

Integration and Planning

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Summary:

As an objective process integration takes place under certain restrictions, sets requirements, creates possibilities but along with it creates difficulties and dangers. At current stage the planning is used as main instrument for the EU integration process management. In that case, the future results of development of the integration process are going to depend on the extent and the rate at which the practice of planning at the EU level and at member-state level is bring to scientific foundations.

Key words: Economic Integration, European Union, Strategic Planning, National Planning.

JEL Classification: F 020

Increasingly the thesis gains ground that the most developed integrated community in the world, the European Union, is going through a deep crisis today and, according to Vaclav Klaus "the debt crisis in the Euro zone is just the top of the iceberg, that in essence it is about broader and deep-rooted problems" (Klaus, p. 55). For the last decade, the functioning of the national economies is more ever more often associated with soaring unemployment rate, the failure to resolve ecological problems while in global aspect the European Union continues to lag behind the United States and Japan with regard to the Human Development Index, labor productivity growth rate, technological development and competitiveness. Furthermore, as a result

increasing social disaffection, growing euro skepticism and the emergence of the first symptoms of disintegration processes have been established.

Is the European Union going to overcome the crisis and will it manage to move onto the path of development and growth, expedient in social, economic and ecological terms? The practice has proved many times that a process has acceptable results when basic issues of its development are resolved. On the contrary, if such issues are unresolved, it increasingly encounters insurmountable obstacles and ultimately leads to unacceptable results and consequences. An essential weakness of the discussions concerning the European Integration topic is remaining at the top of the pyramid when examining these basic issues. According to Alvin Toffler (2007), a real positive change could happen only when the issues and problems at the basis of the pyramid are resolved. The current topic represents an attempt to penetrate into the objective foundations of the integration process and identify the basic requirements, constraints and opportunities associated with its development. In such a context an evaluation is made of the adequacy of instruments used for its management.

1. The objective nature of the integration process and the necessity of planning

According to Mateev (1967), at the foundation of the integration process is the objective discrepancy between size

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of national output for a type of production and the size of the national market for the same type of production. Tackling such a discrepancy is allegedly contingent on the expansion of the territorial complex within which the single reproduction process is limited. For this reason economic integration is examined as a necessary objective process allowing for achievement of optimal scale of territorial complex, within which the cycle of output and consumption is closed. The understanding of integration as an objective process, not as mechanical integration of markets or national economies, allows for revealing of the forms and mechanisms to facilitate its management in the future.

The development of the integration process leads to expansion (in absolute and relative terms), absorption and intensification of economic ties between the partnering countries. That is confirmed by the data on export rates and GDP rates for four countries, among of the countries that founded the most developed integrated community in the world (the European Union) – Germany, Italy, France and the Netherlands. According to Richard Baldwin (2006), in the period between 1950 and 1958 the GDP growth rate of Germany is 7.8%, Italy – 5 %, France – 4.4%; the Netherlands – 4.3%. For the same period export growth rate of Germany is 19.7%, Italy – 9.2%, France – 3.8%, the Netherlands – 11.7%. A significant increase in the relative share of trade between these countries in the total foreign trade turnover – from almost one third at the end of 1950s to 54-55% in the early 1980s – is observed. In 2013 the share of trade between the EU member states reached approximately 70% (for particular countries up to 86-88%) of the total trade.

As a result of the expansion (in absolute and relative terms), absorption and intensification of economic ties between the partnering countries, uncertainty and high rate of interdependence in their

economic development also increased. A series of problems in key areas (as social development, ecology, energy, agriculture, technological development, competitiveness, regional development, etc.) go beyond national boundaries. Their solution could be found in the longer time frame and requires coordinated action on the part of member states.

The higher the integration rate is, the more intensified and complicated are the economic relations between member states. The decrease of indeterminacy rate requires that in decision making a long series of consequences should be observed, which in turn requires coordinated events and actions between the partnering countries.

In this case, the coordination of national policies stands out as an objective necessity determined by the increased level of complexity in economic relations.

