

COMPETITIVENESS AND SUSTAINABILITY – A MODERN ECONOMIC APPROACH TO THE INDUSTRIAL POLICY

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The paper focuses on competitiveness and sustainability in the context of a modern economic approach to industrial policy, presenting a case study on Romania.

The paper shows the challenges of the globalized economy on its industrial sector, by focusing on the first step: deindustrialization, the second step: re-industrialization, and, in the end, the third step, the return to industry, by emphasising new approaches to industrial policy.

In the context of Romania's national development strategy in line with "Europe 2020 Strategy" Government directs its attention to shaping economic development with active and responsible measures for the society.

Key words: industry, sustainable development, economic dimension, productivity, Romania

INTRODUCTION

Globalized economy that began at the end of the last century was marked by stimulating foreign direct investment through capital mobility and an unexpected process of labour migration. This new phase of restructuring the economy [1], held on a significant progress in information technology and transport, offered advantages to the industrialization phenomenon, traditional production generating GDP, gradually replaced the tertiary sector of services [2], encouraged by cost reduced inputs that receive a substantial reduction in labor costs, concentrated therefore mainly in urban areas.

FIRST STEP: DEINDUSTRIALIZATION. SECOND STEP: RE-INDUSTRIALIZATION. RETURN TO INDUSTRY

For industrialization can be found countless arguments: the decline of industrial production, the shift towards the service sector, a reduction in the percentage of industrial products in foreign trade, a trade deficit, the impact on the ability of the economy to support industrial production, or even according to recent studies: relocation [3]. Specialists Rowthorn and Wells [4] separated deindustrialization motivations into motivations related to economic maturity (transfer to the tertiary sector) and motivations determined by a crisis in the economy, arguing that deindustrialization may be considered both effect and determinant of a systemic crisis.

Negative effects were not long in coming, so that economic growth based on consumption began to be felt gradually exposing vulnerabilities economy in many countries. The global financial crisis that suddenly appeared generating extremely delicate situations which disrupted the entire economy of the world has shown that economic development involves focussing attention not only to the involvement of private capital, but also the involvement of public authorities.

Economic and financial crisis has put the European industry under pressure; with production reaching 10 % lower than before the crisis, resulting in the addition and loss of at least 3 million jobs in the industry. After the experience of marginalization of the industry, it was discovered that the implementation of corporate governance mobilize and motivate the public and private actors in the exploitation of existing resources at the local and regional level in order to generate positive effects prominent in the stage of re-industrialization. Literature [5] supports the hypothesis that deindustrialization was only a natural consequence of industrial dynamism of a developed economy; the diminishing proportion that holds the industry's GDP was due to excessive growth of the tertiary level services.

NEW APPROACHES TO INDUSTRIAL POLICY

Reality shows that economic development is based on the accumulation of capital, labor and productivity of their degree, which in turn drives technology, good governance, the existence of specific skills. At present, it is accepted without reservation, a decrease in growth in the tertiary sector, unlike industry, recording, slowly but surely, progress which, though seemingly insignificant, begins to change her views on the industry [6],

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resulting in an approach that retains the attention of political actors focus on measures needed for tilting the balance and rebalance as necessary. On 9 March 2011, the European Parliament adopted a resolution on “Industrial Policy for the Globalization Era” in which the need for new approaches refers to industrial policy, combining harmonious and profitable, competitive and sustainable in conditions of doing decent work [8].

New macroeconomic policy adopted by EU must address the re-industrialization in a new structure based on fiscal policy, economic and sustainable growth oriented budget. Initiative on industrial policy, as revised by the Communication of 10 October 2012, places particular emphasis on measures to stimulate economic growth in the short term which became necessary after the economic crisis and the impact of the latter on the industry in the EU. The initiative is based on extensive consultation with stakeholders, held in the first half of 2012, given the crisis that caused the reduction of industrial production, decreased business confidence in the possibility of remedying the situation in which they arrived, a substantial loss of jobs. These short-term effects are combined with the structural problems of competitiveness of EU industry.

