SUSTAINABILITY OF PRODUCTION AND CONSUMPTION PATTERNS OF THE ROMANIAN ECONOMY

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Abstract:

The present and future economic development involves a high consumption of resources, natural, informational to generate economic goods to satisfy global demand. The danger would be excessive use of natural resources because planet is unable to replace them, to restore them or store them. The fault that generated the time between the economy, the primary activity human creative economic goods to satisfy the needs of humanity and nature as the main reservoir for the production of natural resources, life support, coordinate to ensure biodiversity, biorhythm and perpetuation species, has produced position papers for the purposes of reconsidering production methods, development trends and development needs of mankind in ensuring and preserving the six to life. In this regard, we propose an analysis about the efficiency and effectiveness of production models that the company applies incidence and polluting productive activities on the natural environment, diets, consumption patterns and their impact on the sustainability of the economy.

Key words: patterns of production, consumption patterns, sustainability

JEL classification codes: Q01, C51, C83,

Introduction

If the state fails to design a fair institutional construct, market failures will prevail and informal institutionalization will tend to substitute the formal one. Thus, the result will be a variant of "bandit capitalism". The idea of institutions that work properly is in a simple way expressed by Joseph Stiglitz: "each partner does what he is supposed to do, there is good coordination, conflict is marginalized, and the economy grows smoothly in a rapid pace. Institutional environment located at the opposite end is characterized by changes inhibited by bureaucratic requirements, corruption and fraud, which tend to become dominant."

In the current situation in which a number of social issues are unresolved by the free play of supply and demand, due to lower purchasing power and thus global demand, the economy is in a situation of social collapse whose costs are devastating, with huge medium and long term implications. These problems are mainly unemployment, increasing poverty absolute, and decrease welfare (combined with early school leavers, increasing illiteracy, decreased life expectancy, and infant mortality).

Conceptualizing of the strategy

In these situations it is required concentrated support of the economy through structural leverages as follows:

-manufacturer support facilitated by monetary, fiscal leverages, regulatory requirements of the phases of the production cycle;

-lack of guidance and strategic action in the economic sectors and regions of the country by identifying available resources, the needs of the community and, by reference to them, development of mechanisms for attracting investment and supporting them through concerted actions of the authorities, private capital and active labor;

-labor motivation. In Romania, the remuneration of labor is low because of low labor productivity. This, after 20 years of transition, is a pathetic excuse for covering economic policy mistakes in unitary managing labor market.

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Low wage is a consequence of several factors, such as:

✓low attractiveness of entrepreneurship, private property and free enterprise; mismanagement of economic resources in order to create competitive economic goods, whose solvent demand could bolster the offer of economic goods and hence labor demand;

✓union pressure on employers, legislative supported, to keep the system in production of a segment of labor insufficiently adapted to market development requirements (low-skilled manpower, inexperienced in fields complementary to the European business environment);

✓tax burden on both the employee and the employers;

✓inadequacy of labor force training to meet current and future needs of labor market;

✓transposition of habits and customs acquired during the Communist years on performed work lack of interest in quality of the achieved product, the existence of downtime in production, failure in applying rules and procedures related to the process, stations coverage with workforce whose training is inconsistent with the requirements of the job;

✓low interest in raising the skills and training of the workforce with age over 40 years;

✓market under-representation of large and very large firms in productive areas which absorbs the active labor force, especially in rural economic areas;

✓irrational exploitation of natural resources and derivatives, which increases the cost of the product, due to cover production requirements through imports;

✓poor health status of the population which has a negative impact on efficiency and work motivation, leading to decrease in active life expectancy and hence early retirement;

✓increasing social costs due to the rise in unemployment, premature aging of population, increasing the proportion of people unable to work of the total population;

-entrepreneurship education;

-awareness of danger of transforming Romanian economy in a global economy valve of resources (natural, human, territorial), in the absence of political and social consensus between societal forces to outline a long-term action plan revolving around market development, creation of employment, providing subsistence needs for citizens, work motivation, interest in education, assessing the usefulness of moral values in Romania.

In these circumstances, the question arises: how can we create jobs and hence purchasing power if we buy goods from another area of economy, without trying to develop a local economy to provide those goods needed to cover the needs or as an expression of an optimal situation, to develop a local economy to produce economic goods by resources capitalization?