Gradually, as a result of the extension and the intensification of the integration process, the impact of the entity (i.e. integrated community) on its parts (i.e. member states) is getting more visible. In this way, the objective laws of development of the integrated community, as a whole, influence more intensive on development of particular national economies. In other words, their successful future development is getting more and more dependent on development of the integrated community as a whole. Along with this, the integration process has been gaining momentum on a global scale. The future actions of the integrated community influence not only the member states but also processes taking place worldwide.

The successful development of the integration process requires the harmonization of the interests between member states and between the community and particular member state. Significant difficulties in the process of harmonization of interests under the two approaches stem from the divergent

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levels of development of the partner countries. Integration is justified only if it promotes the economic prosperity of all countries, and creates conditions for underdeveloped countries to speed up their economic development based on the advantages that integration ensures.

Mutual respect and harmonization of interests between community and member states should not lead to their loss of identity nor should it undermine their freedom. Development conditions of the integration process have to ensure the freedom that member states need to enhance the efficiency of their functioning. In other words, the membership of each country in the integrated community should ensure the realization of this freedom, which suggests that each member state should be able to preserve and develop their identity.

Membership in the integrated community has to be beneficial for both sides – for the integrated community as a whole and for each member state. This fulfillment of this condition is dependent on the decreasing differences in the level of member states' social and economic development. The smaller the differences in the level of the social and economic development between countries forming certain integrated community, as smaller the likelihood of impending disintegration and growing discrepancy between the interests of member states, and between the integrated community and particular member state.

Membership in an integrated community vests in states duties and obligations to respect particular standards, rules, etc. At time such rules and standards may run counter to their interests. Each country should be prepared to take the burden of membership in the integrated community, that is be ready to sacrifice its interest for the sake of common interest. In that case, "the sacrifice" is the price that each side should pay (the integrated community and

member states). The bigger benefits for the two sides are, the lower the price will be.

Each enlargement of the integrated community raises the issue of how to find the suitable way of entry so that the common interests and the interests of member states, and the acceding country are satisfied. Successful integration requires that the identity of each entrant is preserved. Under such circumstances, the likelihood increases that the harmony in entrant's functioning is disturbed, and that a country becomes a millstone to the development of the rest economies.

The history of European economic integration knows two scenarios. The first one involves countries with a lower rate of social economic development upon accession to the intergrated community. That is the case of Ireland, Greece, Portugal, Spain, and the 12 Eastern-european countries (Poland, Czech Republic, Hungary, Slovakia, Slovenia, Lithuania, Latvia, Estonia, Cyprus, Malta, Bulgaria and Romania). The other option involves countries with rate of social economic development similar to the member states. That is the case of Britain, Denmark, Austria, Sweden, Finland when they joined the European Union.

In the first case, history gives two examples. Some countries have achieved remarkable results after their joining the integrated community, for example Ireland. Other countries such as Greece, Portugal and Spain failed to achieve such results. Ireland joined the European Union in 1973. In that time it is the poorest country with per capita income standing at about 64% of the average community level, with high unemployment rate and emigration. For three decades the country has achieved highest economic growth rate among all EU member states, and according to the Human Development Index is among the first five countries with the highest index rate.

The integration as an objective process creates opportunities for each country based on specialization to speed up its economic modernization, and to create and develop competitive advantages and thus achieve higher results within a shorter time limit. Each opportunity however conceals certain risks. For example, if a country with a lower economic growth rate joins the integrated community, initially the country relies on advantages based on basic factors – mainly natural resources and low labor costs. However, the specialization in low-technology and labor-intensive manufacturing could create structural problems in addition, if the country does not prepare its economy for transition towards creation of advantages based on development of superstructural factors (knowledge, innovation, etc.).

Besides opportunities, requirements and restrictions, the integration process poses a series of difficulties, dangers and challenges to member-states and the overall integrated community. The negative effects of the integration for member states' social and economic development expose widening regional discrepancies in income, labor productivity, poverty rates, unemployment, compliance with environmental standards, and other factors. Within the EU, the assumption has been accepted that without purposeful structural policy of national governments and the community as a whole these discrepancies could not be overcome. The implement structural policy aims to achieve economic, social and territorial cohesion between developed and underdeveloped countries and regions.

