

COUNTRY MANAGEMENT - ARGUMENT FOR ECONOMIC SUSTAINABILITY

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Abstract

It is highly common the fact that political parties in charge should decide in the name of a nation the economic and social aspects. How can the decisional process be oriented towards ensuring a consensus in order to guarantee the population's welfare? How can the politicians look beyond the party's interests or the purely electoral interests? Why should politicians want the common good of the nations that they rule, even if for a determined period? A possible answer to these questions is the induction among the politicians from the top of the state's hierarchy the idea of national managerial team, with a determinist role for economic policies' national orientations.

Key words: *economy, economic growth, governance*

INTRODUCTION

In order to have a sustainable economic development, it is necessary a common effort between the public and private environment, with the goal of separating the economic growth from the excessive use of resources, having as main target the increase of life quality together with the decrease of environmental risks and social deficit. The transition towards a sustainable economy implies practicing an economy that is based on policies and investments that could, in their turn, make the connection between economic development, biodiversity, ecosystem, climatic changes and the population's health and welfare on a medium and long term. These premises must be interconnected in order to obtain durable development – considered the basis of repeating the economic growth at a global level.

Adam Przeworski appreciates that currently, democracies are facing challenges [9] which start from the issue of food providing and reach the problem of the answer to the population's discontent in what regards the socio-economic state, which imply the necessity of a strategy that would generate equality in the socio-economic field, make the

people feel that their participation to the political life is efficacious, ensure the fact that governments do what they are supposed to do, generate an equilibrium between following the rules and the non-interference in the justice act.

MATERIALS AND METHODS

In essence, the “country management” collocation derives from the rational approach of public goods, from the politicians' election on the basis of performance criteria and civic spirit, from implementing measures of sustainable and organic economic growth. I will try to define the concept of country management from two perspectives: that of economic strategy of governance and that of political parties and doctrines.

The basic strategy resides in identifying those aspects of material, cultural and institutional situations that could influence the decision regarding who needs to be involved in a certain situation, what actions can they undergo and their costs, the results they can obtain, which is the relation between actions and results, what information must be shared, how much control the individuals can exercise, the rewards that have to be aimed at

and for what combinations of actions and results [8].

This strategy will have to classify that precise type of societal issues according to the origin and manner of solving: institutional issues – specific to a certain governance – or structural issues, which imply the implementation of some reformation programs, that would lead to the sustainable development of economy. In this regard, the most stable institutions are those that are negotiated by the various political forces, eventually leading to stability. This fact is established in a consensual manner: democracy should give equal competition chances, and the institutions should produce functioning rules that would offer stability and the possibility of ensuring welfare for all the citizens.

In this sense, I propose a dynamic model for the management (as the opposite of the governance's structural model), that would provide the frame for understanding the nature of conflicts and the methods of solving them. Therefore, we can specify four more or less conventional frames, usually used in understanding the management process:

1. Considering a balance between legitimacy and efficiency;
2. Achieving the equality between the theory of leadership and research;
3. Considering the organizations as both formal structures and informal processes;
4. Considering the differences between the bureaucratic and the professional differences.

RESULTS AND DISCUSSIONS

In order to ensure the maximization of the citizens' welfare there is the need to assume a certain consensus towards the act of redistributing the public incomes. First of all, which is the modality by means of which one can assure that these public incomes grow? We need her to define an objective of the governance: the establishment of a stimulating fiscal policy for the business environment that would encourage labor and acknowledge the necessity of assuming social responsibility by each citizen.

Therefore, if we would understand economies as potential “growth mechanisms” [2] that need fuel in order to function, but also the agreement of both parts or primary components, so that it would promote in the most efficient manner entrepreneurship, innovation and economic growth, we could consider that the role of country management would be precisely the identification of the path by means of which the fruit of these economies would translate into welfare for all of us, provided the condition that the flux of incomes reaching the state through the taxation system is correct and equitably managed.

