system integrated with a complex structure that includes three levels – macroeconomic, middle economic and microeconomic. The national economic system constitutes at the same time a subsystem of the global economy. From a conceptual point of view the macro economy can be defined as being the ensemble of the economic activities seen in their unity and interdependence which develops in a political-cultural background and is historically ethical established, between the boundaries of a state [10]. The middle economy reunites the economical activities from the branches, sub-branches and regions, while the micro economy defines the entire economical processes that take place in the economical units approached from the angle of the existing interactions between them.

The macro economy has constituted over time the subject of numerous controversies. The research made in this domain had as a result the elaboration of the five principles that compose the so-called “nucleus of macro economy” [3]. At the present these principles are accepted by the majority of the macro economy specialists. This nucleus presents a double dimension: theoretical and applicable. The theoretical dimension results from the scientific substantiation of principles which constitutes a methodological support for macro economy while the practical dimension derives from the considerable impact of this nucleus on the macroeconomic politics’ options.

According to the first principle, in the majority of the national economies, the gross domestic product fluctuates around an ascending trend [11]. This trend is determined by the offer that is manifesting on the ensemble of the economy while the fluctuations of the real gross domestic product are a consequence of the modifications recorded in the sphere of demand. The second principle affirms that no long term compromise exists between inflation and unemployment [12]. The essence of this principle resides from the fact that the monetary expansion’s acceleration is reflected over a long term on the increased inflation rate without having an impact on reducing unemployment.

Accepting the compromise on a short term between inflation and unemployment constitutes the content of the third principle of the macro economy’s nucleus. There are different opinions concerning the effectiveness of the monetary politics in rapport with the fiscal one but it is unanimously admitted that the macroeconomic politics have the role to dim the fluctuations of the gross domestic product by stabilizing the aggregated nominal requirement rate.

The fourth principle underlines that the anticipations represent an influencing factor for the effects of the macroeconomic politics. The principle emphasizes the existence of a correlation between the level of credibility of the macroeconomic politics and the short term cost of the disinflation. Finally the last principle recommends integrating the macroeconomic politics in a systematic process based on a set of rules that constitute of conditions of uncertainty reference points of the macroeconomic politics. This nucleus represents the theoretical-methodological fundament of the macroeconomic management.

## **3. Planning - Instrument of the Macroeconomic Management**

Creating a modern and competitive economy requires an efficient management on a macroeconomic level whose main instrument is constituted by planning. The macroeconomic planning was institutionalized in the developed countries immediately after the Second World War. In these states, national plans or economical-social development projects were elaborated. In the second half of the 70s and at the beginning of the 80s an interest inflow was recorded towards planning. At the present the problem of planning and its importance in a modern economy represent a controversial subject in the world of economists. In our opinion the macroeconomic planning is absolutely necessary in the

contemporary economic context that is marked by profound, complex and unpredictable evolutions. It is important to mention that the planning process also presents a pronounced international dimension thus becoming a global phenomenon. Some authors affirm that the planning is also present in the interstate and super-state economic structures which give content to the international economic integration and to the globalization process of the economical-social life [9]. Resorting to the macroeconomic planning is determined by a series of objective factors among which are: the insufficient information offered by the market; its incapacity to allocate the resources in an adequate way; the economic agents' behavior modification in the sense of changing from organizing the production with the purpose of obtaining an immediate profit to organizing on a long term; the impure and imperfect character of the existing competitors in the actual economies.

The macroeconomic planning includes two stages: the diagnosis-analysis of the national economic system and the projection of the national strategy of economical development. The diagnosis-analysis of the national economy proposes to evaluate the internal economic potential as well as to identify the evolving reference points in the international economic environment. Based on the economy's diagnosis-analysis, the national development strategy is being projected. In fact the strategy constitutes the result of the activity of macroeconomic planning, "the national product" with which a state enters in the existing competition in the international economic environment. The development strategy is important because it represents the basis for elaborating the regional, branch, sub-branch and partial-sector strategies. The strategy constitutes an essential premise for the economical progress creating through the medium of the present a connection between past and future. The strategy defines the first exterior materialization of the paradigm "begin with the thought at the end". This paradigm is based on the principle "All things are created twice", meaning that the initial creation is mentally and the second one is physical [2].

Projecting the development strategies represents a complex measure that has the macroeconomic shaping as its support. In the second half of the XX century we attended to an accelerated development of the macroeconomic shaping as a result to the progresses recorded in domains such as macro economy, national accountability, econometrics and calculus technique. Therefore in the states with advanced economy informational banks of macro models were created, among which the most important was the one created by the Institute of Statistics and Quantitative Economy in Hamburg.

The macroeconomic model is a mathematical construction composed of variables which interact between them and have a significant impact on the functionality mechanism of the national economy. In the vision of the academician Emilian Dobrescu the content of a macroeconomic model can be expressed through the form of a function such as [4]:

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

where:

$ST_T$  = the vector of the indicators that characterize the economic system's status at the time  $T$ ;

$ST_t$  = historical information composed of data referring to the economic system's status in the previous moments ( $t < T$ );

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

$AP_T$  = sizes determined through calculus algorithms from outside the specific model;

$OP_T$  = optional or actuating parameters that characterize the major impact politics over the business environment (public expenses, the economy's international position, monetary politics, the markets' working regime);

$R$  = the set of connections through which the model's sizes are connected (equilibrium connections, behavior equations, objective functions).

At the present a significant number exists on a global level of macroeconomic models, this indicating the special importance that the states with advanced economy confer to shaping, as a support of the projecting activity of the development strategies. The necessity of macroeconomic planning is also confirmed by the recent evolutions recorded on an international plan.