In literature the question about the role of the market and the state in the development of the integration is still debatable. The experience of the best developed integrated community (the European Union) shows that the integration process cannot develop only based on the market mechanism.

Even at the lowest stages of economic integration – free trade area and customs union – coordinated action by countries is needed to overcome one or another type of discrimination. At the next stage – the single market – ensuring certainty and consistency in the relations between partner countries has significant importance for the further development and intensification of the integration process. Providing complete freedom of market forces' action within the single market is not just impossible (due to the contemporary nature of the national economies) but is also a threat to the integrated community functioning. The successful transition to the next stage of economic and monetary union requires that the market mechanism is combined with purposeful state policy as well as harmonization of different economic policy areas by the supranational institutions.

The objective character of integration places as a priority task for management the creation of the appropriate environment and conditions that national economies need to develop in most effective way. If the EU economy is presented as a car, then the particular elements of that car are member states' economies (whereas each national economy could be presented like separate car). Hence, the better the achieved harmony in interaction between the particular elements, the better the car's overall functioning. Contrariwise, the car's movement in certain direction at the necessary speed calls into question the functioning and the development of each component.

So, the necessity of planning at the level of the untegrated community level and member states stems from the nature and trends in the development of integration. According to Manov, planning is basically an instrument for the transformation of economic systems from a lower to a higher rate of their development; a process of ideas generating and creative initiatives and their

coordination on the most effective basis; a process of utilization of the favorable opportunities of the exogenous environment and their transformation into competitive advantages for the respective system; a process which ensures an expedient (in economic, social and environmental terms) transition of the economic systems to knowledge-based economy and ensures sustainable development. Thence the results of the functioning of the EU economy and the national economies will differ depending on the manner in which this instrument is used, that is the implementation of planning.

At the different stages of integration in the EU different planning instruments have been applied. At the lower stage of integration the policy coordination mechanism is accomplished by general guidelines that define the framework and the scope of each one policy through goals, priorities, measures, resources, tools, key players, recommendations on the design, implementation, monitoring and reporting of the respective policy results. Member-states are obliged to coordinate their national policies in these areas with the general guidelines. At the EU level, in some areas such as scientific research and technological development, education and professional training, environment, culture, and other areas, multiannual framework programs and action plans have been developed to complement political actions taken at national level. In certain cases (transport, energy, etc) as tools for achieving consent in a given area the so-called white and green books have been introduced.

Starting point for definition of the coordination mechanism implementation is the rate and the area of competence of the integrated community and the member-states in regard with the various policies implementation. The scope and the goals of community policies as well as the coordination mechanism are defined by the integration

process goals. The past changes in the legal framework clearly show that in line with the integration process more policies has become supranational and fall within the scope of the EU's competencies. In the process of the EU development goals at the level of the integrated community as well as for the individual policies have been enriched.

This enrichment however is not related to their structuring in different hierarchic levels (for example, final goal, sub-goals, and tasks). Nor is there any allocation in time by order of priority. That goals' enrichment leads only to diversity and even in some cases to inconsistency. When diversity in goals occurs always there is a risk of replacing the goal with the tools for its achievement. The replacement of goals by the tools for their achievement results only in one thing – the lack of satisfactory performance.

One of the essential flaws of policy coordination at the EU level is that it is not interpreted as a process of policy harmonization on the most effective basis *but as reaching an agreement between member states on the solution of a specific problem in a specific area*. Successful performance requires that solutions should not be only coordinated but also optimized. Many times the used coordination mechanism in compliance with the general guidelines imposes obligations on countries which contradict to their own interests. Other material drawback of the coordination mechanism is the vague link and interaction between different community policies in achieving a specific goal.