The “fuel” of an economy is represented by the right set of macroeconomic policies: mainly prudent fiscal and monetary policies, in order to maintain the low and relatively stable inflation and for preventing the long term diminishing of the economic activity to affect the economic growth [2]. In order to achieve these goals, it is required an institutional support by means of which economy would become sustainable and generate welfare:

- Public institutions must reward the entrepreneurial activity with social value, hence we cannot expect that individuals would risk their money and time in affairs that could end badly;
- Governmental institutions must discourage those activities that tend to divide the economic area, rather than extend it, through proliferating some disloyal and even illegal economic practices;
- Governmental institutions must be sure that both the successful entrepreneurs and the big companies continue to have stimuli for innovation and development.

Economic sustainability directions

By means of durable development (growth) we understand that ethical-economical rationality that ensures the preservation of the human society's existential conditions, on an indefinite period of time, at the level of the entire natural economic and social space accessed in the future. By means of actions centered on human development and entrepreneurial spirit, the society will ensure

for itself a potential of generating some rational economic behaviors, based on the efficient use of resources, on acknowledging the danger of using all the available resources, and implicitly the possibility of extending the market [3]. The economic process must be based on the reproducing capacity of some preexisting economic factors, with limited usability duration, which implies taking into consideration a limited ecologic capital stock.

The problem of economy is how it is going to potentiate this ecologic capital stock. In this sense, it is taken into consideration the process of producing and distributing the incomes in order to sustain the actions of producing economic welfare. There will be taken into consideration the following:

- The production of economic goods allotted through the market, desiring the intensive utilization of economic resources;
- Defining the term “decent” and identifying those limits that would allow the preservation of some expected levels of economic utility at the various fluctuations of the income’s level;
- Generating economic incomes that would ensure the premises of a decent life level;
- Imposing a specific institutional measure of the income generated by the taxation levels;
- The supportability degree of the private system’s economy that generates taxable incomes from productive activities, of the passive, aproductive beneficiaries. It is taken into account the fact that the sustainable development of economic resources implies the process of training in the economic activity of all the work resources, generating an active, creative and participative behavior.
- The transferability of economic resources, inclusively at the level of the local economy, which implies approaching the economy on the principle of relative advantages, the efficient use of the productive potential, the increase of the complementarity degree between economic regions, the stability of market relations strictly on competitiveness criteria.

The economic governance strategy

Traditionally, the state is responsible for the production and distribution of public goods.

The state, in exchange for some financial transfers under the form of taxes, can realize public goods that would lead to the growth of the citizens’ welfare level. We try to eliminate the population collocation, as we will use citizens [1], although in our opinion, the right one would be people [2]. It is clear that an individual’s citizen attribute refers to his institutional relation, to the action by means of which the state convince him to accept a form of institutional collaboration and to be a correct player in his relation to the state.

The life environment is the only quasi-unlimited provider of material elements that are extremely important to the existence of the human being, as well as the only source of contacts and emotions that are part of the biological quintessence of human being. From this point of view, the natural component has an importance that must be highly recognized and respected. On the other hand, the artificial component of the life environment is also very powerful, whose favoring – in the detriment of natural environment – has been the source of the major disequilibrium registered today at the scale of the planetary ecosphere.

Table 1: Components of human life environment

<i>Natural environment (NE)</i>	1. richness and biological diversity of natural environment (NER), 2. aesthetic satisfactions and comfort provided by natural environment (NEC), 3. scientific developments determined by the natural environment (NES) $NE=NER+NEC+NES$
<i>Anthropized environment (AE)</i>	1. the richness of useful artefacts created by man (RAE), 2. aesthetic satisfactions and comfort offered by the anthropized environment (CAE), 3. scientific developments related to the anthropized environment (SAE) $AE=RAE+CAE+SAE$
<i>Social environment (SE)</i>	1. the richness of social relations in which the human being integrates (RSE), 2. the comfort and security degree offered by the social environment (CSE), 3. scientific developments related to the social environment (SSE) $SE=RSE+CSE+SSE$

The analogy between state's rulers and entrepreneurs made us believe in the "country management" concept. The citizens, as well as the agents, could do better if they accept the coercion exerted by the leaders. If the efforts are successful, the leader appropriates a substantial part of the surplus [3]. In this case, there isn't a mechanism that would resemble the market competition and that would exert over the leader the pressure of developing efficient institutions. He could confront rebellions, if the measures that he will choose would be too oppressed; this fact will consume according to the people's reaction capacity.