The optimal situation would be to develop a local economy to capitalize local resources to encourage the exchange of economic goods through trade creating revenue for the local community, with a benefical effect on the individual and general welfare, under the rational exploitation of natural resources on principles of sustainability (care for the opportunity of future generations to enjoy at least as much natural resources as the present generation benefits from).

However, existing development resources for agriculture and therefore agricultural production, necessary to cover the needs of the local market, it is imperative for the local authority to create leverages through which traders to capitalize on inputs and contribute to the adjustment of supply to demand needs . On the other hand, domestic producers will have to develop competitive production systems, implement modern production management systems, customer centered, ie the quality of the final product. In this context, we identify a high degree of disparity of GDP registration in Romania in relation to regional GDP calculated based on the relationship:

$$D = 100 \frac{1}{Y} \sum_{i=1}^{n} \mid (y_i - Y) \mid (p_i / P)$$

where:

y_i is the regional per-inhabitant GDP of region i;

Y is the national avarage per-inhabitant GDP;

p_i is the population of region i;

P is the population of the country;

n is the number of region of the country.

What do we suggest?

First of all an inventory of existing natural resources to identify natural growth potential of the economy. Without such a tool we can not achieve a development medium and long term plan indicating the main ways to stimulate local entrepreneurship in order to increase the welfare of the village.

Secondly, review of revenue and expenditure, identifying sources to support local entrepreneurship, incentives that we can provide for young people for local economic development in order to shape a productive local economy, creating jobs. In this respect there should be achieved a balance of workforce to identify potential population growth, commune potential to attract investment to provide jobs to stabilize the young population in the common complex, thereby helping to reduce the emigration of young people once with the departure of studies or moving residence abroad for employment insurance.

Third, identification of the potential of the local economic development through exploitation of resources. From the development of entrepreneurship, the local economy will win, on the one hand by increasing the welfare of the community as a whole, on the other hand by increasing the tax base and the collection of local revenues, with the development of economic infrastructure of the village.

Local economy

The concept of local economy lies in the need for regional economic development of local economic community whose objective is to implement economic reform programs aimed at both infrastructure and increase the welfare of citizens.

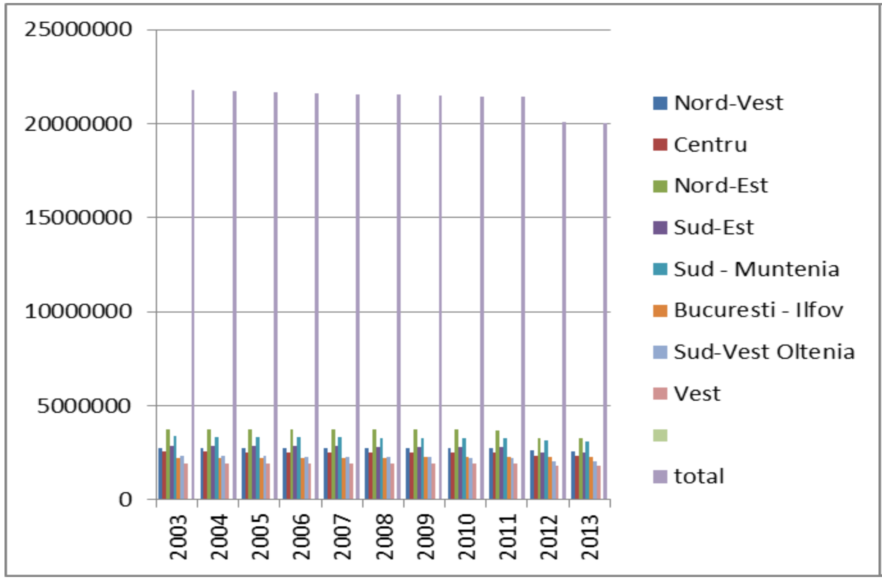
There is no universally accepted definition of the local economy, it has a certain degree of autonomy from the national institutional economy, but combines local specificities, existing economic resources, creates strategies to exploit by attracting investors to develop both horizontally (adding new businesses that produce goods / services similar to those of the company and operates in the same chain sequences of research - development - production - sales.) and vertically (expanding the scope of business activity in the industry part) aimed at creating jobs, and ultimately, increasing economic welfare of the community.

