

# The National Strategic Planning - between Social-Economic Needs and Political Realities in Bulgaria

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## Summary:

In this paper I am offering an interpretation of the conditions in Bulgaria in terms of implementing the strategic planning philosophy within the national economy governance. To this effect the essential characteristics of this philosophy of governance and the conditions of its origin deduced by the economic science are an object of explanation. The practice of decision making (the process of working out and giving proofs of economic decisions) at the higher levels of the economic system structure (the macro and the territorial) in Bulgaria has been examined on this basis. The main conclusions and recommendations with regard to the possible changes in the governance of the Bulgarian economy necessary to meet the requirements of the concept of strategic planning are presented in this paper.

**Key words:** economic system, economic governance, an object and a subject of governance, paradigms of governance, system analysis, market and planning mechanisms of coordination.

**JEL Classification:** A10, A11, E6, F5, H7, L1, P1, P3

## Introduction

The terms strategy, strategic plan, and strategic planning have been increasingly used in Bulgaria over the past 10-15 years. Moreover, they have been used not only in the sphere of organizational management but also at the higher structural levels of the economic system. The euphoria over the fact that planning in the governance of the national social and economic system is "coming back on a white horse," quite naturally gives rise to a set of issues, the answer of some of which is the subject matter of economic science. The economic science has to provide answers to questions such as: What does applying strategic planning mean and what does the notion of strategy mean? Does strategic planning as a type of management philosophy belong to the higher levels of economy's governance? And, if so, which is the correct way to apply it in practice? What kind of requirements does its implementation pose in terms of the organization of decision making and decision implementation? How should these requirements be met in organizing control over the implementation of the new types of decisions, and other issues? In the latter line of reasoning, what are the criteria for considering the incorporation of the strategic planning philosophy?

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In fact, this increasing usage of the previously mentioned terms acquires a growing number of characteristics of *an aspiration to demonstrate modernism*, and less of *a manifestation of distinguished and recognized necessity of changes* in the governance style with respect to economic processes, respectively to the different types of economic systems (organizations, territorial systems, macro economy). Such an atmosphere in the economic governance calls into question the functionality of the notion apparatus of the entire philosophy, and in a material sense, this usage of the notions is realized in real innovations in the process of drafting and testing economic decisions at the different levels of the institutional structure of the economic system.

There is a sufficient number of indications (not just in Bulgaria, but also all over the world) that this phenomenon has exceeded rational limits. It means that the limits have been overstepped within which a high intensity of introducing and using new notions because of the appearance of new process and phenomenon in practice (in particular, in economic governance) and of the attempt to clarify the apparatus for naming new objects. Furthermore, a detailed analysis reveals a specificity in the Bulgarian reality.

There are enough arguments in the political system which raise the question as to whether a process has started of adapting economic governance at the higher (than organizational) levels to the strategic planning philosophy<sup>1</sup>. Even though the philosophy of strategic planning has been objectively determined and proved by the practice of many countries with a market economy<sup>2</sup>, it has become inapplicable to the

higher levels of the institutional structure of the Bulgarian economic system under the current political circumstances.

The results of a study of the attempts and, more particularly, the *claims* that the concept of strategic planning in the Bulgarian economy governance should be incorporated are presented in the paper. With that purpose in view, the essential characteristics of the modern philosophy of governance – strategic thinking and planning – are explicitly outlined. The matter discussed is the characteristics that distinguish strategic planning from the philosophy of the other previous paradigms of governance. The paper goes on to comment on the results of a study of the economic governance in Bulgaria at a macro and regional (territorial) level, carried out on the basis of the systematic approach. The assessments have been made on a comparative basis – to the achievements in the practice of economically most developed countries, and to the successes of economic science. The conclusion presents conclusions and recommendations about feasible issues to look for and prove convenient changes in Bulgaria's economic management at the higher levels of the institutional structure of its economic system. It is appropriate to emphasize strongly that those conclusions and recommendations have been made in the light of *the subject of economic governance*.

### **1. Characteristics of the economic governance regimen in Bulgaria and its correspondence with the strategic planning concept**

The public at large, as well as the political system in Bulgaria, is dominated by the view that everyone may interpret the

<sup>1</sup> Here I take into account the limits and the relations between economic and political systems, each of these been made by strictly defined elements and specific relations of determining each other, respectively each of these has a specific mission and plays concrete functions in society (Genkova, D., Dissertation 2013, p. 6).