In the case of the leader, the surplus will appear from the taxation of economic goods produced in the real economy, the coercion being the taxation rate that equals an institutional measure of adjusting the profit, respectively the surplus.

The dualist approach between the firm's theory and the state's theory implies that the task of organizing collective actions belongs to a single individual, whose incomes are directly related to the produced surplus. Both theories imply the existence of a person from the exterior, who would assume the fundamental responsibility of executing the required changes inside the framework of the existing institutional rules in order to coordinate the activities. The entrepreneur or the leader must take a credible commitment of punishing anyone who does not follow the firm's or state's rules. As they are the ones to keep the surpluses, it is their interest to punish this disobedience when they are confronting this aspect. Consequently, their threats according to which they would apply sanctions become credible. Moreover, it is in their interest to monitor the previous agreements [4].

Who and what part does this person from the outside play, according to Elinor Ostrom? The need of an self-organized and self-managed collective action has as premise the fact that individuals cannot organize themselves, but they always need authorities from the outside to do this in their place, which strengthens the conviction that it is good to develop a regulation authority or that, for monitoring or

implementing the auto-negotiated contracts, it is required a secure juridical system.

In the specialty literature there are theories that sustain the fact that the common management of public goods is most of the times doomed to fail. This fact indicates the necessity of privatizing the common goods in order to determine an individual or an institution that would be able to obtain a result from an action on the goods and, in a contrary case, could be submitted to a coercion process. Both the economic analysis of the resources placed in common property and Hardin's theory on common goods' tragedy made Robert J. Smith suggest that the only manner to avoid the tragedy of common goods is to end up the common property system by creating a system of rights over the private property [4]. Smith underlined the fact that when we consider a resource to be in common property, we become stuck in an inexorable process of destroying it.

Therefore, in Elinor Ostrom's opinion, the only way of solving the problem of common goods is by means of X. The content of X is extremely variable: either a central authority that would assume the constant responsibility of taking unitary decisions (the centralization of the decisional system) or a central authority that first has to allot property rights and only then allow the individuals to follow their own interests in the limit of well - established property rights (privatization). In both cases, the institutional change must come from outside and must be imposed to the individuals involved. If we talk about common public goods, the solution of privatization is feasible as it allows the individuals to obtain very good results [1]. When referring to institutions and who should "produce" their efficiency, we could define our "country management" concept as that technocrat or political party affiliated entity, nationally established, with regional or local ramifications, which militates for guaranteeing an optimal institutional frame for realizing common socio-economic activities and not only, necessary for ensuring and increasing the citizens' welfare.

A "wise/efficient" country management uses the so gained resources (by means of taxing the

economic goods created inside an economy and the consume of the economy's subjects) in order to increase the general level of the economic and social welfare (creating public expenses through redistributing the state's incomes) sufficiently enough so that it could increase the income tax (in fact, through increasing the chargeable base in the conditions in which economy is currently developing as a result of the business environment's competitiveness) and reduce the use of coercion (which would consist of the impossibility of the access to public goods, respectively the lack of living possibilities for the individual and his family).

We can identify many attributions belonging to country management, residing from the need of ensuring and generating welfare and sustainable development for an economy, in the context of generalizing the penury /precarious state of economic resources.

Hence, we take into consideration:

- Attributions necessary for human development's sustainability
- Attributions necessary for ensuring the economic sustainable increase
- Attributions necessary for reaching prosperity in an economy based on knowledge
- Attributions necessary for ensuring the individual's and the community's security
- Attributions necessary in order to transmit the manner of understanding the significance of the predominant economic system, that would also be eligible for ensuring democracy and welfare.