In order to tackle these drawbacks and improve the coordination mechanism at the EU summit held in Lisbon in 2000 an instrument called open method of coordination was created. It aims to achieve consent on problems and issues between member states and the EU instead of the EU legal measures. The method is based on

the mutual identifying and defining of goals; mutual defining of indicators to monitor the achievement of goals; dissemination of best practices; pilot projects, and other measures.

The major advantages of this instrument are granting more discretion in decision making; ensuring closer partnership between countries in resolving important problems; taking into consideration the diversity in decision making. These advantages of the open method of coordination could be realized only if consensus on common goals between member states is reached, the potential areas of application are identified in advance, and higher transparency in institution activity is provided. In such conditions this mechanism of national policy coordination with the community policies increases the disinterest and non-commitment of the countries to achieve of certain indicators, institutional rivalries, lack of democracy in decision making and ultimately to aggravation of a number of problems.

So, the intensification and the complication of the integration process, the confirmation and the development of the integrated community as an unified whole place a requirement for transition from policies coordination in regard with achievement of a certain goal in a given area to preparation of an overall strategy for the development of the EU and policies coordination for the strategy implementation. The strategy for the development of the EU is the instrument by which the necessary coordination is achieved and the most important – this coordination to be achieved on the most effective base.

2. The intensification of the integration in the EU and the transition toward strategic planning and programming

In the European Union the objective necessity, mission and role of planning is recognized and it is used in practice – strategic plans, policies, programs and projects are elaborated. In order to achieve

its goals the European Union requires the member-states should develop their own national strategies, plans, programs and policies. The European Union sets the rules for the coordination of strategies, plans and programs for development of the Community with these of the member-states. The European Union sets how its resources should be utilized at national level through the operational programmes.

On the European Council meeting in 2000 in Lisbon state and government leaders of the member states united around the idea to set up knowledge-based economy and accomplish the transition to sustainable development. It is assumed that the European Union has to find its own way for this transition in compliance with its values and ideas for the construction of a modern society. This transition is a response to the challenges arising from globalization and the objective trends in the development of the economy and the society as a whole. It is understood that the new conditions require a strategic view about the future. At the meeting a new strategic goal was adopted for the development of the European Union in the next decade – *to become the most competitive and dynamic, knowledge based economy in the world which creates opportunities for sustainable economic growth with more and better jobs and stronger social cohesion*. The identified *quantitative targets* are increase of employment rate from 61% to 70% on average in 2010 and increase of number of working women from 51% to over 60% on average in 2010. It is accepted that the average economic growth rate of 3 % is completely feasible to achieve.

2.1 What results has the Lisbon Strategy achieved?

The data show that for the period 2000-2009 the employment coefficient for the

EU-27 has increased but it is still far behind the announced target. Only four countries have achieved employment rate of the population aged between 20 and 64, more than 75% and only two of them have achieved sustainable high rate of employment rate (63-68%) of the young population (aged between 15 and 24). Similar is the picture of R&D expenditure as a percentage of GDP. For the same period at the EU-27 level they have increased from 1.6% to 2.01 %, but only three countries (Denmark, Finland and Sweden) have achieved over 3%.

In the Fifth Report of the European Commission (2010a) for economic, social and territorial cohesion is stated that in 2008 over a quarter of the EU citizens believe that the appropriate housing for them is too expensive. Thirty-nine percent of respondents reported that the housing costs were a burden and they lived in poor housing conditions. Some 27% indicated that they inhabit overcrowded houses and 38% said that they are influenced by at least one of poverty housing factors (damp walls, leaking roofs or rotting windows, no bath or shower in the house, no indoor toilet with running water for individual use of household, too dark home). More than a half of the EU citizens surveyed indicated that they have difficulties to combine work and family life. The long working day is indicated as the main reason. Too broad differences in countries' responses exist. In Hungary, Portugal, Poland, Cyprus, Greece, Slovenia over 70% of those polled said they have difficulties in providing a balance between work and family while in Sweden, the UK, Ireland, Denmark, the Netherlands and Finland the proportion is under 40%.

