THE ECONOMIC, SOCIAL SND TERRITORIAL COHESION IN THE EUROPEAN UNION. THE CASE OF ROMANIA

A major problem that characterizes European economic policy centered on the need to eliminate regional disparities in economic development of countries and regions is the economic, social and territorial cohesion, an issue addressed in all European Union Treaties since the Treaty of Rome in 1957 to the Treaty on the Functioning of the European Union (TFEU), Lisbon, 2007.

This turned out the issues of economic, social and territorial cohesion in the Community into a concern from politicians and a research topic of great interest in our country, after joining the European Union because it benefited and continues to benefit from a significant amount of non-refundable European funds.

The issues of financing the process of achieving economic, social and territorial cohesion are however extremely delicate for both the Community and national, regional and local authorities, because economic and social development of the country and the reduction of economic gap with developed countries depends on the accession, absorption and use of these funds.

In the first chapter, ***The concept of cohesion, the legal, institutional and financial framework of achieving economic, social and territorial cohesion in the European Union,*** we analyzed the content of the concept of "cohesion" by presenting its meanings in the EU Treaty since the Treaty of Rome, 1957, and concluding with the Treaty of Functioning of the European Union, Lisbon, 2007.

Given the specification of Treaties that economic, social and territorial cohesion is an expression of solidarity between states and regions in the European Union, aiming at a balanced development by reducing disparities between regions, we concluded that it cannot exist outside the Community regions and it can be achieved through regional policy funding from structural and cohesion funds.

We have also stated that it has been enriched gradually, starting with the establishment of the European Economic Community (1957) and we thought it ended with the Treaty of Lisbon, in 2007, when third component, the territorial cohesion, was institutionalized.

Addressing development issues, the Treaty of Rome made no references to the regional policy and cohesion, but only to the need to reduce regional disparities and delays in development, gaps existing in regions less favored.

Only later on, after 30 years, the Single European Act made clarifications on the economic and social cohesion and on regional policy in the context of actions taken to complete the process of achieving the Single Market (1992) and Lisbon Treaty, after fifty years, institutionalized the third component, territorial cohesion, beginning from the reality of understanding the Community territory as a space where European citizens live and work.

Knowing the content of cohesion and the provisions inserted in the Treaties on the need for economic and social development of countries in the Union, we have concluded: economic, social and territorial cohesion has a double sense, being, primarily, a development objective of EU countries, as specified in all treaties and, secondly, it is a policy of European development by using structural and cohesion funds.

Going into detail, we felt that achieving cohesion through regional policy makes them in certain proportions coalesce in terms of coverage areas as regional policy benefits from funding of sectoral policies, besides structural funds.

Regarding the legal framework of the policy seeking to achieve economic, social and territorial cohesion we mentioned the contribution of each Community Treaty to defining the contents and the institutionalization of the three components.

The institutional framework in order to create economic, social and territorial cohesion has been analyzed in the end of the chapter, being provided by the European Parliament, representing the people's interests, the European Commission which represents and defends the interests of EU citizens, the EU Council approving budgetary allocations for cohesion, the Economic and Social Committee and the Committee of the Regions, consultative bodies participating in policy elaboration through cohesion commissions.

Addressing the issues of Cohesion policy funding we have stated that this is done differently in relation to the objectives pursued by each country, highlighting the fact that beside the Structural and Cohesion Funds, under interdependence between economic and social policies, other funds are also participating in regions and cities development, which, on a first appreciation, have nothing to do with cohesion policy: Solidarity Fund, the European Agricultural Fund for Rural Development and the European Agricultural Guarantee Fund.

After specifying the content and stages, we tried, in the next chapters, to analyze each component of cohesion: economic, social and territorial cohesion.

Within the second chapter, ***Achieving Economic Union, a condition to achieve economic cohesion in the European Union,*** we started from the reality that economic cohesion cannot be achieved than under the fusion of national markets within the Single Internal Market to ensure and to promote freedom of movement encouraged by the Customs Union which removed physical and fiscal barriers.

We said that EU intervention in the accomplishment of economic cohesion imposed only when, at national level, institutional and financial problems could not be solved, an intervention that took place while developing a common monetary policy in the form of enhanced cooperation, which resulted in an institutionalization of the new monetary unit - ECU – and the process ended with euro adoption.

The completion of the Single Internal Market in 1992, the establishment of the Customs Union, promotion of freedom of movement, economic policy harmonization and euro adoption in 2002 represented the stages and processes that led to the achievement of economic cohesion.

