
Importance of Economic and Social Cohesion Policy for Romania

Authors: Oana CHINDRIȘ-VĂSIOIU, Carmen UNGUREANU,
Ecological University of Bucharest, Romania,
oana_vasioiu@yahoo.com, carmenungureanu99@yahoo.com

This work was cofinanced from the European Social Fund through Sectoral Operational Programme Human Resources Development 2007-2013, project number POSDRU/89/1.5/S/63258 "Postdoctoral school for zootechnical biodiversity and food biotechnology based on the eco-economy and the bio-economy required by eco-san-genesys"

Cohesion Policy is one of the tangible examples of how it should be a European policy: modern, flexible, proactive, adaptable to rapid economic and social environment changing and having a substantial contribution to achieving the Union's key policy objectives, such as the Lisbon Agenda Cohesion Policy is one of the tangible examples of how it should be a European policy: modern, flexible, proactive, adaptable to rapid economic and social environment changing and having a substantial contribution to achieving the Union's key policy objectives, such as the Lisbon Agenda.

In the context of current debate on the future of cohesion policy, a reflection on this topic was initiated by the Romanian authorities, involving the most relevant institutions responsible for implementing cohesion policy in Romania and management of structural instruments. The analysis presented below reflects the first results of the consultation and reflection.

Keywords: cohesion policy, economic cohesion, regional development, rural development, agricultural policy

Introduction

Convergence is evolving towards the achievement of certain targets. The process of each country to achieve this target may be different, but by adopting the *acquis communautaire*, the differences of perception and implementation of policies to reduce participating countries, and "common during" rush attenuation differences between states. Convergence can not be taken as an imposition. What proves to provide explanatory dimension is to analyze the convergence rate in the CEE countries as they advanced in terms of EU integration. This approach can be made by comparing trade development approach in a context of competitive structure and exogenous and endogenous pressures.

An obvious contrast is marked between convergence and convergence potential of CEE countries mechanically measured by GDP/capita. Some industries and areas of activity have rapidly converged towards EU standards development, but others do not. At the macroeconomic level, the more endogenous competitive pressure arising from the business, the higher the speed of convergence of CEE countries by GDP's / capita. The quality of institutions, reforms at the microeconomic level, making national environment, FDI, foreign trade and technology upgrades are all part of the story. Their improvement is essential if post-communist countries will address the catching up. Complex interplay between convergence speeds determining Romanian is untapped economic surprise, and reflects their studies. The argument for this approach is the need to give weight to the fact that a country's welfare or living standard is created at the microeconomic level, and interactions between growth and trade performance (competitiveness) in transition economies reveals the complex elements that provide for proper explanations actually different convergence speeds. Macroeconomic reforms, political, legal and social cannot succeed unless these capabilities are improving. Act made several comments regarding the 10 pillars of CEE countries to liberalize trade / growth / development of human relations in the context of EU integration. Greater convergence indicator Competitive neglected consider the convergence issues already mentioned and change overview convergence performance in CEE countries.

The significance of economic convergence

The concept of convergence is seen by reducing the differences between various economic indicators of countries of a geographical area. Record the process of real economic convergence if poor countries recorded a higher growth rate of the richest countries, which reduce income differences between them. When the gap of economic growth increases, there is a process of economic divergence. Indicator to measure this concept is GDP per capita expressed in purchasing power parity. [5]

Combat territorial disparities and achieve a more balanced spatial structure of economic development requires coordination of development policies so that they are coherent and consistent. Modern debates about European economic convergence and divergence are closely related to configuration policies should strengthen regional cohesion.

The concept of territorial cohesion exceeds the notion of economic and social cohesion, a complete and enhances its significance. In political terms, the aim is to achieve balanced development by reducing existing disparities by preventing the rise of regional disparities, contributing to a higher consistency of sectoral policies with spatial impact and regional policy. Policies that promote economic, social and territorial cohesion are assessed by their effectiveness in reducing regional disparities in the provision of equal opportunities for individuals, irrespective of regions, countries in which they live. Therefore, the policy aims at ensuring regional and international convergence on this basis, achieving a convergence between Member States. Also, progress is measured by the specific instruments of economic convergence process, namely to reduce the dispersion of income between regions, the recovery gap between rich regions and the impact of structural funds and national public policies on the rate of growth. Consequently, EU cohesion policy is the tools that promote economic convergence.

