

## THE STATE AND DYNAMICS OF ECOECONOMY IN ROMANIA. REMARKS AND PERSPECTIVES

Oana Mihaela Văcaru<sup>1\*</sup>  
Cristina Teodora Bălăceanu<sup>2</sup>  
Mihaela Gruiescu<sup>3</sup>

### ABSTRACT

*The economy has become more than just a science that is studied in any education system, as the organic part of the social sciences; it is a state of affairs, a state of mind and a way of life of the contemporary man. In any case we have found out, we are concerned with the price of the product showing utility for us, so far as the nominal net income allows us to purchase or not, the way of the development of certain indicators affect the level of salary, how it will affect the workplace change of coordinates, of the monetary policy and exchange rate, what impact have certain statements of dignitaries on the oil market. All these are determinations of the economic behaviour of the economy subjects, namely consumers and producers.*

**KEY WORDS:** *ecoeconomy, development, economic indicators.*

We cannot exclude the existence of our economic size just as we cannot exist if we do not consume and we cannot consume without having to produce. This dictum is not shared by all the stakeholders in the world economy, and there are, it seems, the cicadas economy, focusing on savings consumption exceeds output, and ant economy, with pronounced character, whose production capacity and export consumption is higher than the import, respectively.

Why this dichotomy? At first glance, you might say that with factors of production equipment would differentiate economies, in terms of the size and structure of the aggregate supply. Also, the size and dynamics of the needs is likely to favour disadvantaged or an economy in its relations with other economies. Or, as it is stated many times in the socio-political, geopolitical and geostrategic position, there are factors determining the ratio of forces between economies. Without exceptions, all these factors must be discussed in terms of mutual interdependence, complementarity, and complicity.

As a result of the development of cutting-edge technologies, the scientific research, the unprecedented influence of media on behaviour of consumer decision-making, the ratio

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<sup>1\*</sup> corresponding author, PhD Candidate, the Bucharest Academy of Economic Studies, Romania, oanna.vacaru@gmail.com

<sup>2</sup> Professor of Economic, "Dimitrie Cantemir" Christian University in Bucharest, movitea@yahoo.com;

<sup>3</sup> Associate Professor of Statistics and Econometrics, Romanian American University / Academy of Economic Studies in Bucharest, mihaela.gruiescu@csie.ase.ro.

between resources and needs, the availabilities and needs, suffers the strong distortion, which makes the assault on economic production of goods to meet the needs, to be particularly strong. This assault has direct repercussions on how to combine economic resources, both own and acquired, and respectively needs convergent implications of the productive sector in order to supply to the demand level. The problem lies, on the one hand, in the efficient management of own resources and syndicated in the context of the continuous reduction of the conventional energy resources and the adjustment of demand in relation to its purchasing power and, on the other hand, in the management of the balance of trade imbalances, the balance of payments at the level of countries, as a result of the discrepancy between export and import.

The advantage of globalization lies in the mobility of the factors of production in order to cover the demand of economic goods in those economies where endowment with factors of production is insufficient, in which case the import is preferable. Modern economies are global economies the relative position of which is determined by the market competitiveness and efficiency ratios. We cannot exclude imports, but they are done when the relative cost of a unit production on the domestic market is the relatively higher cost of product on the market, or when the demand for factors of production may not be covered by the internal market. What is inefficient and univalent is the increase in imports within those countries which own factors of production but the level of production capacity does not cover partly the demand level, both quantitatively and qualitatively. What would be the reasons?

Firstly, it is the lack of orientation of economic operators in relation to the size and structure of the application, the ability to absorb it. The stimulation of the production should be correlated with the rate of the increase of consumers' real incomes, but also with the presumptive increase in relation with the presumptive loan limit of the banking and nonbanking systems. Financial-banking system can maintain artificially the demand increase by adjusting the income, which would boost the domestic production capacity or the import of goods. Secondly, it is the low dynamics of labour productivity, either as a result of the lack of adequate production facilities, the correlation of the investment plan with the structure of the offer or as a result of the combination of inefficient production factors, which have the effect of an uncompetitive production externally, in other words the failure of meeting the internal and external demand.