Starting from the consideration that economic cohesion should be a prerequisite and a support of closer working and living conditions within the community space through social cohesion, we debated this issue in Chapter III, ***Social Cohesion in the Community space.***

The research on social cohesion history revealed that in the first three decades of the European Union social cohesion was considered a natural result of economic cohesion existence and development of the integration process without the intervention of the Community institutions.

The Single European Act (1987) inserted the first reference to social policy and set up Community institutions' intervention in the process of achieving social cohesion by developing social policy, and later on the Lisbon Treaty brought important clarifications regarding social cohesion, referring the role of the Community institutions that should take into account the diversity of national social protection systems, a diversity generated by different levels of economic development and the need to respect the autonomy of countries in promoting protection measures and social security.

Measures taken at supranational level by the European Commission and other EU institutions in promoting social cohesion between 1957 - 2016 can be distributed in four stages, noting that in the third phase (1986 - 2000) most important measures on employment and social policy have been implemented.

The process of achieving social cohesion is done through cohesion policy funding, a policy put into practice by carrying out social protection and social security. Social protection aims at reducing poverty through redistribution of financial and material resources of the community to certain disadvantaged populations, based on the principle of solidarity and takes into account both the material conditions of life (employment, working conditions, income, consumption, housing, environment) and social conditions (education, health, training, culture, recreation, recreation, social and political environment etc.).

Regarding social security and the measures taken in this respect it should be noted that they aim to redress the consequences of social risk through the intervention to a limited number of risks that may affect the security of the individual (measures that have been repairer), after risk production and risk prevention measures (preventive measures) which must become priority in social policy.

A third dimension of cohesion, territorial cohesion, is analyzed in chapter four, ***Regional development policy of the European Union, a condition to achieve territorial cohesion***.

The research started from the statement of the Treaty of Lisbon that the European Union is campaigning for a harmonious socio-economic development leading to strengthening its economic, social and territorial cohesion, territorial cohesion beyond the scope of economic and social cohesion, it complements and shapes in territorial profile, the territory representing the environment where the social and economic development takes place.

Territorial cohesion has been addressed both in political terms, through its pursued aim, namely the balanced development of countries and regions, as well as in practical terms, through its inclusion as an objective in the content of all economic policies.

The practical realization of territorial cohesion is accomplished by regional development policy because the territory is the space in where EU policies are implemented, policies financed also by other funds than the structural and cohesion funds.

Legislative foundation of territorial cohesion has been achieved by the Territorial Agenda of the EU 2020, Europe 2020 Strategy and the Green Paper on territorial cohesion, which provide more details, including the one that stresses that

Member States have an obligation to contribute and participate in the territorial cohesion by setting their own strategies and means depending on specific geographical, cultural, political, legal and administrative characteristics.

Based on these recommendations, Romania has stated its purpose within the definition given to territorial cohesion: "reducing development disparities between geographic regions, between urban and rural areas, between center and periphery, and preventing extensive territorial disparities."

The achievement of territorial cohesion taking place through regional development policy, required the analysis of the concepts of "region", "development region", "regional policy" and "Nomenclature of Territorial Units for Statistics".

Since the European Union in the management of regional policy conducted only actions to support, coordinate and supplement the actions of Member States, which are obliged to get involved in solving issues of regional development through the use of EU funds and national resources, the existence of two levels in the implementation of regional policy results, a European one of coordination, and a national one, of implementation of projects and programs.

Knowing stages of implementation of regional development policy and implicitly of territorial cohesion, the legislative framework was stated consisting of the Treaties and Regulations, the institutional framework represented by the European Commission, European Parliament, Council of the European Union, Committee of the Regions and the Regional Development Agencies and the financial framework consisting of ERDF, ESF, CF, EAFRD, EAGF and the Solidarity Fund.

In the final chapter the answer to criticism of the funding policy of cohesion policy from Community funds has also been formulated, considering that this funding would conflict with the policy of stimulating competition, based on the argument that the process of economic convergence has not ended in the Community because disparities have increased with the enlargements of 2004 and 2007.

In chapter five, ***Cohesion policy funding in the EU,*** the budget by the European Commission to achieve the objectives pursued, the distribution by thematic objectives, Operational Programs and Member States were reviewed.

The first issue addressed concerns the actions initiated by the European Union when finding unmet targets regarding Single Internal Market and economic cohesion, finding made in the Single Market Acts I and II, which provide not only actions but also adequate funding.