<sup>2</sup> Planning – one of the two mechanisms of coordination in the economy (Mateev, E., publ. 1987, p. 10) – became objectively determined also in the capitalist economic system (Leontieff W.; Galbrait J.K.).

notions strategy, strategic plan, strategic planning according to subjective concepts and personal preference. Nevertheless a peculiar "contradiction" exists amid academic circles. It is a result of the inclination of some representatives to give preference to subject interpretations on the march (and to the positive analysis on government of social and economic processes), instead of giving priority to the necessity of revealing the objective laws and regularities in the social and economic processes, and its requirements to governance. Decision making at higher levels of the social and economic system has been organized under such a concept about one of the paradigms of governance<sup>3</sup>. This must be the reason why the number of documents with the pretentious title "strategy" is gradually increasing. At present over 100 active plans which employ the qualification "strategy"<sup>4</sup> exist only at the national and sector/industrial level (i.e. with importance of the society).

In reality, this trend exposes a broader phenomenon that has been detected in Bulgaria in the course of the transformations since the early 1990s during the transition to democracy and market economy. After 25 years of *transition*, Bulgarian society is going to dismiss the negative interpretation (whether reasonable or not so) of planning and to recognize the terms national plan, regional, provincial and municipal plans, and "sector programs" as an adequate mechanism of market economy. Nevertheless, in the course of the reforms the established ideas of making decisions of huge public

significance, in particular those relevant for the economic system, has brought Bulgarian society from one extreme to another.

From a total denial of the planning "rights to live" at the higher (than organizational) levels of the economic system to the predominance of the market mechanism at the onset of the *transition*, the practice of an the abundant usage of plans, programs, projects and strategies has been established in Bulgaria since 1999. Moreover, nevertheless the phenomenon can be observed at all levels of the institutional structure of the economy. The essence of the problem lies in recognizing the objectively determined need to adopt new methods of governing the national economy and meeting this need is not a question of a formally acknowledging practices which have been invented and tested under quite different conditions. That is less a question of a formal transformation and a mechanical substitution of notions in the government apparatus. Implementing a rich in content planning process in economic system governance is a matter of deep structural changes related to the organization of the decision-making process, including providing information about such a process.

The relevant issue is the changes in *the basis of criteria for validation and selection of the set of decisions* that should determine the future course of the national economic development. It is all about economic development which would be useful to improve the Bulgarian social and economic system, bringing it to a higher, substantially new level of development, in accordance

<sup>3</sup> The strategic planning, being a philosophy of governance, was adopted in thee economic sphere from the military affairs.

<sup>4</sup> This estimation has been made on the basis of a counting of the active plans in the period of preparing the paper, which act at national and sectorial/industrial level, and is present in its title notion "strategy" or "strategic". Apart of these, the documents with "strategic character", which concern development of different types of administrative-territorial units in the country, are 6 at a regional level – one of each region (NUTS 2); at least 28 – one of each province (NUTS 3); at least 264 at a local level – one of the municipalities. Apart of these, are the projects of so-called Local Initiative Groups (a measure of the Rural Development Programme (2007-2013), known as stimulation of "good practice"), the so-called strategic projects at an international inter-regional level, and so on?

## Articles

with the objective trends of economic development. i.e. the changes in question involve first *the methodology*. In the second place, these involve changes in *the set of methods and tools of elaboration and proofs of government signals*. Furthermore, these involve changes in the *organization of the decision-making process*, i.e. designing new algorithms of elaboration, proving and executing decisions at the higher levels of the structure of the economic system. The main criterion for these changes is a fundamental methodological rule deduced by the theory of governance of the economic system. According to its requirements, the contents and structure of the decision-making process have to be in conformity with the matter and structure of the economic system – the object of governance<sup>5</sup> (according to the suitable expression of Professor Vasil Manov, its "anatomy and physiology"). Another essential rule is to meet the requirements of the correct interpretation of the relations between the functions of governance, in particular that between planning and organization.

In summary, implementing a rich in content planning process in the governance of the economic system, moreover based on the strategic planning philosophy, should be practically implemented under several conditions (they can be called indispensable conditions, deduced by economic science). They would guarantee the adequacy of governance practices to the "anatomy and physiology" of the object of governance.