Despite the tendency of household income growth for the EU-27 as a whole, the data for the presented period show that income growth has failed to lift people out of poverty and social exclusion. There is a tendency of sustainable relatively high

share of the population living under *poverty threshold* (16.3%). *The proportion of the population experiencing material deprivation* remains too high. In this group is that part of the population experiencing difficulties in securing three out of the following nine elements: 1) can not afford to pay rent or utility bills; 2) sufficient home heating; 3) coverage of unexpected expenditure; 4) provision of the necessary proteins (meat, fish, etc.) every other day; 5) one week holiday away from home; 6) car; 7) washing machine; 8) colors TV; 9) phone.

In 2005, their proportion is 20% of the EU population (EU-27) while in 2010 – 17.1%. The share of that part for which housing costs accounted for more than 40% of total disposable income has increased. There are significant differences in poverty in Member States. In 2008, the proportion of the population living in households at risk of poverty, material deprivation or low work intensity reaches 45% in Romania, 39% in Bulgaria. This share is below 20% only in ten member-states (Malta, France, Austria, Slovenia, Finland, Denmark, Sweden, Luxembourg, the Czech Republic, and the Netherlands).

In the countries with the lowest income and the highest employment growth rate the inequality is most pronounced. In countries such as Romania and Bulgaria in parallel with income growth the inequality increases as well. In 2001 the proportion between income received by 20% of the population with the highest income, and income received by 20% of the population with the lowest income is for Romania - 4.6 and for Bulgaria - 3.8. In 2009 values increased to 7.0 and 6.5 respectively for Romania and Bulgaria. For countries such as Finland, Sweden, Denmark these values are moving within 3.3-3.5 for the whole period. In 2001 Gini coefficient for Bulgaria and Romania is respectively 26 and 30, and in 2008 increased respectively to 35.9 and 36. In Sweden, Denmark, Slovenia this ratio is moving within the range 22-24. According

to the report of the European Commission [2010], the citizens of the three Scandinavian countries Denmark, Finland and Sweden have the highest life satisfaction. These countries occupy the top three positions in the Index of happiness ranking. At the bottom of the list are Bulgaria, Latvia, Portugal and Romania. Despite that for the period observed the Human Development Index (HDI) has outlined a tendency to increase on annual basis for the twenty-five Member States, the total EU HDI still lags behind Japan and the United States (see table 1).

uses production of other sector to produce one unit of its own final output. Secondly, the efficiency with which the particular sector is functioning. Thirdly, the efficiency with which the economic system is functioning as a whole. The main idea, competitiveness to be examined through elements of the matrix $(I-A)^{-1}$, is that competitiveness at national economy level has expression in reducing expenditures (materials, labor, capital, import) for producing one unit total and one unit final output.

The results of the study of direct and

Table 1. Human Development Index (HDI)

Countries	2000	2005	2006	2007	2008	2009	2010
USA	0,855	0,873	0,877	0,880	0,881	0,881	0,884
Japan	0,893	0,895	0,897	0,899	0,900	0,899	0,902
EU (27 countries)	0,807	0,837	0,841	0,845	0,848	0,848	0,850

Source: International Human Development Indicators, 2014.

For the last ten years in all documents in the EU two challenges are particularly emphasized – globalization and population aging. A common foundation for an adequate response to those two challenges is the competitiveness of the European economy. One economic system can response in an adequate manner to those challenges when it constantly modernizes and increases its competitiveness. If Michael Porter's (2004) competitiveness criteria are used then primary determinant is the efficiency of resources which an economy uses to achieve a final single objective. Only an economy which achieves high competitiveness can maintain high level of income and to afford the opportunity to its citizens to choose more leisure time instead of a long working day, and to allow companies to meet stringent social and environmental standards. The main criterion for success in the field of economic development in quality aspect is the efficiency. Firstly it is about the efficiency with which a particular sector

total (direct and indirect) consumption of materials, direct and total (direct and indirect) consumption of energy, direct and total (direct and indirect) consumption of labor, direct and total (direct and indirect) consumption of funds and the determinant of the matrix $(I-A)$ changes (table 2) show that *the EU economy restructuring as well as the member-states economies restructuring have not created the necessity conditions for systematically increasing of the efficiency* (i.e. the competitiveness). It is especially valid for the member-states which have experienced the most major structural changes. Significantly smaller structural changes are observed at the EU-27 level in comparison with these in the individual economies but they have not led to any positive results in the efficiency in the discussed areas as well.