Population on 1 January by NUTS 2 region (persons)

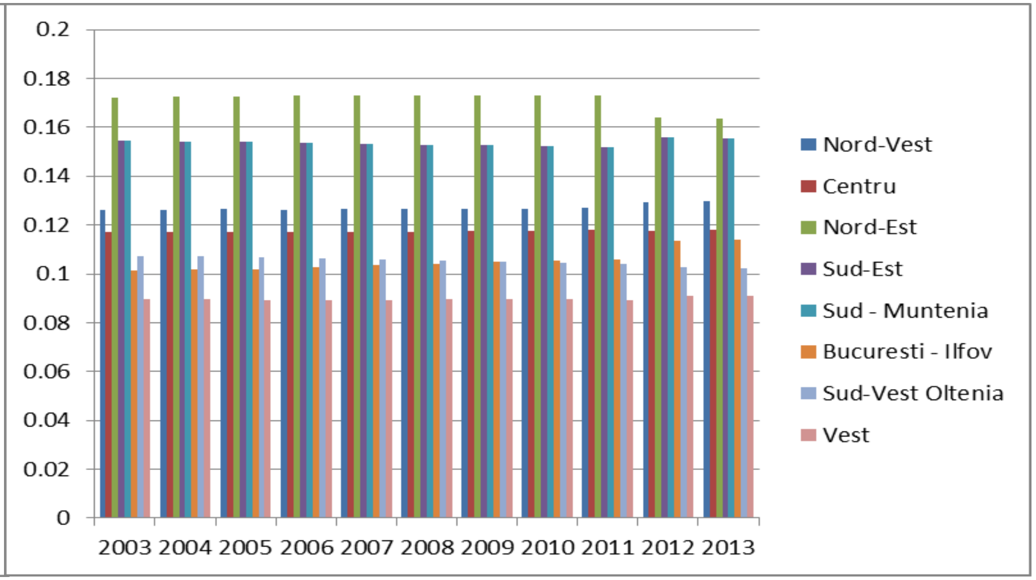
Geo\time	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Nord-Vest	2750406	2743281	2742676	2729181	2729256	2724176	2721468	2719719	2717532	2598877	2594823
Centru	2548331	2543512	2533421	2534378	2524176	2524628	2526062	2524418	2522692	2360578	2359405
Nord-Est	3746330	3742868	3735512	3734946	3727910	3722553	3717621	3712396	3703283	3294204	3278798
Sud-Est	2863406	2855044	2849959	2843624	2834335	2825756	2818346	2811218	2802532	2538949	2523354
Sud	3368615	3350248	3338195	3321392	3304840	3292036	3279786	3267270	3253712	3128799	3108150
Bucuresti - Ilfov	2208150	2208254	2209768	2215701	2232162	2242002	2253093	2261698	2267419	2279145	2282244
Sud-Vest	2336018	2325020	2313903	2301833	2285733	2270776	2257752	2246033	2232814	2067357	2048702
Vest	1951518	1943025	1935094	1929158	1926707	1926700	1924488	1919434	1913831	1828087	1824598
Total	21772774	21711252	21658528	21610213	21565119	21528627	21498616	21462186	21413815	20095996	20020074

Source: Contribution of authors based on Eurostat and INS-Romania Data.

Population on 1 January by NUTS 2 region, 2003-2013



Share of population in the total population, 2003-2013



Source: Contribution of authors based on Eurostat and INS-Romania Data.

Population on 1 January by NUTS 2 region (Pi/Ptotal- %)

Geo\time	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Nord-Vest	0,126	0,126	0,127	0,126	0,127	0,127	0,127	0,127	0,127	0,129	0,130
Centru	0,117	0,117	0,117	0,117	0,117	0,117	0,117	0,118	0,118	0,117	0,118
Nord-Est	0,172	0,172	0,172	0,173	0,179	0,173	0,173	0,173	0,173	0,164	0,164
Sud-Est	0,155	0,154	0,154	0,154	0,153	0,153	0,156	0,152	0,152	0,156	0,155
Sud	0,155	0,154	0,154	0,154	0,153	0,153	0,156	0,152	0,152	0,156	0,155
Bucuresti - Ilfov	0,101	0,102	0,102	0,103	0,104	0,104	0,105	0,105	0,106	0,113	0,114
Sud-Vest	0,107	0,107	0,107	0,107	0,106	0,105	0,105	0,105	0,104	0,103	0,102
Vest	0,090	0,089	0,089	0,089	0,089	0,089	0,090	0,089	0,089	0,091	0,091

Source: Contribution of authors based on Eurostat and INS-Romania Data.