The need of an active type of governance of the national economic system (i.e. the need of planning), which has to complement the market mechanism and guarantee its normal functioning in optimal economic resources (of goods and incomes) allocation, was revealed a relatively long time ago (Leontieff W.<sup>6</sup>; Galbraith J.K.; Meteev E.; Manov V.). Such a need has been recognized by orthodox economics, i.e. by the classical theoretical school in economics, albeit in an indirect manner<sup>7</sup>. In addition, it is an objective necessity determined by the development of market economy, by the inconceivable complication of economic system regarding its enrichment with elements and links – in the course of enhancing the public character of production, increasing the diversity of the national product, further specialization of the manufacturing process and the concentration of economic power.

Under the specific circumstances in Bulgaria since the 1990s, the need of incorporating national planning with the governance of the economic system has been determined further by the difficulties in placing the national economy on the path of normal development, since it had suffered a decline and social degradation since the onset of the *transition* period<sup>8</sup>. In the second place, that need has arisen for a supplemental influence of complexity and difficulties in the process of the complete integration of the Bulgarian economy in the EU's economic system<sup>9</sup>, under specific conditions of

<sup>5</sup> Manov V., publ. 2001, pp. 23-100, 175-321; Manov V at al., 2007, p. 4; and also: Baleva V. & P. Ivanov, publ. 2001, pp. 10-11.

<sup>6</sup> Leontieff W., The national economic planning: methods and problems, in publ. 1985, bg. edition, Sofia, 1994, pp. 438-448

<sup>7</sup> Yet almost every manual in economics consists of the topic of market failures and another one of the prosperity economics, without the main standard sections – micro, macro, and international economics. The former attest to an absence of automatic methods in markets functioning to meet the requirement of an optimal allocation of economic resources, in accordance with the developing needs of society.

<sup>8</sup> In Manov, V., publ. 2001a, pp. 227-272, publ. 2001b.

<sup>9</sup> Bulgaria became an EU member-state of the more than 7 years ago, but the large public, as well as the academic circles, accept with reservations the claims of progress in the real integration of Bulgarian economy.

a considerably lagging-behind social-economic development in the country.<sup>10</sup>

Therefore, regarding suspicions about planning, Bulgarian society is facing one of the most serious challenges at present – to succeed in giving an adequate answer, i.e. meeting the requirements of the essential characteristics of planning (as part of a unified process of governance) in the light of the dynamics of the social-economic system.<sup>11</sup> Only on this basis the innovations in the practices of governance would be justified. Taking into account the characteristics of the world economy and the specific characteristics of the Bulgarian economy at present, the appropriate *approach* to distinguish and provide conditions for the accomplishment of the economy's mission and functions in the mega system of human society is definitely the one that underlies the strategic planning philosophy.

## 2. The essential characteristics of strategic planning – the main criterion to implement the modern concept into practice and to estimate economic governance

At present almost every day an idea of a new *strategy* in some "unconsidered" field of the social and economic life appears in the public area. This phenomenon, in its turn has generated another phenomenon – a "swarming" of groups in consulting to map out *priorities* in the development of

different aspects of social life, and also in formulating priorities at a national, regional and local level. It is not so easy to know what selection of representatives is used in forming such groups; nevertheless, the claims are that a minimum representative sample of different social groups has been provided. Would such an approach be useful to guarantee a necessary representative sample of the variety of social groups' interests? Would the manner of exposing and resolving problems one by one be useful to achieve the necessary harmonization of social groups' interests and to guarantee the interests of society? Is that the way to identify and resolve the strategic problems of the social-economic development – those of the survival and prosperity of the Bulgarian economy and society? Is that the way to define correctly priorities in the economic development and restructuring? Is that the way to pinpoint adequately the main problems and the limitations on resolving them, to trace out the track to overcome those limitations and problems, to stimulate and coordinate business initiatives in the county in order to rationalize the usage of the national resources (the labor and the capital) and the efforts made by the Bulgarian society?

In brief, the question is whether that is the adequate way to resolve the problems of social and economic system development, moreover in the light of the logic of strategic thinking<sup>12</sup>? An adequate basis to

<sup>10</sup> Genkova D., Dissertation 2013, pp. 63-72; also in: Donchev N., Dissertation 2012, ch. 4.