For the study period not a different picture is observed in the field of environment and the transition to sustainable development. In order to monitor the success achieved

Table 2. Determinant of the Leontief matrix (I-A)

Countries	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
EU (27 countries)	0,1792	0,2540	0,1715	0,1662	0,1629	0,1554	0,1489	0,1519	0,1513	0,1567
Euro area (17 countries)	0,0026	0,0023	0,0026	0,0017	0,0023	0,0020	0,0017	0,0016	0,0015	0,0016
Belgium	0,1833	0,1823	0,1938	0,1971	0,1950	0,1439	0,1362	0,1362	0,1588	0,1766
Denmark	0,2609	0,2253	0,2366	0,2438	0,2430	0,2355	0,2345	0,2318	0,2519	0,2566
Ireland	0,1882	0,2024	0,2147	0,1777	0,1599	0,1408	0,1098	0,1073	0,1474	0,1523
Austria	0,2375	0,2336	0,2333	0,2199	0,2003	0,1936	0,1768	0,1745	0,2067	0,1950
Slovenia	0,1984	0,2034	0,1977	0,2006	0,1869	0,1880	0,1876	0,1800	0,1961	0,1707
Slovakia	0,1127	0,0965	0,1246	0,1397	0,1509	0,1496	0,1413	0,1309	0,1285	0,0832
Bulgaria	0,2024	0,1973	0,1968	0,1914	0,1723	0,1550	0,1418	0,1269	0,2037	0,1733

Source: Own calculations based on Eurostat data.

in the field of environmental care are determined 16 indicators, divided into four categories (climate change, nature and biodiversity, natural resources and waste, environment and health), and to monitor the success achieved in the field of sustainable development are determined 11 indicators. The data for the period 2000-2011 show that the results achieved in the field of environmental care are insufficient as a whole. According to the Report of the European Environment Agency [2010] out of the determined 16 indicators in the four areas (climate change, nature and biodiversity, natural resources and waste, environment and health) for 7 indicators no success is being achieved in problems solving: - changes in global mean temperature; - air pollution; - retention biodiversity loss - onshore and offshore; - soil erosion; - reduction of waste; - air quality in urban areas. For 6 indicators a certain success is being achieved but the problem in general still remains: - reduction of primary energy consumption; - consumption of energy from renewable sources; - the achievement of favorable conservation status; - use of resources; - status of water bodies; - ecological and chemical status of water bodies. For 3 of the indicators there

is a risk not all of the countries to achieve their targets: - reduction of greenhouse gas emissions by 20%; - recycling of various wastes; - water quality. The results of the Monitoring report of the EU sustainable development strategy (2009) show that for the period 2000-2010 out of 11 areas (socio-economic development, climate change and energy, sustainable transport, sustainable consumption and production, natural resources, public health, social inclusion, demographic change, global partnership) only for two favorable changes are reported, for another five – no favorable changes are observed, for two – the changes are far behind the target and the other two – the changes were definitely not favorable.

So, the total evaluation for the achieved results in the period 2000-2010 at the EU level, and for the studied 20 member-states in social, economic and ecological areas is that they are insufficient. The existing planning system on both levels have not succeed to lead the European economy and the economies of the member states on the path of the development and growth where the increase of living standard to be accompanied by increasing competitiveness, and reduce green-house emissions. In 2010, the data for GDP, industrial production,

unemployment, public finances show that the existing planning documents have not succeed to prepare the European economy to protect against the world financial and economic crisis. Even more – the data show that in the public finance area only for two years the consolidation efforts undertaken for two decades were destroyed.