Since 1989, when it passed to truly cohesion funding, we found the existence of four stages of implementation and financing of regional policy and economic, social and territorial cohesion: from 1989 to 1993, funding exclusively from the ERDF and ESF of ECU 68 billion; 1994-1999, funding achieved from ERDF, ESF and CF amounting to ECU 168 billion; 2000-2006 funding achieved from the ERDF, ESF, CF and for ISPA and SAPARD programs a funding of EUR 235 billion; 2007-2013, when a new dimension appears, "territorial cohesion", and other innovations: the reorganization of cohesion policy in three priority objectives, the establishment of a new cross-border authority, European Grouping of Territorial Cooperation (EGTC), and the obligation of Member States to specify the objectives followed in the National Strategic Reference Framework (NSRF) and the total funding was EUR 347 billion.

Romania's participation in European process on cohesion was the subject of chapter six, ***Romania's participation in the achievement of economic, social and territorial cohesion in the European Union***.

An analysis of history of EU funds accession and implementation by Romania starts before adhering which required the development of research in two stages:

- the period 1990-2006 when it received a financing of EUR 7.2 billion through PHARE, ISPA, SAPARD and PHARE-CES;

- the period 2007-2013 when Romania, becoming a Member State, benefited from increased budgetary allocations of EUR 19.668 billion, but it also increased its obligation to produce programmatic documents indicating objectives and priorities for economic and social development: the National Development Plan, the National Strategic Reference Framework and Operational Programmes.

As it regards the absorption of EU funds during 2007-2013 two intermediate stages were synthesized: until 2012 when the cumulative absorption rate was only 14.91% and the 2013-2015 phase when changing Management Authorities sped up absorption pledging to a cumulative rate of 74% in the end.

The finding that highlights the insufficient involvement in EU funds accession and spending is represented by the reimbursement of funds by the European Union to Romania of only EUR 10.73 billion from a request of EUR 12.06 billion from the total amount allocated of EUR 19.668 billion.

The causes that led to such an absorption and a refund of community funds refer to: institutional and administrative framework; training and wage of staff; the need to create packages and projects well before the opening of sessions of eligibility and qualification; uniform eligibility criteria and procurement procedures, halt fraud in the process of project implementation and completion of administrative and territorial reorganization of the country in development regions.

An analysis of the financing program of cohesion policy at EU and national level during 2014-2020, carried out in chapter seven, ***Financing economic, social and territorial cohesion in the European Union and Romania during 2014-2020*** revealed the following situation:

● community budget of cohesion policy increased amounting EUR 376 billion;

● financing will consider increasing solidarity towards the less developed regions that will benefit from EUR 162.6 billion;

● it was restricted to two objectives of Cohesion Policy: Investing in growth and employment (EUR 254.7 billion) and European Territorial Cooperation (EUR 11.7 billion);

● establishment of a new chapter in the cohesion policy budget "Connecting Europe Facility" to finance cross-border projects in the fields of transport, energy and information technology;

● affirmation of a new position towards the territories of the outermost regions, which were allocated EUR 900 million;

● they gave up the Multiannual Financial Framework and replaced it with a new document, the Common Strategic Framework where 11 thematic objectives were inserted;

● the objectives pursued in the six Operational Programmes were outlined and no sectoral programs could be found.

For Romania to access and absorb EU funds between 2014-2020 for cohesion policy funding it had to produce several documents: Strategic Development Framework 2014-2020; Partnership Agreement with the European Union, the OPs and defining the Thematic Objectives pursued.

● financial allocation of EUR 24.11 billion will fund projects in less developed regions (seven regions), a developed region (Bucharest- Ilfov), and the Territorial Cooperation and Connecting Europe;

● the analysis of thematic objectives financing revealed a characteristic of this period, available not only in Romania, but in the whole Europe, the allocation, as a priority, of approximately 60% of total investments (EUR 13.3 billion) for three objectives: the transition to a low carbon economy; protecting the environment and increasing resource efficiency and the development of transport infrastructure.

In order to increase the absorption rate of structural and cohesion funds and the rate of reimbursement of funds from the European Union to Romania it will be necessary to:

● increase the authority and efficiency of the Managing Authorities: MEF and MRDPA;

● depoliticise management of managing authorities and ministries;

● stabilize staff of the institutions that manage operational programs and EU funds and absorption of community funds through the establishment of an adequate remuneration;

● early development of programs and projects that are intended to be financed from the Community budget, so that working under time pressure and development of ineligible projects can be avoided;

● simplify procurement procedures and exercising control in time to avoid fraud;

● increasing importance and role of local governments not only in the process of project development, but also in terms of in time co-financing granting;

● avoid delays in implementing programs to prevent suspension of financing and, worse, cancellations of funds;

● order Management Authorities to approve projects in time, in order to proceed to their implementation, while granting national co-financing.