<sup>11</sup> This problem in Bulgarian governance practice was outlined by another researcher of economic systems. In general, the essence of the problem lies in the fact that in Bulgaria exist a lack of knowledge and misunderstanding about the essence of the function, which has in a charge the primary operations of governance – working out, proving and selecting decisions – excepting prejudices against the role and position of the planning. This problem in its turn has played a role of the factor which has brought the plan-makers, not planning, to a crisis (Manov V., publ. 2011, pp.803-832). Moreover, such a crisis, even though not considering the relation "theoretical achievements – needs of economic practice", is a sign of the unfavorable position of the country, in which it exists. This has been determined by the inconformity of the governance practice with the needs of social-economic system, despite the achievements of economic science. Besides, it means that problems of the social-economic development cannot be solved at present under the existing conditions in Bulgarian political system.

<sup>12</sup> Being present as a sophisticated (detailed) planning in 1960's, the philosophy of strategic planning moved on to the strategic thinking. Initially this transition took place at an organizational level, in the second half of 1970's under specific circumstances in the US economy – in: Hickman C. R. and Silva M. A., publ. 1984, bg. edition 1991, pp. 34-36.

answer these questions is the essential characteristics of strategic planning.

In essence, *strategic planning* is a **philosophy of economic governance**, whose subject is projecting the structure of economic system (as an object of governance), in its dynamics in order to reach a higher, substantially new stage of development of the respective system. Therefore mapping out economic systems' perspectives on the basis of this concept requires meeting the objective law and regularities of the functioning and development of the economic system. It means that the law and regularities of the internal interlinks, as well as those of its relations and interactions with other processes and systems, which are an external object of economic system – such as the superior economic system, the political, social-demographic, technological and ecological system (Manov V., publ. 2001, pp. 274-277, 316-317). In general, the strategic planning is presented as an outline of the main course of the future development of an economic system (micro, territorial, macroeconomic) – a course that should guarantee a normal functioning and sustainable<sup>13</sup> development of the system (the object of governance) in order to accomplish its mission and functions in society, without hindering it.

Outlining the "main course" of an economic system (the object of governance) in a relatively long future period, exactly consists in projecting a "framework" of the economic system for the relevant temporal interval. In the second place, it involves identifying the main directions of the necessary changes, which should be made in the existing economic system's

framework during the period of the strategy in order to bring the object of governance to an objectively determined, substantially new stage of development. The recent condition, being able to bring about priorities in development of the economic system potential, promote a rationalization of the usage of the own resources. This means concentration and coordination (by assignments, by time and space) of the exogenous resources and the economic system's energy. The correct basis to achieve this coordination and concentration is an adequate interpretation of the economic system's relations with the environment and the regularities (endogenous indispensability) in its development. That is the way to trace out a trend to increase the economic system's potential in order to provide the achievement of its role in society – as a precondition for, on the one hand, and because of the satisfaction of developing needs of the users of the concrete economic system's results, on the other hand.

Considering the projection of an economic system framework, the strategic planning philosophy is based on a **demarcation** of the economy – as an object of governance, and its examination apart from the political system (defined in a broad sense) – as a subject of governance (in particular, from the economic governance). For this reason this philosophy of governance has been constructed on the basis of structural analysis and, on the **system analysis** in economy<sup>14</sup> in particular. In other words, the definition of the economy in the cybernetic aspect, which defines its frontiers explicitly and allows examination of its entirety<sup>15</sup> lies at the basis of strategic planning philosophy. It is worth emphasizing that we

<sup>13</sup> It means advisable in an economic, social and ecological aspect.

<sup>14</sup> For the matters of the system analysis in economy – in: Mateev E. (Paper "Sistemen analiz i ikonomicheski izsledvania").

<sup>15</sup> Defining economy in cybernetic aspect, it is a combination of human activities that are related and interact, and in this regimen determine one another; these activities have as a result a useful effect, which is economically definable (can be given a direct or an indirect market evaluation). In this aspect two types of flows that carry into effect the endogenous links in economic system and its relations with external systems have been distinguished – the first one are material flows of goods and the other – financial flows of incomes. The system analysis allows to identify the role of each of these types of flows – a leading role of the material flows in realizing the specific links of the economic system and its functions in society's mega system, and respectively a role of maintenance of the financial flows.

can obtain these characteristics (this type of cognition) only by adopting a systematic approach – the newest, more refined and in compliance with the systemic character of the real objects and processes to examine and project them<sup>16</sup>. Implementing into practice the systematic approach demands meeting three interrelated and determining each other's requirements<sup>17</sup>. Non-compliance with any of these requirements, no matter one, would break the requirements of the conformity to that research method.