2.2 Why the Lisbon Strategy fails?

According to the Report of the European Commission [2010b] concerning the advance of the Lisbon Strategy the main reasons for the insufficient results of the Lisbon Strategy are:

- underestimation of the achieved level of complexity of the integration process and of the mutual connection and dependence in the development process of national economies (i.e. the elements of the EU economy);
- underestimation of the various effects of the expansion of the European Union in 2004 and 2007;
- underestimation of the impact of the ongoing global processes;
- inadequate respect to macroeconomic imbalances and competitiveness problems;
- extremely complex structure of the Strategy, setting great number of objectives and actions; unclear prioritization, unclear division of responsibilities and tasks at the EU level and national level as well;
- lack of commitment of the Lisbon Strategy to the other key documents - The Stability and Growth Pact, the EU Sustainable Development Strategy and the European Employment Strategy which leads to parallel preparation of each one document instead of mutual complementary between them;
- lack of complementarity between the basic documents - The Stability and Growth Pact and the Lisbon Strategy – in the process of supervision of the national economies;
- gap between commitments and actions;

- unclear linking between goals and resources which premises low rate of interaction between the National Strategic Reference Frameworks and the National Reform Programmes;
- very general nature of the integrated guidelines and lack of internal ranking of priorities;
- great number of objectives and lack of compliance with the respective national specificities;
- lack of clear coordination of commitments between the individual countries in order to achieve given objectives;
- not enough time devoted to the communication of the Lisbon Strategy` benefits and the consequences of the lack of reforms in the EU as a whole which leads to weak community support for the goals of the Strategy;
- too inward-looking strategy and underestimation of the EU role on a global scale.

All these conclusions of the European Commission concerning the failure of the Lisbon Strategy give serious food for thought and lessons to learn for the next programming period 2014 – 2020. The main reason for the Lisbon Strategy failure however should be sought primarily in the significant differences between the scientific concept of planning and its practical application. The documents in the EU being studied namely strategies, plans, programs in the social, economic and ecological areas too much differ from the scientific concept of preparation strategic, tactical and operational plans. This conclusion is imposed once by the document evaluation process in terms of presence of the mandatory structural parts of each plan and secondly - correctness of the output of the elements in each one structural part. When the practice is lagging behind (or significantly diverges from) the scientific achievements the results could only be insufficient.

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The unclear and inconsistent methodological framework of the developed strategies, plans and programs turns them into "still-born" in practice. For instance, instead of systematic approach for solving problems through construction of single planning system to be used (i.e. development of a cascade of plans structured on subordinated basis according to given mission, role, scope, opportunities, methodology, objectives, instruments of each one planning document), the planning documents are being elaborated ad-hoc. In this approach, the link and the interaction between the different in rank planning documents is getting lost and instead of mutual coordination, commitment and complementarity between different in rank plans the opposite effect is observed - confusion, overlap, blending, inconsistency in the actions of the main subjects and ultimately all positive effects are neutralized.

The failings in planning practice at the EU level find its projection at the member-states level as well. If practice of preparation of the national planning documents in Bulgaria for the pre-accession period is studied and then compare to its practice as a full right member, will be established that there is again chaotic development of any documents titled as strategy, plan, program. In Bulgaria over 320 documents titled as strategy, plan, program have been officially adopted for the last 10 years. Hence the following question arises as to why the results from Bulgaria's EU and NATO membership are not evident yet for the Bulgarian? Why is the proportion of people discontent with their lives in Bulgaria growing, given Bulgaria's good position in terms of statistical data (national debt and budget deficit) compared to the other EU member states? According to the European Commission's paper (2012), Bulgaria continues to be the least developed EU member state, with a per-capita GDP of 45% of the EU average, and the poorest performance in terms of competitiveness, productivity, energy

consumption, efficiency in using resources.