Also, there are certain restrictions on domestic production capacity of intensifying, such as political factors (conflict of interests with regard to facilitating the import of certain goods or economic factors; excessive bureaucracy), social factors (existence of a differentiated social structure that requires supporting disadvantaged social classes, which requires increasing public spending gains, i.e. adjusting fiscal policy), the degree of involvement of civil society in changing people's mentality as regards the act of production and consumption addressing productive sphere as an opportunity and not as a priority in the act of consumption.

In this context, the economy thanks to its actors, looks for solutions to optimize the ratio between needs and possibilities in line with the natural environment, taking into account the quantitative restrictions of the monetary and financial nature, such as the boomerang effect caused by the excesses of any kind.

At the same time, in the context of conventional resources shortages and irrational use of resources that together have generated waste, pauperism, it is necessary to create mechanisms through which to identify with the laws of nature that govern it, to use natural resources in sustainable manner, to devise strategies through which utilisation of free goods to give balance and limits the production process mainly owing to natural grade, absorption of sustainable products in the environment. This natural way of dealing with the economy is identified with eco-economy.

This analysis starts with the indicators identified in the previous chapter, grouped in accordance with 10 main themes of ecoeconomy: *socio-economic development, sustainable production and consumption, social inclusion, demographic shifts, public health, energy and climate change, sustainable transport, natural resources, global partnership, and good governance.*

As for the *socio-economic development* indicator considering both quantitative aspects of the *Economic Development* (investments, savings rate of the households), as well as qualitative, in the form of research and development expenditures, eco-efficiency indexes, energy intensity of the economy, relevant for the *Innovation, competitiveness and eco-efficiency indicator*, as well as the aspects that characterize the level of employment at the country level, including measures aimed at integrating young people who don't have a job are not present in forms of education (Young people neither in employment nor in education or training (NEET)), or the unitary cost of the nominal labour.

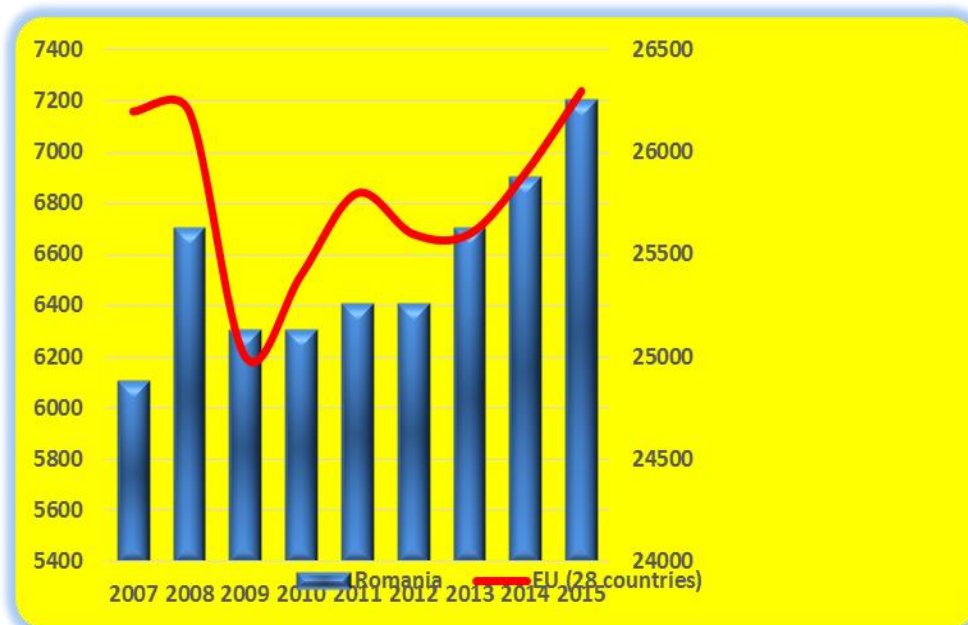
In our analysis we have submitted GDP per capita as an indicator to characterize the developmental level, being an indicator of falling and in the HDI (human development index).