Therefore, the essential characteristics of the strategic planning philosophy consist in the necessity to study the economy – as an object of governance – from a cybernetic aspect. In the second place, to keep in mind the homogeneity of the economic system and the character of its relations, including those with each one of the other external systems. In the next place, to consider a dialectical relation between the economic system's development and the development of economic governance. This philosophy of economic governance, as well as the former, is a result of an evolution in the economic development and of an increasing "seismicity" of economic system's environment. The substantial matter is that the origin of strategic planning refers to a concrete level of complexity which the economic system has reached.

This philosophy of governance emerged in USA economy in the last 50's of the 20<sup>th</sup>

century, when organizations (economic agents), even though becoming bigger and bigger, were going to note an increasing influence of the environment on their activities. They recognized that it would be appropriate to outline in advance, in an organic way, where and how to do business in the near future.<sup>18</sup> Under the specific circumstances of the national economies in the countries that suffered the biggest defeats and destruction during and after the World War Two (France, Germany, and Japan), the limits of market mechanism in stimulating and coordinating entrepreneur initiatives became the factor, which gave national planning a premature appearance - another mechanism of coordination in economy (to supplement the market mechanism). The emergence of strategic planning at a macroeconomic level refers to a late stage of the development of the national economies, in particular to the economic development of Japan and France in the late 1970s.

The incapability of the market mechanism to send adequate and uncontroversial signals to business agents – after a concrete level of economic system's complexity and seismicity of economic system's environment<sup>19</sup> been passed – justified implanting the strategic planning philosophy in the governance of the national economies. In the end of the 20<sup>th</sup> century the strategic planning philosophy

<sup>16</sup> Manov V., publ. 2001, pp. 38-44

<sup>17</sup> A systemic thinking – with a strict algorithm of research process, definitely different from that of the orthodox approach; to examine objects from each of the existing points of view and with possibility from the main viewpoints; to have an adequate interpretation of the functional dependency, which leads to forming systems, especially that to economic system.

<sup>18</sup> In: Ansoff H.I and McDonnell J.E, *Implanting Strategic Management*, 1990, 2th edition, Prentice Hall (UK), p. XV-XVI

<sup>19</sup> In a manner to promote an optimal allocation of the resources, in order to satisfy the developing needs of the society (Mateev E., publ. 1987, pp. 258-265).

<sup>20</sup> Since 1990's the EU has attempted to implant the strategic planning philosophy in the fundament of the integration progress. However, a real advance was not obtained until Agenda (2000-2006) and the conclusions of European Council in Lisbon (23-24 March 2000). Then a practice of elaboration EU's strategic platform that should give a vision on development of the community's economy in a future period of about 10 years was adopted. At present, is acting the second-generation EU's strategic platform – so called "Europe 2020: a strategy "to an intelligent, sustainable and inclusive growth" (COM (2010) 3.3.2010, 2020 BG). Of course, the matter of quality of this implementation is open. Because of its large-scope and significance, this problem is not an object of examination and interpretation here.

was recognized also as indispensable at the regional community level, to the integration progress in the EU<sup>20</sup>.

Such a direction of strategic planning expansion by an interference from one to another higher level of the economic system's institutional structure is defined as a manifestation of the objectively determined necessity to extend the advisability scope of the business agents' activity<sup>21</sup>. In turn, complying with this necessity is inextricably bound with a prolongation of the economic system perspective in order to increase the efficiency of every production process and by means of these – the efficiency of the system (Mateev E.; Manov V., publ. 2001, pp. 97-99). The systemic character of the economy strictly determines the way to comply with this necessity. Moreover, that way goes through taking into consideration the characteristics in question and bringing the decision-making process (at different levels of the economic system) in line with its requirements.