Responsibility

Perhaps the most important characteristic of the "country management" concept is assuming the responsibility of the decisional factor, regardless the level, and the introduction of a system for measuring the results after establishing the action plan on a determined period of time [7].

This analysis also takes into consideration the utility of economic policy measures reflected in the economy by means of monetary-fiscal tools (the monetary policy interest's rate, the imposition rate, the rate of exchange, public incomes, public expenses etc.) which influence

in a decisive manner the consumer's behavior. This will purchase/consume a public good generated as a result of the implementation of an institutional policy measure in the case in which the marginal utility of the public good (the additional satisfaction resulted from consuming an additional unit from the public good's sphere) will surpass the paid price for purchasing/consuming the public good. In the contrary case, he will not purchase this good or will become a clandestine consumer [8].

It is necessary for those taking the decisions in what regards the public policies to adopt a rational economic behavior, based on efficiency indicators in using the resources, belonging to the "maximizing the useful effects and minimizing the consume" type [5], being necessary to take any kind of public policy decision that would have the lowest opportunity cost.

In essence, we refer to a new vision of the state, of the state's role in generating stimuli for creating and preserving richness [2]. Why richness? How will be richness used in what regards the human growth and development, the individuals' and the community's socio-economic welfare or a sustainable economic development? The initial problem is that of defining correctly the richness and the factors which compete when it comes to preserving and increasing the richness and the sustainability concept. What does it contributes to the transformation of richness into sustainable development? What is necessary and sufficient for ensuring a compatibility level between the human synergies in order to generate human development models or schemes? [4]

All these questions will find a kind of answer or solutions with a certain realization probability degree in the conditions in which it can be built a model of sustainable development based on existent and potential economic resources, state's support, entrepreneurial motivation, the functionality of business environment based on the market's functionality, ethical principles at a societal level or social responsibility.

Why do we need a new vision over the concept of governance?

In essence, we refer to a new vision over the state, the state's role in generating stimuli for creating and preserving richness. Why richness? How will richness be used in what regards the human growth and development or the individuals' and the community's socio-economic welfare?

The initial problem is that of correctly defining richness and the factors that compete towards the conservation and increase of richness, respectively the concept of sustainability. What are the elements that contribute to transforming richness into sustainable development? Can we talk about richness at various levels – community, state – without favoring human development? What is it necessary and sufficient for ensuring a compatibility level between human synergies in order to generate human development models or schemes? Is it possible a human development model without prejudicing individuality and free will?

All these questions will find a kind of answer or solutions with a certain degree of realization probability in the conditions in which it is being built a sustainable development model based on economic resources – existent and potential –, state's support, entrepreneurial motivation, business environment's functionality based on market's functionality, ethical principles at a societal level or social responsibility.

CONCLUSIONS

This paper looks at a certain plea towards the state's reconfiguration on the institutional market, considering valid the hypothesis according to which the state and the market are two institutions that do not exclude each other, are competitive and complementary. This is the perspective from which we must analyze the state's institution in the context of the lost of confidence in this institutions from the part of economic agents, consumers and employees, assisted persons, as a result of the growth of the failure degree commensured through bankruptcies, decrease of the purchasing power, unemployment, reductions of pensions and other forms of social assistance.

Another side of the "state's institution's problem" is the issue of registering some limits in relation to the wealth stimulation possibilities, respectively ensuring sustainability on a medium and long term. The management of some big social problems, meaning that of the social costs resulted from implementing unhealthy and unsustainable public policies, does not represent anymore an appanage of the state in its current form. The modern state must acknowledge the limits of economic growth, social problems generated by the global ageing of population, the rarity of conventional resources, mutations on the map of geopolitical resources and the appearance of some economic power poles, the limits of the globalization process with perverse effect at a social level.

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