Table 1. Real GDP/inhabitant, Euro

<b>Real GDP/ inhabitant, Euro</b>									
Country/year	2007	2008	2009	2010	2011	2012	2013	2014	2015
UE-28	26200	26200	25000	25400	25800	25600	25600	25900	26300
Belgium	34000	34000	32900	33500	33900	33700	33500	33800	34100
Bulgaria	4900	5300	5100	5100	5200	5300	5400	5500	5700
Czech Republic	15200	15400	14600	14900	15200	15000	15000	15200	:
Denmark	46200	45600	43000	43500	43900	43700	43400	43700	43900
Germany	32100	32500	30800	32100	33300	33400	33400	33800	34100
Estonia	13300	12600	10800	11000	11900	12600	12800	13200	13400
Ireland	40700	39000	36500	36400	37200	37200	37600	39500	42300
Greece	22700	22600	21500	20300	18500	17200	16800	17000	17000
Spain	24500	24400	23300	23200	22900	22300	22000	22400	23100
France	31500	31400	30300	30800	31200	31200	31200	31100	:
Croatia	11200	11500	10600	10500	10500	10300	10200	10200	10400
Italy	28700	28200	26500	26800	26900	26000	25400	25300	25500

Cyprus	24200	24500	23300	23000	22600	21700	20400	20100	20600
Latvia	10200	9900	8600	8500	9200	9700	10000	10400	10800
Lithuania	9800	10100	8700	9000	9800	10300	10800	11200	11500
Luxembourg	82900	80800	75100	77900	78100	75600	76900	78200	80500
Hungary	10300	10400	9700	9800	10000	9900	10100	10500	10900
Malta	15500	16000	15500	15900	16200	16500	17000	17500	18400
The Netherland	38900	39400	37700	38000	38500	37900	37600	37900	38500
Austria	35700	36100	34700	35200	36100	36200	36100	36000	36000
Poland	8600	8900	9100	9400	9900	10000	10100	10500	10900
Portugal	17200	17200	16700	17000	16700	16100	16000	16300	16600
<b>Romania</b>	<b>6100</b>	<b>6700</b>	<b>6300</b>	<b>6300</b>	<b>6400</b>	<b>6400</b>	<b>6700</b>	<b>6900</b>	<b>7200</b>
Slovenia	18600	19200	17500	17700	17800	17300	17100	17600	18000
Slovakia	11900	12600	11800	12400	12800	13000	13200	13500	14000
Finland	37200	37300	34000	34900	35600	34900	34500	34100	34200
Sweden	40400	39800	37400	39400	40100	39700	39800	40300	41600
Great Britain	30500	30100	28700	28900	29200	29400	29800	30400	30900

Source: processed after [www.eurostat.org](http://www.eurostat.org)



Source: author's contribution after processing Eurostat data

Graph 1. Evolution of GDP per inhabitant in Romania comparable to UE-28, period 2007-2015

The growth of GDP per capita in the analyzed period was due to an investment contribution, as a result of the translation of Romania's economy from the transition economy to the emerging economy. At the same time, budget allocations to areas such as education, health, sustaining infrastructure development policies have led to increased business-to-business expectations, entrepreneurship, with a direct effect on living standards. The need for training, through adaptability of the educational system to the requirements of the labor market, will decisively contribute to increasing education and interfering with the quality of life.