The European Commission is based on four “pillars of a consolidated industrial policy” (re-industrialization policy pillars): 1) Ensuring an appropriate legal framework to stimulate new investment in innovation. 2) Ensuring adequate access to finance and capital markets. 3) Ensuring competitive prices for energy and raw materials by improving conditions both domestic and international markets. 4) Ensuring consistent investments in human capital and skills [7]. Many European industries are facing a deep crisis due to competition and “unfair” competition from both global industrialized countries and the emerging countries such as China, India and Brazil, particularly in terms of access to resources, technological innovation, skilled labour force, the adoption of measures to protect the environment but also of protection intellectual and industrial property [8]. Development of European industry is one of the crucial solutions to combat financial and economic crisis and to support growth.

The European Commission aims to link different priority between energy policy and industrial policy, otherwise connection essential if one takes into account that energy affects 90 % of economic activity, particularly intensive industries, energy-intensive, among which there are: steel, metallurgy, chemical industry, cement, glass, pulp and paper, automotive and aerospace course [9].

At this juncture it is imperative a complex effort, linked and coordinated, to counteract the negative effects of economic growth on the environment, reducing pollution. European Commission submitted to Parliament for consideration as a framework program on the main orientations of EU environmental policy and energy policy in 2030.

ROMANIA’S INDUSTRIAL POLICY

Romania must make efforts to enable it to exceed the period of industrialization crossed that caused a dramatic decrease in the percentage of GDP from industry, also marked by the consequences of population decline in active employment in the industrial sector and beyond. EU global competitors have developed their industrial strategies, through efforts to maintain global competitiveness and Romania should do the same to meet the requirements and demands of the new global economy to regain his lost position. In Romania, it is important to note that only ensure qualitative growth by removing critical constraints and poverty reduction is expected only short-term effects. However, the fundamental concern is promoting welfare authorities, a concept that encompasses different aspects of development, including education, public health, personal security, access to culture and, not least an unpolluted environment. Romania in the context of re-industrialization of Europe reindustrialization involves multiple steps and complex industrial policy involving the Government in identifying priority action lines, assuming the analysis and evaluation of a multitude of issues [10] such as determining the structure of industrial production and capacity; establishing the necessary energy and raw material internal and external; identify funding sources available and/or possible; support infrastructure projects, such as those on rail, river, sea, road; necessary infrastructure Information and Communication Technology (ICT). Romania should firmly establish the potential directions for action to support the much needed re-industrialization, establishing a program firmly linked with the EU, taking into account the coverage and gaps that lie countless recovery not infrequently positions critical. Such priority measures are those related to [11]: 1) public investment in infrastructure to stimulate economic activities and catching compared to other European countries; 2) supporting specific measures, measurable, both SMEs and initiative groups by providing grant special funds allocated from the budget, or by attracting European funds or other types of financing; This measure corresponds to the European Strategy for innovative industries, which must consider the variety of potential industrial sectors in Europe; 3) creation of new industrial parks in areas that have power and non-mineral resources in order to allow better use of local raw materials and creation of direct and indirect jobs in manufacturing industries in the former and current mining areas; 4) efficient use of the largest natural rich country that is land that can ensure agricultural production, forestry controlled, efficient exploitation of the mineral resources of the soil and subsoil.

CONCLUSIONS

Implementation of European industrial policy is based on the Communication adopted by the Commis-

sion in 2010, “An integrated industrial policy for the globalization era”, COM (2010) 641 final and the Communication COM (2012) 582 final “A stronger European industry to growth and economic recovery”, which updates the 2010 Communication. The four priorities in developing an industrial policy identified in the draft report of the EU are perfectly valid in the case of Romania [12]: investments in innovative companies better market conditions, adequate access to financial and capital markets, and encourage the accumulation of human capital and professional skills. Romania should find all the necessary means of this approach, which should be part with conviction, power and energy available. In this context need to be identified and resolved as soon as possible, those items that continue to hamper economic development focused on increasing investment in fixed capital and its increased use, including increasing labor productivity.

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