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# ADMINISTRATIVE PERSPECTIVES CONCERNING THE EUROPEAN ECONOMIC RELATIONS

Theoretical  
article

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## Abstract

*A possible European macroeconomic administrative pattern based on a higher administrative capacity of the macroeconomic system so that the portfolio of used administrative instruments fits the complexity of the system of transmission channels from the real economy, may be considered as solution for the macroeconomic administration of the problems caused by the current conjuncture. Within this context, the analysis will use as input the option of most EU member states to approach such pattern of the macroeconomic administration*

## 1. Introduction

The starting point towards setting the objective of this study is the option of each EU member state to develop solutions specific to the national macroeconomic situation in order to administer the problems arising from the current macroeconomic conjuncture. The reason behind such option results from the following aspects characteristic to the current stage of the European process of integration:

- existence of a high level of heterogeneity within the European Union;
- existence of a high level of diversity among the macroeconomic effects manifesting in the different EU member states;
- existence of a high level of specificity of the macroeconomic administrative systems in the different EU member states;
- existence of a high level of diversity of the impact of the economic effects of the present conjuncture at the national macroeconomic level, due to the different levels of involvement in international economic relations.

A second input for our analysis is the matter of the different degrees of liberty of approaching such pattern of macroeconomic administration – the differences are given both by the particular level of involvement in the process of European integration, and by the level of development of the macroeconomic administrative system and of the real economy.

These key aspects yield the following results:

- implementation, with different results, of structurally different programs in order to administer the macroeconomic situations specific to each national macroeconomic level; this aspect will produce different levels of unavailability of the national macroeconomic systems to assume the commitments resulting from the continuation of the process of European integration;
- higher level of heterogeneity among the different macroeconomic entities composing the European Union.

Given these results, it will be necessary to review the progress of the process of European integration and to defend the European values acquired so far. A direct result of such approach, and a recommendation of this analysis, is the implementation, within the European Union, of a program of macroeconomic administration based on the following operational principles:

- limiting the increase of heterogeneity within the European Union;
- ensuring an optimal level of the administrative capacity to deal with the macroeconomic problems;
- consolidating, in good time, the macroeconomic administrative capacity, thus ensuring the efficacy of the intervention to administer a particular stimulus received as macroeconomic shock;

- preservation of the values already acquired by the European Union;
- ensuring a proper initial foundation for the expansion of the system of EU values;
- providing the channels for the expansion of the initial foundation by the implementation of programs which to expand the system of EU values.

With the view to implement specific programs associated to the mentioned operational principles, as recommendation in the acceptance of this paper, we propose the following programming elements that may support the continuation of the process of European integration:

- identification of sub-multitudes within the multitude associated to the European Union which to fit the possibility of implementing programs for the administration of the macroeconomic problems while:

- preserving the already acquired European values;
- ensuring the efficiency and efficacy of the administrative macroeconomic system;
- ensuring a maximal level of heterogeneity within the sub-multitude, which to provide for the possibility of administration under optimal conditions of efficiency and efficacy;
- in the spirit of the principle of subsidiarity (see Art.5 from the Maastricht Treaty, 1992; Tudorel&Andresan, 2007), completed by the stipulations from the Protocol of the Amsterdam Treaty and by the stipulations from the Lisbon Treaty), identification of the limits, determined according to the principles of maximal efficiency and maximal efficacy, between the administrative capacity at the level of the multitude, the administrative capacities at the level of the sub-multitudes and the administrative capacities at the national macroeconomic levels;
- assumption, at the level of EU macroeconomic cooperation, of a functional and optimal mix of regional-national administrative solutions;
- drawing up and implementing programs of macroeconomic administration according to the operational formula of the regional-national mix of administrative macroeconomic solutions;
- reviewing the progress of the process of European integration in agreement with the mandatory operational character of the regional-national mix of administrative solutions.

## 2. Case of the European Economic and Monetary Union

Associated to the mentioned elements of the macroeconomic administrative pattern, the pattern of EU organising in multitudes with the view to design and implement a regional-national mix of administrative solutions, also includes the condition that the direction of the process of integration coincides with a higher level of

integration at the administrative level Maastricht Treaty, 1992.