Cohesion policy is a current compensation to ensure economic and social cohesion, but should also cover the promotion of endogenous development capacity of regions. This shift is due to the emphasis on regional development disparities as a result of evolution of integration amplification under the influence of globalization and expanding markets of the EU eastwards. Deficient developing regions tend to have competitive

disadvantages, which will not allow them to receive long-term accumulation of capital, technologies and positive externalities generated by the agglomeration of economic activities.

To recover the years lost in a system of thought or the economy, freedom and development, and affirmation of a nation in the European Union healthy, prosperous, educated, free and dignified, Romania's European integration process should be seen as contributing to development economic, to participate and competitive EU internal market. Economic development depends of the population's education level, not secondary, but tertiary level of education. In other words, the share of more educated people and a more qualified labor force could increase the welfare of a society, based on creativity, innovation, and labor flexibility. [2]

In current circumstances, the Romanian economy still faces structural problems serious enough, we need coherent and unitary aim programming, prioritizing and tracking national development policies. To ensure the funds necessary to implement these strategies, Romania, as EU member state, at present receiving financial assistance through its pre-accession instruments - PHARE programs current, ISPA and SAPARD - which were not completed during the Romania was a candidate. [1]

The main objectives envisaged by the European Union grants financial assistance through the Cohesion programs focus on: institutional development, investment to support the application of Community and investment in economic and social cohesion. Thus these objectives contribute to achieving permanent economic and social cohesion, the implementation of the *acquis communautaire* in the preparation and the preparation of the institutional mechanism for implementation of EU policies. To achieve the objectives are implemented measures that focus on functioning market economy and ability to cope with competitive pressure and market forces within the Union.

Projects financed by European funds are contributing to the development of less advanced areas, through investments for economic and social cohesion in key areas such as human resource development, local and regional infrastructure development, social services and tourism services. The purpose of these investments is to create jobs, increase competitiveness and improve quality of life for residents of the regions concerned.

With accession to the EU and therefore the Community principles of regional development policy, programs have been replaced by pre-accession structural instruments: European Development Fund, European Social Fund, Cohesion Fund, special allocations of funds for structural adjustment support fisheries and innovative actions and technical assistance. [4] Goals pursued by funding projects in these funds are mainly to promote sustainable development, balanced and harmonious economic and social whole Union, to ensure a better standard of living of EU citizens, of which Romania is part 1 January 2007.

An important aspect is that these funding opportunities from EU funds will be much higher than hitherto. According to financial programming in the period 2007 2009, Romania has benefited from grants, around four times higher than the pre-accession period, amounting to 5.973 billion Euros. Given this, it is necessary that the experience gained so far in the use of pre-accession programs to be used as a starting point for developing future management of structural instruments. However, we must also guided by the experiences of Eastern European countries that joined the European Union and who have experienced problems in the management and implementation of programs financed by structural funds.

Romania needs structural programs, both to catch up to existing EU member countries and for sustainable development. Structural funds that will finance regional policy measures must be managed and directed to allow close gaps between regions and not to deepen.

The National Development Plan, recovery tool for socio economic disparities of Romania to the EU priorities are geared to the objectives of structural instruments. National Development Plan objectives on competitiveness, knowledge-based economy, development and modernization of transport infrastructure, rural economic development and reduce development disparities between regions, achieved through structural instruments and correlated with the Lisbon objectives, can help local and regional social and economic development.

After analyzing the current economic situation and prospects in the short and medium term, we believe that among the main lines of action in regional and local development for the next period are: macroeconomic stability by meeting the convergence criteria, the integration of Romania

into the European Union; coherence and complementarities of economic policies, especially regional development policy by establishing levels of competitiveness; increase the absorption of EU funds in order to achieve the objectives of economic and social cohesion and reducing inter and intra regional disparities and the gap that separates our country from the developed States; development and national and transnational infrastructure, transport, environment, energy research and development; encourage retraining disadvantaged or affected by restructuring and support continuous improvement in work.

European funds can be used in the creation of poles of competitiveness by supporting business incubators for SMEs development sites (market access, competitiveness) and attracting investors. Given that regional diversity is high on the distribution of industries, addressing these poles of competitiveness must be distinguished from one region to another. Structural Funds allocation to the regions (particularly the European Regional Development Fund) will take into account the specific region, the competitive advantage of existing industries and encourage the development of competitiveness poles. Thus, it is necessary to ensure this consistent approach by all the levers that the state has available, the efficient allocation of resources and setting priorities.