The concept of planning lies at the heart of this discrepancy. This concept bounds the opportunities for utilization of its potential as a management instrument. This concept creates a series of problems for its practical application. In brief, the drawbacks in the planning system in place are as follows:

Firstly, there is an attitude to planning as an administrative commitment arising from the EU membership. The preparation of different planning documents is accepted as a formal response to certain requirements of the European Commission. In preparation process providing compliance with the regulatory framework and the technical issues prevail while the real interests and ambitions of the man and the society remain in the background. That understanding of planning leads to lack of interest for preparation as well as in implementation process of different planning documents. Particularly this occurs in the process of setting objectives. It is preferred „lower targets" to be determined in order to avoid taking responsibility in an event of failure.

Secondly, that is the concept of determination the perspective of the economic system. The understanding that the future can be determined only on the basis of extrapolation still prevails. The planning at national level is accepted as an instrument for financial resources allocation in different directions (pensions, government, healthcare, education, science and research, social services, infrastructure, internal and external security, ecology, culture, sport, regional development) and is evaluated as „the right one" when it has secured the costs in these areas within the annual budget.

Thirdly, that is the concept that the processes in reality are developing isolated from each other. The great number of developed planning documents (ad-hoc) in the field of employment, income, competitiveness, environment, infrastructure, education, health,

energy, agriculture, innovation, science and research, etc. is a vivid illustration of this idea. Every attempt at independent defining the future of any of these elements is doomed to failure. The perspective of any of these elements cannot be defined away from the perspective of the economy as a whole. The concept that the perspective of the economy as a whole can be defined by a mechanical sum of these elements' perspectives is deeply flawed. Each one of these elements obtain the certainty needed for its development namely by the development of the economy as a whole.

Fourthly, that is the underestimation of the role and the significance of the impartial scientific analysis in the process of preparation planning documents. Giving a leading position to the administrative approach in preparation of national planning documents turns them from instruments for solving problems to instruments for informing the public about the intentions of a given institution. In the common case, planning documents at national and regional level only register certain processes without offering change for the development of these processes.

The underestimation of the role of science in the preparation of planning documents leads to excessive details and descriptiveness in the analysis of processes, in which objectives and problems, problems and resources, priorities and restrictions are mixed up. Furthermore objectives are substituted with tools for their achievement, and the processes of forecasting process and planning are confused. Out of all structural elements in a given plan less attention is paid to defining the objectives. The most important process of goal setting is approached as if a standard (routine) task should be resolved. The common assumption is that objectives are defined in advance and only need to be placed in the respective planning document. It is quite often the case that planning documents belonging to different levels of

the hierarchy identify the same goals. The proposed manner of measuring advancement in meeting these goals is incorrect as well. Emphasizing the quantitative aspect of the evaluation of performance diverts attention away from the important issues.

Conclusion

For the next programme period 2014-2020 the necessity to in the way in which plans and programmes are prepared and implemented is already realized. Possibly, the biggest challenge to planning is going to be alignment of planning practice on the scientific basis. At the EU level that will mainly involve seeking an answer to the question of *how more integration suggests better integration*. The answer should be sought on the basis of defining the future path of development of the European economy as a whole. Exactly that path is going to define at each stage the direction, the scale and the pace of implementation of the relevant structural reforms.

EU's planning system should define the path and the direction of development of the European economy, create such an environment in which national economies develop in an optimal manner and each country set up its own mechanism to embark on this path, its place on the path and the speed to move along at. One of the most important tasks is to find the mechanism by which the two systems of planning – at the EU level and at national level – can interact in the most effective way. In other words, how the planning system at the EU level will contribute to the optimal development of each member state and vice versa - how the planning system of each member state will contribute to the development of the European economy as a whole.

As regards Bulgaria, achieving harmony in the interests of the state, political parties, businesses, NGOs and the society at large is turning into the essential issue

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at stake in the construction of the future economy as well as in achieving continuity and consistency in implementation of the national strategic objectives and priorities. Otherwise, more often phrases like "we are tired of strategies and programs" will be heard in public debate. That is the greatest risk to planning, which involve harboring doubts about its objective nature.

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