The recommendation, from the perspective of this analysis, is, however, to correlate the speed of the integration process with the real and normally acceptable possibilities to decrease the level of heterogeneity among the composing macroeconomic entities. Practically speaking, such decrease of the level of heterogeneity among the composing entities is limited in terms of value; this means that there will be a  $GEM_{min}$  (where  $GE$  is the level of heterogeneity) below which it is not possible to decrease further the level of heterogeneity without inducing adverse effects into the economic and social system of the particular macroeconomic entity.

In other words, from the beginning of the process of European integration, we need to accept this idea of a minimal level of heterogeneity between the macroeconomic entities composing the union system, which will be part of the sum of characteristics of the regional system of economic cooperation. In the case of the process of European integration, this situation will put forth the necessity to accept one of the following two generic scenarios:

- limiting the process of European integration to the pattern of economic cooperation having two multitudes formed according to the criterion of two distinct values of the level of heterogeneity,  $GE1$  and  $GE2$ . The finality of the process of European integration corresponds to the pattern of classification of the multitudes based on the limit values  $GE1_{min}$  and  $GE2_{min}$ : the possible continuation of the process of integration, after a medium or long (most probably long) interval, towards a  $GE_{unique}$  whose threshold value will be  $GE_{min}$ ; the condition of such continuation of the process of integration would be:

$GE1_{min} \quad GE2_{min}$ ,

- limiting, by design, the process of European integration to a single multitude corresponding to a  $GE$ ,  $GE_{min}$  respectively, with the following relations in relation with the previous scenario:

$GE > GE1$

$GE \quad GE2$

and

$GE_{min} > GE1_{min}$

$GE_{min} \quad GE2_{min}$ .

Regarding the formation of these multitudes of components included in the large multitude corresponding to the regional pattern of economic cooperation, we have the following relation: the larger is the number of entities composing the multitude, the higher will be  $GE$  and  $GE_{min}$ , respectively.

Regarding the depth of the process of economic integration (same as in the case of the processes of economic integration), the larger is the number of entities composing the multitude, the higher will be

$GE$  and  $GE_{min}$ , which, in terms of the administration of the internal risks of the system, will necessarily require a lower depth of the process of integration/economic cooperation.

Regarding the association between the analysed economic pattern and the current case of the European Union, in the acceptance of this analysis and given the current circumstance, it is more appropriate to continue the process of European integration according to the first scenario mentioned above: limiting, at this moment, in order to ensure the administrative capacity required by the current international macroeconomic situation, the process of European integration to the pattern of economic cooperation with two multitudes established on the criterion of two distinct values of heterogeneity; the possible continuation of the process of integration will be resumed after the lapse of a medium or long period, when the minimal set of operational principles of the regional macroeconomic system will have been met, according to the previous statements.

Regarding the approach of the current situation, and from the perspective of the international risks, we need to take into consideration the possible depreciation of some already acquired European values, case in which the regional economic-administrative pattern may move closer to the second pattern presented above, i.e. limiting, by design, the process of European integration to a single multitude, accepting a higher  $GE$  and a corresponding higher  $GE_{min}$ , while the depth of the process of integration/economic cooperation will necessarily be lower.

All these economic and administrative patterns proposed for the construction of a regional pattern based on economic cooperation must lead, in the acceptance of this analysis, to the promotion of a single vision; this should also be the reason for the national macroeconomic affiliation to that particular system, i.e. acquiring a higher economic and social standard compared to the situation of non-affiliation to the regional system.

### **3. The necessity if reviewing the process of European integration given the current international context**

Regarding the current state of the European Union, we have the case of the first scenario described above.

The current international macroeconomic situation revealed the following main problems within the European Union:

- the high level of heterogeneity of the composing national macroeconomic entities in relation with the depth and speed of the process of European integration, reason why it was not yet possible to establish a regional structure with an administrative capacity able to administer the risk, shocks and macroeconomic effects due to

situations like the economic crises, or to allow the member states to establish their own operational national systems of macroeconomic administration. This would join the institutional and politic characters, which would compel the national states to get ready for the upper stages of the process of integration;

- in the acceptance of this analysis, these duties should be sized in agreement with the structural economic and social characteristics specific to each member state;