The evolution of economic and social cohesion policy in Romania

To increase efficiency in reducing disparities, countries and least developed regions should be the main beneficiaries of Cohesion Policy and therefore they should receive increased allocations in terms of support per capita. Cohesion policy should continue to provide its valuable support to the revised Lisbon Strategy targets. This policy has sufficient flexibility to finance innovative actions that lead to new patterns of development in Europe. However, Member States should retain the right to apply its own "recipe" in dealing with the Lisbon measures in accordance with their specific conditions. Cohesion Policy should help regions to succeed in global competition by developing their capacity to define and strengthen its strategic position to ensure successful competitive advantage, both at EU and global market. From this point of view, special attention needs to be

given to good governance (e.g. efficient use of public funds and public resources), economic development based on knowledge and continuous improvement of human capital. [5]

Regarding synergy with other policies Cohesion Policy and national community, we believe that cohesion policy can produce the expected effects only in combination with national and regional policies coherent and comprehensive. Cohesion policy cannot be successfully isolated from the rest of the policy implementation. In this sense, the integration of relevant national and Community policies in a coherent and well-founded concept that can provide the best value development potential of a country, region or area, would be essential. [4]

Simplify the implementation of the policy was one of the stated objectives for the period 2007 to 2013. Often, trying to simplify led to opposite results, giving rise to complications or simple replacement of existing rules with other rules, even more complicated than previous ones. Meanwhile, the EU's *acquis* and national legislation have become increasingly complex. Issues such as state aid, public procurement, environmental impact, complex procedures and technical standards, raises difficulties in the projects and often creates delays in implementation (in the context of the "automatic disengagement").

Cohesion policy is beneficial not only for the least developed countries and regions, but throughout the Union. More results can easily identify policy without which the most developed regions and Member States would not be able to and perfect the interests of the European Single Market, such as: Pan-European transport infrastructure development and thus improve spatial mobility, the movement of goods and labor, transfer of knowledge and new technologies. In this context, it is necessary to reinforce and increase awareness of the role of cohesion policy as a "political Europe". Also worth stressing that, beyond the obvious positive impact on the development of its Member States, regions and cities, this policy provides some of the most visible benefits for EU citizens.

Cohesion Policy in Romania for the period 2007– 2013

Romania's regional development policy is a national policy that aims to reduce development disparities between regions and different parts of the country and prevent the emergence of new imbalances and thereby reducing development disparities between Romania, as a whole, and All other countries States. Romania's regional policy is reflected in the National Regional Development Fund, implemented as a priority in the National Development Plan 2007 2013. This strategy was developed on European principles, namely taking into account the development strategies of regions, drawn from broad regional partnership working. The overall aim is faster growth of less developed regions. This will be achieved through differential allocation of funds by region, depending on the degree of development that is inversely proportional to the GDP/capita, giving the priority to the regions lagging behind. Axes through which the regional strategy of Romania are:

- Axis 1: Improving regional and local infrastructure (construction or rehabilitation of 4,000 km of roads, 1,500 schools, 150 hospitals, 2015);
- Axis 2: Strengthening regional and local business environment (development of over 200 units to support business, directly supporting more than 1,500 micro-enterprises);
- Axis 3: Development of regional and local tourism (rehabilitation, 2015, 200 tourist and cultural sites and tourism contribution to GDP growth by 1.25%);
- Axis 4: Sustainable urban development (construction / rehabilitation of public spaces 400ha/km and implementation of integrated urban development projects 20, 2015);
- Axis 5: Promoting European territorial cooperation.

To get help from the EU, each state must develop a series of strategic documents of: National Development Plan 2007 2013, National Strategic Reference, Operational Programmes. OPs are documents approved by the European Commission to implement those priorities and sectoral / regional or national development plan are approved for funding by the National Strategic Reference. [3]

For the programming period 2007-2013, Romania drew 7 Operational Programmes under Objective "Convergence" (Competitiveness, Environment, Transport, regional development, human resources, administrative capacity development and technical assistance) and cooperate with neighboring countries and other Member States EU to develop other 7 Operational Programmes under Objective "European Territorial Cooperation". To finance POR 2007 - 2013 4030.77 million euros were allocated: Regional Development Fund (ERDF): EUR 3,275 million, representing 19.4% of total Structural and Cohesion Funds allocated to finance in Romania OP; national public funds: EUR 513 920 000; private funds: EUR 241 850 000.