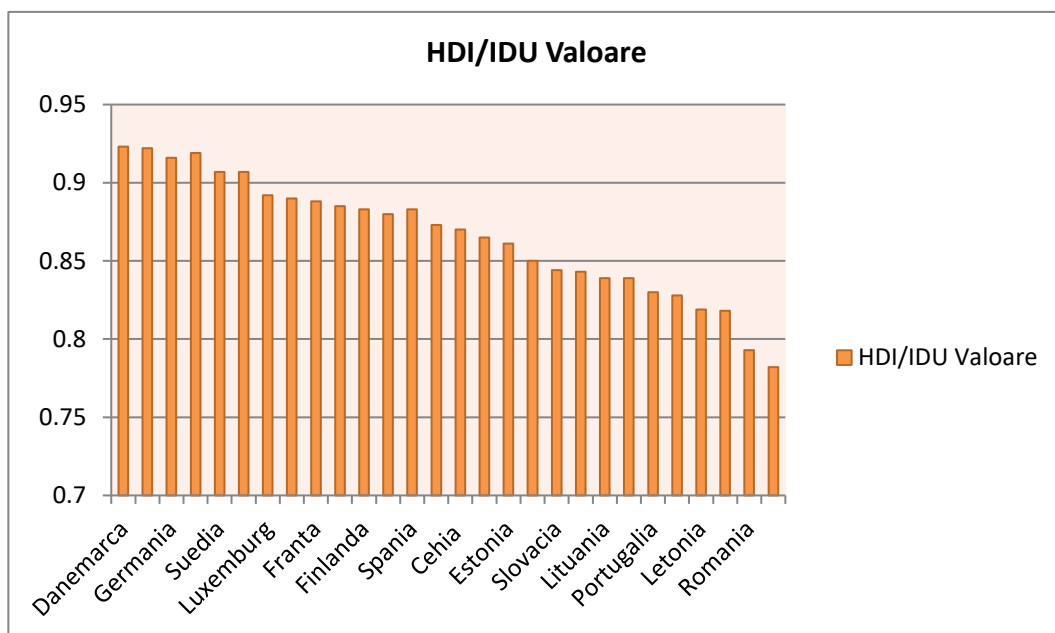
Table 2. Human development index, 2015

Country	HDI	Life expectancy at birth	Number of school years estimated as promoted	The main promoted school years	Gross domestic income per capita
	Value	years	years	years	Euro
	2014	2014	2014	2014	2014
Denmark	0.923	80.2	18.7	12.7	44,025
The Netherland	0.922	81.6	17.9	11.9	45,435
Germany	0.916	80.9	16.5	13.1	43,919
Ireland	0.919	80.9	18.6	12.2	39,568
Sweden	0.907	82.2	15.8	12.1	45,636
Great Britain	0.907	80.7	16.2	13.1	39,267
Luxemburg	0.892	81.8	13.9	11.7	58,711
Belgium	0.89	80.8	16.3	11.3	41,187
France	0.888	82.2	16	11.1	38,056
Austria	0.885	81.4	15.7	10.8	43,869
Finland	0.883	80.8	17.1	10.3	38,695
Slovenia	0.88	80.4	16.8	11.9	27,852
Spain	0.883	82.6	17.3	9.6	32,045
Italy	0.873	83.1	16	10.1	33,030
Czech Republic	0.87	78.6	16.4	12.3	26,660
Greece	0.865	80.9	17.6	10.3	24,524
Estonia	0.861	76.8	16.5	12.5	25,214
Cypruss	0.85	80.2	14	11.6	28,633
Slovakia	0.844	76.3	15.1	12.2	25,845
Poland	0.843	77.4	15.5	11.8	23,177
Lithuania	0.839	73.3	16.4	12.4	24,500
Malta	0.839	80.6	14.4	10.3	27,903
Portugal	0.83	80.9	16.3	8.2	25,757
Hungary	0.828	75.2	15.4	11.6	22,916
Letonia	0.819	74.2	15.2	11.5	22,281