Regional gross domestic product by NUTS 2 regions - million EUR

Geo\time	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Nord-Vest	46582	54045	70761	86679	110148	126194	106430	112298	118646	118619	127959
Centru	46505	54205	71111	87019	110701	126495	106615	112368	118570	118743	128141
Nord-Est	46550	54268	71204	87567	111661	127244	107329	113260	119684	120041	129449
Sud-Est	46812	54096	71079	87303	111963	127576	107708	113100	119155	119540	129091
Sud	46269	53420	69990	85872	109819	124635	104731	110720	116678	117990	127256
Bucuresti - Ilfov	41662	48271	61098	75408	94851	104428	90188	94058	96909	97389	104482
Sud-Vest	48184	55968	73607	90216	115165	131200	110769	116512	122669	123265	133071
Vest	47666	55275	72326	88414	112729	128146	108372	113828	119998	120460	129881
Total	370230	429548	561176	688478	877037	995918	842142	886144	932309	936047	1009330

Source: Contribution of authors based on Eurostat and INS-Romania Data.

IPIBi-PIBI

Geo\time	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Nord-Vest	46582	54045	70761	86679	110148	126194	106430	112298	118646	118619	127959
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Source: Contribution of authors based on Eurostat and INS-Romania Data.

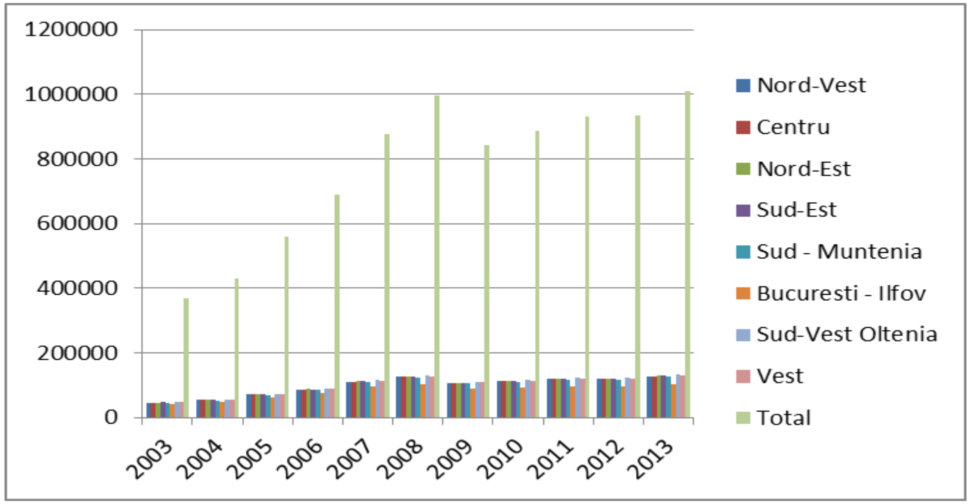
I PIBi-PIB I*Pi/Ptotal

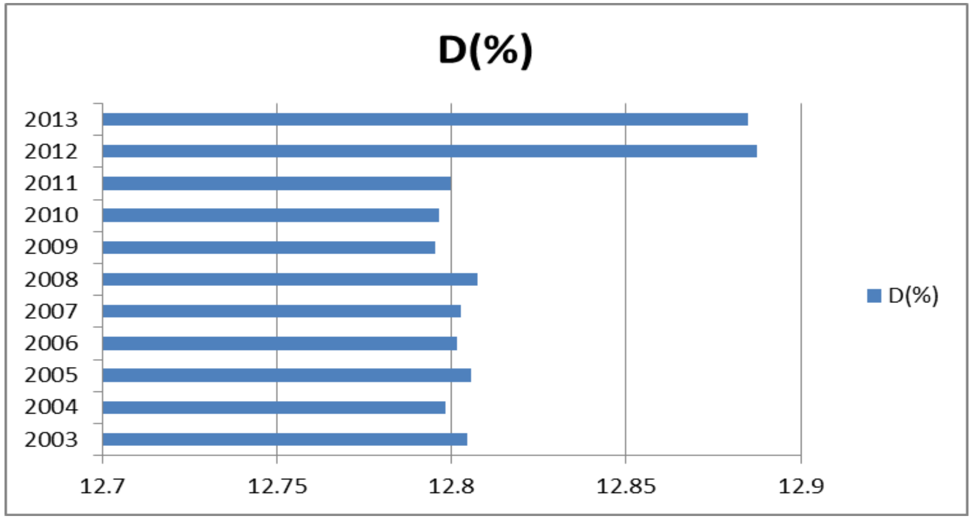
Geo\time	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Nord-Vest	5884,39	6828,75	8960,65	10946,80	13940,20	15968,26	13472,77	14230,56	15056,84	15340,18	16584,90
Centru	5443,04	6350,21	8317,93	10205,32	12957,44	14833,87	12527,14	13216,91	13968,35	13948,16	15101,67
Nord-Est	8009,62	9355,42	12280,77	15134,42	19302,57	22001,99	18559,73	19591,01	20698,03	19677,53	21200,58
Sud-Est	7242,60	8347,52	10955,29	13418,08	17158,25	19508,20	16431,72	17217,64	18104,95	18611,50	20041,59
Sud	7158,59	8243,20	10787,45	13198,14	16829,69	19058,48	15977,55	16855,33	17728,58	18370,18	19756,71
Bucuresti - Ilfov	4225,27	4909,65	6233,68	7731,60	9817,84	10875,18	9451,86	9911,89	10261,29	11045,17	11910,72
Sud-Vest	5169,70	5993,52	7863,85	9609,44	12206,58	13838,59	11632,79	12193,06	12790,67	12680,77	13617,47
Vest	4272,36	4946,78	6462,01	7892,78	10071,62	11468,40	9701,12	10180,01	10724,66	10957,97	11837,15
Total	47405,58	54975,04	71861,64	88136,57	112284,20	127552,96	107754,68	113396,42	119333,36	120631,46	130050,79

Geo\time	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
D(%)	12,804	12,798	12,806	12,802	12,803	12,808	12,795	12,797	12,800	12,888	12,885

Source: Contribution of authors based on Eurostat and INS-Romania Data.

Regional gross domestic product by NUTS 2 regions - million EUR, 2003-2013





Source: Contribution of authors based on Eurostat and INS-Romania Data.

The omnipresent terms in the local economy are: economic resources, local authorities, public-private partnerships, investors, sustainability, fair intergenerational exchange, social enterprises.