Implementation of the Common Agricultural Policy in Romania

The position of member of the Union, Romania has all the privileges due to a new Member State less developed economically (Union budget subsidies to various sectors of poor), but at the same time must also comply with common regulations. These viewpoints CAP no exception. Even before accession, Romania imposed the adoption and implementation of a series of specific legal rules and regulations of the European Union's *acquis communautaire* and implementation or restructuring of various key sectors (justice, military, industry, economy).

For the period 2007-2013, Ministry of Agriculture and Rural Development has created the National Program of Rural Development, aimed at investigating the current situation of Romanian agriculture to provide a final overview and to help draw up plans by which Romanian citizens will benefit from funds structural budget from the European Union. The plan shows Romania's willingness to fully implement Community legislation in the CAP, will establish the National Network for Rural Development in order to group national organizations and authorities involved in rural development. Its aims are to create an economy based on agricultural and forestry holdings must engage in modernization, promoting biodiversity and conservation, improve quality of life and economic development in rural area, improving local governance to develop and implement local development strategies. Also, beyond the opportunities

that Romania has in terms of European funding, regulatory framework applying a more stable and predictable due to the implementation of the CAP could have positive effects on price stabilization. Full capitalization of the advantages of Romania in the European Union could open new opportunities for Romanian farmers who can supply a market with a population exceeding 80 million. [1]

Although Romania has 14.7 million hectares of agricultural land, crops are poor and very vulnerable to weather excesses, while livestock farms is generally small. European Commission, referring to Romania said it would be necessary to the development of market infrastructure, to ensure market transparency and information on prices of agricultural products, and building larger households by leasing and selling land. The slow process of privatization of state farms are still a barrier to investment firm and effective exploitation of agricultural land.

A major problem for Romania is the rural development concept of vital importance for the future of the Romanian state, as specified in EU documents refer to rural development priority: improving processing and marketing structures for agricultural and fishery products, quality control, improvement of infrastructure rural and agricultural development and diversification of rural economy, harnessing human resources. [1]

Conclusions

Romanian economy is still under the effect of industrial and agricultural era which produces products and services which hardly are competitive on the international and even on national markets. [6]

Correlated with the level of national development and the degree of development of community parameters of economic and social cohesion in Romania fourteen areas receiving funding through the Structural Funds and Cohesion: RTD, computerization of society, transport, energy, environmental protection and risk prevention; tourism, culture, urban regeneration and rural support for companies and entrepreneurs, access to stable employment, social inclusion for disadvantaged, human capital development, investment in social infrastructure, including health and education, promotion of partnership.

Funding process is legitimate support and monitors the actions undertaken, operational programs detailing funding areas that correspond to national and Community priorities. While respecting the eligibility criteria imposed by the three areas for action at Community level is necessary orientation of national development programs on two axes, as follows: thematic priorities - development of basic infrastructure to European standards, improving long-term competitiveness of the Romanian economy, development and efficient use of human capital; territorial priorities - promoting a balanced territorial development.

All these steps and actions that need to implement Romania, require the shaping of a national strategy for growth and development, to respond effectively to community needs in economic and social cohesion.

References

- [1]. M. Băcescu, F. Dumitrescu and A. Cărbunaru-Băcescu, „*Politici Macroeconomice de integrare a României în Uniunea Europeană*”, (2008), Ed. Economica, Bucharest
- [2]. N. Caragea-Hrehorciuc, “*Time Allocation in Economics and the Implications for Economic Development*, in *Romanian Journal of Economics*”, (2009), vol. 29, issue 2(38), pages 122-141, Bucharest, <http://econpapers.repec.com>
- [3]. M. Dinu, C. Socol and M. Marinas, “*Modelul european de integrare*”, (2005), Ed. Economica, Bucharest
- [4]. M. Marinaș, „*Convergența economică*”, (2008), Ed. Economica, Bucharest
- [5]. P. Prisecaru, (coord.), “*Procesul de convergență instituțională*” (2009), vol. 2, Ed. Economica, Bucharest
- [6]. M.C. Tocan, “*Knowledge Based Economy in Romania*, in *Annales Universitatis Apulensis Series Oeconomica*”, (2008), vol. 2, issue 10, pages 28, Bucharest, <http://econpapers.repec.com>