- lack of a program for the consolidation of the national macroeconomic administrative systems, which would allow the establishment of a consolidated regional administrative system by correlating the time and speed coordinates of the process of integration with the specific economic and social elements of each member states; this consolidated regional administrative system would be dimensioned in agreement with the administrative necessities resulting from the common problems, in relation with the depth of the process of European integration;

- existence of administrative deficiencies within the European institutions, deficiencies that support the perpetuation of the insufficient administrative capacity:

- lack of the function of banking monitoring within the European system of the Central Banks;

- insufficient administrative capacity of the function of control of the budgetary execution;

- insufficient correlation of the decisions regarding the destination of the funds from the unique budget with the actual requirements of enhancing the competitiveness of some economic and social sectors;

- insufficient preparation of the accession states and of the member states to approach important stages of the process of European integration (such as: insufficient pre-accession readying of the business environment in order to improve the absorption rate of the European funds; such as: insufficient post-accession readying of the business environment in order to assimilate the community acquis; insufficient preparation of the local public administration institutions to improve the absorption rate of the European funds). The main consequence of this aspect is the appearance of transmission channels for asymmetric shocks, additional to those associated to the program of regional integration;

- failing to consider the level of heterogeneity of the existing and potential member states – level of heterogeneity that should be correlated with the depth and stages of the process of European integration; consequently, the macroeconomic heterogeneity of the member states induced, within the regional system, effects that propagated on the associated transmission

channels, and which generated secondary effects that were multiplied by the current conjuncture.

The main result of this situation is the insufficient administrative capacity both at the European and at the national level to manage the current macroeconomic situation, with the resulting consequences.

Thus, the present moment is associated, macroeconomically, with priority, to the administration of the effects generated by the current international conjuncture; under the current given conditions of the administrative organisation of the European Union, this administrative issue has to be tackled both at the regional and at the national level.

From this perspective, it appears necessary to review the progress of the process of European integration particularly since the processes of administration of the current macroeconomic situation, to be implemented, presume drawing up programs of macroeconomic policies specific to the characteristic situation of each member state, both in terms of macroeconomic specificity and in terms of the elements delineating the evolution of the present conjuncture within the national boundaries.

Thus, in the acceptance of this analysis, we propose prioritizing, both at the regional and at the national scale, the main objective of administering the current macroeconomic situation; the secondary objectives would be the elimination of all risk factors by decreasing the system of transmission channels for the macroeconomic shocks and effects within the regional system to the normal level associated to the process of European integration. Next, the future progress of the process of European integration must be reviewed in terms of:

- setting the stages;

- setting the depth of the process.

Starting from the administrative pattern presented earlier, these coordinates will depend mainly on the number of multitudes composing the regional system and on the level of heterogeneity associated to this pattern.

In the acceptance of this analysis, the current macroeconomic stage of the process of European integration is due mainly to the fact that the political decision-making factor has been considered – and has therefore acted accordingly – as having a higher importance than the macroeconomic decision-making factor.

Starting from this aspect, as solution for the sustainable evolution of any macroeconomic system, we propose the establishment of a consolidated decision-making fundament, by the establishment, at the institutional and conceptual levels, of a medium of cooperation between the political decision-making factor and the macroeconomic decision-making factor, as essential factors, reciprocally independent and with equal weight, of the economic-social evolution.

#### 4. Conclusions

Within such context, both the level of the macroeconomic entities forming the European system, and the level of the system of the European Union, in the acceptance of this analysis, should review the progress of the process of European integration starting from the following priorities:

- implementation of programs for the administration of the present risks and of the effects that have already been induced into the system;
- configuration of a macroeconomic administrative system having the minimal necessary capacity to administer the risks and the situations presumed by the complexity of the level of real economy development; given the main characteristics of the European system, in the acceptance of this study, such direction of action is optimally built starting from the implementation of specific national programs depending on the variety of the national macroeconomic systems; depending on the evolution of the process of European integration, this system should become unitary at the scale of the entire European macroeconomic system.

As final conclusion, the current pattern of the European Union must be reviewed and redesigned so as to ensure a correspondence between the current and potential resources on the one hand, and the assumed objective, on the other hand. The current functional deficiencies of the macroeconomic system of the European Union have been also emphasised by the risk phenomena at the international macroeconomic level, in the absence of which the designed pattern would have had a higher probability of implementation with a much lower degree of erosion.

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