Most authors analyze the principles, parameters and policies "LED-Local Economic Development". Local economic development is a local activity designed and implemented by agencies in the public and private sectors of the community through a set of programs and projects. Through this process is achieved growth of welfare of members of communities and businesses (Profiroiu A., Racoviceanu S., Ţarălngă N., 1998). Achieving this objective requires cooperation between public and private sector representatives in the process of exploiting human, technical, financial resources of a community, associated within a sectorial or cross-sectorial framework of activities, private or public, with the aim of creating employment.

Essentially, local development is a development policy, mainly economic, applied to a territory and which concerns the local community. By means of some factors and social and local economic structures, mainly local small and medium enterprises (SMEs), this policy materializes its objectives relating to the use and development of local resources and creating and sustaining a stable and profitable business environment (*D. Porojan, C. Iftimoaie, Dezvoltarea locală durabilă în contextul globalizării, Ed. Irecson, Bucureşti, 2008, pag. 22)*.

The local economy is approached also by the financial resources available to local authorities (local taxes paid by businesses and individuals). Therefore, local businesses benefit from economic policies and, through compulsory levies, from locally mainly financed by local government expenditure, which indicates that economic development is the result of collective actions of local public and private sectors and the local community.

An important source for local economic development is to promote entrepreneurship locall and regionall, by giving ways to support entrepreneurial activities: institutional and financial support (availability to attract financial capital) or promotion of association for the development of entrepreneurship.

Conclusion

Following the effects of the financial economic crisis that started in the middle of 2007, which has created premises for the strong come-back of the state in economy on positions of direct player, it is found not only the development of state's role, but also the reorientation towards the national state, protecting the national interest complementary to globalization, revitalizing national elites, as exponents of local culture, accomplished through the direct access to universal values, thanks to globalization. In this respect, orientation towards economic and social consensus becomes catalyzing factor of inherent changes in the behavior of markets and also of economic agents.

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