Croatia	0.818	76.2	14.8	11	19,409
<b>Romania</b>	<b>0.793</b>	<b>74.7</b>	<b>14.2</b>	<b>10.8</b>	<b>18,108</b>
Bulgaria	0.782	74.2	14.4	10.6	15,596

Source: data processed from [www.eurostat.org](http://www.eurostat.org)

The importance of sustainability lies in the marginal benefit in **human development**, whereby incomes through the redistribution process, contributes to facilitating **human development**. Through human development actually it is understood **the extent to which the individual reaches a certain standard of living by identifying its subjective, objective, and factual needs, generated by the economic, social, political, and cultural awareness of the ways of satisfying their reporting to existing and potential resources**. Individuals, engaged in a workable economic system, develop their capacities and powers to concure the income required to satisfy societal needs. It should be noted that the scope of **the needs** exceeds the sphere of material **needs**, the tendency being to cover the needs of security, justice, governance (participation in community life, involvement in decision-making processes), education, culture, arts, and multiculturalism.



Source: author's contribution after processing Eurostat data

Graph 2. Graphic representation of HDI, 2015

Ecoeconomy transforms the benefits of ecology and bio economics into economic policies which gives sense and rationality in economic activity, both at the level of consumption, as the defining act that supports a market economy, as well as at the level of the allocation, as a way to reduce societal inequalities.

The problems mankind is facing, from those related to the irrational use of natural resources, reaching their limits and generating increasing greenhouse gases, global warming, the intensification of natural disasters, to those generating economic crisis,

prolonged recession, unemployment, structural deficits with repercussions on the quality of life, make necessary a rethinking of the economic system on the basis of rational, ethical, ecological. Naturally, ecoeconomy becomes an integrative concept which can manage unitarily environmental, social, economic, or ethical issues.

The allocation issue is obvious, especially for the fact that without effective allocation, production might lie more than the marginal cost, which would mean the waste of resources and energy etc. We believe that the allocation can be integrated into paradigms of development/growth and completely different from the traditional approach. The issue of allocation lies in the size of the scale and intensity of the increase, which takes perverse effects on a finite ecosystem, as the Earth's ecosystem, which cannot support a continuous growth of savings through the introduction of new and new needs.

Basically ecoeconomy is a complex process, integrator, generator of wealth that sustains not only to meet the vital needs of the people but also incorporating, in the measures of improving the standard of living and the quality of life of those aspects pertaining to non-commensurable individual freedoms, safety, honesty, morality, equality of opportunity, respect, and honour. Hence, thanks to ecoeconomy there is a particular attention for emphasizing the human dimension of the development policies as well as the qualitative approach of the economic growth policies on ensuring the sustainability of development and strengthening the links of causality between economic growth, human development and the natural environment.

The concept *development* signifies a fundamental feature of life: living beings develop throughout life, which means that they evolve. The development is a subsystem of the system of life (Capra Fritjof, 2005); evolutions within this system refer to the new forms of spontaneous order, which confers dynamism, evolution, and creativity. The development is also a living system, with its own internal structure, being in a permanent form of evolution. For this reason, a series of events with local specificities and different intensities of the concept of development can be identified.

## **CONCLUSION**

The presentation of the two indicators reveals that Romania has to advance in terms of development, both through investments to support sustainable development, and through education and training. Ecoeconomy constitutes a chance for Romania for the purposes of the ambitions of the Europe 2020 strategy, by creating a sustainable and inclusive economy, competitive EU economies in relation to the fact that natural resources can be used eco-efficiently, sustainable jobs can be created through the rational use of land, the use of cutting-edge technologies in the creation of products, promoting them and opening new markets. The indicator that highlights sustainable economy benefits, focused on valuing natural resources according to sustainable principles, is the index of eco-innovation.

Romania is found to have recorded lower values of the indicator comparable to the developed countries of the EU, which shows the progress concerning the incorporation of innovation and research into the use of resources, labour and capital from the perspective of the production in order to cover needs in accordance with the sustainable principles.

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