#### **4. Coordinates of Sustainable Development of the Romanian Economy**

The sustainable development has as a fundamental objective the identification of a space of interaction between the economical, social, ambient and technological systems in a dynamic and flexible functioning process [7].

In essence, the sustainable development is defined by the following coordinates [10]: the permanent compatibility of the human-created environment with the natural environment; the equal chances of the generations that coexist and succeed themselves in time and space; interpreting the present through the future's point of view by introducing as a purpose the lasting development of the ecological security instead of maximizing the profit; moving the weight center from the quantity and intensity of the economical growth to its quality thus assuring the general welfare; the organic integration of the ecological capital with the human capital.

In order to enter the sustainability's trajectory Romania has to achieve the following strategic objectives of short, medium and long term [6]:

- 2013 horizon – the organic incorporation of the durable development's principles and practices in the ensemble of Romania's public programs and politics, as a state member of the European Union;
- 2020 horizon – reaching the medium actual level of the communitarian countries at the main indicators of the durable development;
- 2030 horizon – Romania's significant approach to the middle level from that year of the EU member states from the point of view of the durable development's indicators.

The sustainable development of the Romanian economy presumes operating a mixture of economical politics structured on the following main coordinates [5]:

- increasing the economical competitiveness and developing the knowledge based economy;
- developing and modernizing the transportation infrastructures;
- protecting and improving the environment's quality;
- developing the human resources, promoting the social occupation and inclusion as well as reinforcing the administrative capacity;
- developing the rural economy and increasing productivity in the agricultural sector;
- diminishing the development disparities between the country's regions.

The first priority axis of development consists of three major directions:

- ✓ improving the enterprises' access on the market, especially of the small and middle ones, by supporting the productive investments, the enterprises' and products' certification, by creating a favorable environment for financing business, by developing the business infrastructure (incubators, business centers, emergent clusters) as well as by promoting the Romanian tourist potential;

- ✓ developing the knowledge based economy by promoting research and innovation as well as streamlining the modern electronic public services (e-Government, e-Education and e-Health);
- ✓ improving the energetic efficiency and valorizing the renewable energy resources.

The strategy in the transportations domain presumes modernizing the transportation infrastructure of national interest, improving the afferent services and the lasting development of the transportation sector by promoting inter-modality, by increasing the traffic safety for all means of transport as well as reducing the impact of the works and transport activities on the surrounding environment.

The environment policy has as main targets to assure the public usage services to be on the required quality and quantity standards, developing the systems integrated by the waste management, improving the sector systems of the environment management, developing the systems of the natural resources management (conserving the biological diversity, the ecological reconstruction of the deteriorated systems, preventing and intervening in the case of natural risks etc.) as well as modernizing the air protection infrastructure.

The forth axis of development implies the substantiation and adoption of measures that are structured on the following directions:

- ✓ developing the human capital by investing in the initial education system, the learning disseminators (the human resources in education), the learning content (diversifying and assuring the quality of the educational offers) and in the continuous professional training system;
- ✓ promoting the absolute occupying (taking in consideration to increase the adaptability of the working force and the enterprises'; developing the initiatives for the social partners; improving the transition from school to working place, promoting the entrepreneurial culture in education and training, identifying and valorizing all the opportunities of integrating on the working market etc.);
- ✓ promoting the social inclusion (the main intervention domains are integrating on the working market and combating discrimination, improving the access and participation to initial and continuous education for the vulnerable groups, developing an efficient system of social services destined to reduce the risk of marginalization and social exclusion);
- ✓ developing administrative capacities and a proper government by creating a local and central public administration that will become an important factor of competitiveness, development, progress and cohesion.

The rural economy's development and the increase of the agricultural sector's productivity has as a strategic objective to create a competitive agriculture based on knowledge and private initiative at the same time with protecting the natural, cultural and historical patrimony of the rural areas in Romania. Thus, actions will take place in directions such as increasing the competitiveness of the agro-food and forest economy, raising the living standard in the rural areas, developing durable economy for farms and forest exploitations as well as promoting the "LEADER" type initiatives through which it will be aimed at increasing the capacity of the rural communities to develop business initiatives based on partnership.

Diminishing the development disparities between the country's regions mainly presumes the improving of transportation, health, social services and education infrastructures, developing a business infrastructure and supporting the local innovative business activities, increasing the rate of the regions' tourism attractiveness by creating an adequate infrastructure and improving the specific services, developing alternative forms of tourism, protecting and promoting the natural and cultural patrimony on a local and

regional level, regenerating the urban areas that are affected by the industrial restructuring or which are confronting with serious social-economical problems, as well as the European territorial cooperation on a trans-boundary, transnational and interregional level.

Reaching the strategic objectives contained in the six national development priorities represents the support of a sustainable economic development. Increasing the long term competitiveness of the Romanian economy, developing basic infrastructures according to the European standards and the continuous perfection of the local human capital constitute the fundamental premises of Romania's integration in the economical, institutional and social architecture of the European Union.

## **5. Conclusions**

The National Strategic Reference Framework 2007-2013 (NSRF), approved by the European Commission in the year 2007, establishes the intervention priorities of the Structural Instruments of the European Union. Also the NSRF creates the connection between the priorities of the National Development Plan and those of the European Union, settled through the Communitarian Strategic Orientations regarding Cohesion and through the revised Lisbon Strategy.

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The sustainable development of the Romanian economy implies the operation of a mixtures of economical politics structured on the following main coordinates: increasing the economical competitiveness and developing the knowledge based economy; developing and modernizing the transportation infrastructure; protecting and improving the environment's quality; developing the human resources, promoting the social occupation and inclusion as well as reinforcing the administrative capacity; developing the rural economy and increasing the productivity in the agricultural sector; diminishing the disparities of development between the country's regions.

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