### 3. Deductions and recommendations of the estimation on the Bulgarian economic governance correspondence to the strategic planning philosophy

In 2007 prof. V. Manov identified the main deficiency of the Bulgarian practices in governance at a macro as well as at a territorial and organizational level – a wrong manner of the decision-making process. Overall, prof. Manov's main conclusion was that failings, depicted in addition, had been determined by circumstances of "applying the same manner in decision making, in the organization of decision

execution, and in the organization of control on decision-execution to strategic, as well as to tactical and operational practices in economic governance"<sup>22</sup>. Therefore, in a material sense, the substantial deficiency of economic governance in Bulgaria at present are the attempts to resolve strategic problems (those of the survival and prosperity of the economic system) in the way current problems are resolved (those of daily round), using identical methods. However, going that way, we could not arrive at defining problems correctly. Moreover, we cannot distinguish those sub problems and tasks which are problems of a tactical and operational character, and form prerequisites to solve the main drawbacks to development.

Based on the essential characteristics of the strategic planning philosophy, the estimation of the decision-making process in economic governance at higher levels (i.e. the estimation of design and approval of economic decisions at macro, regional and local levels) reveals the main flaw of this process – **breaking of the economic system** (or **violating its integrity**). A more sophisticated examination of the findings allows systematizing deductions in the following directions:

*First*, the set of principles and political instruments<sup>23</sup>, adapted by the economic government in Bulgaria during the *transition* period, disunites the social-economic system instead of paying attention of the variety of its aspects and unifying them in a way to stimulate a harmonized development of its potential. This consolidates the contradictions between the interests of social groups, instead keeping down and harmonizing them.

<sup>21</sup> i.e. a necessity to guarantee the coordination between business activities under circumstances of increasing complexity of the economic system.

<sup>22</sup> Manov V., at al. 2007, p. 7.

<sup>23</sup> Two types of political instruments are known: creating norms to regulate subjects' conduct (including that of economic agents) and thus – to regulate the social-economic process, and concentrating financial resources (Molle, W., 2007, p. 109).



*Second*, there is a confusion between the concept of the approach to social-economic realities (the conscious aspect of governance) and that of the objective processes of social-economic development (the object of governance).

*Third*, the objective laws of the functioning of the economic system and its development, and regularities in the relations of the economic system with other (exogenous) processes and systems have been roughly neglected. Ultimately, there is a lack of methodological compliance of the economic decision-making process with the systemic character of economy (not up to the standard of strategic, tactical and operational problems' character).

The following findings of the analysis of working out macroeconomic decision-making methodology suggests these conclusions. **Firstly**, Bulgaria is disposing of a number of sectorial and territorial "strategies". More particularly including: "a strategy" to employment; "a strategy" of Labor and Social Affairs Ministry; "strategy" to combat poverty and stimulate social inclusion; a "strategy" on education has been worked out these days; a "strategy" on higher education is standing apart; "a strategy" on public health care; a "strategy" for emergency medical aid is being worked out; a "strategy" on the development of tourism; "a strategy" to develop sports; an agricultural "strategy"; "a rural development national strategic plan" has been worked out and "fishing and aquaculture national strategic plan"; currently a "strategy" on reindustrialization is being worked out, etc. Another direction of working out

"strategies" is the territorial, including the national regional development strategy and strategies on each of the six Bulgarian planning regions<sup>24</sup>, "strategic plans" for each of the 264 municipalities in the country and so on.

Every one of these documents considers a specific aspect of the economic system, but claims to be addressing the qualification "strategy", nonetheless they are suffering a lack of coordination. The necessary precondition for such coordination is working out a national economy's structural strategy. However, documents that have been drawn up and are in action nowadays, whose operational period is relatively larger, do not fit the requirements of such a projection. These documents do not outline a course of economic development in a relatively large period, and principally do not specify directions of the necessary structural changes in the national economy potential, in order to drive it to another, substantially new stage of development. Because of that, these documents cannot play a role of a coordinator of working out measures at macro and territorial (regional and local) levels, in each of the sub-periods of the relevant period.

For instance, the "National Development Programme: Bulgaria 2020" does not embrace the entirety of the national economy, nor its integrity and systemic character, despite all applications<sup>25</sup>. The methodology of working out this document runs counter to the strategic planning philosophy, because excludes some economic branches, confuses the institutional and industry-technological

<sup>24</sup> NUTS 2 of EUROSTAT's classification.

<sup>25</sup> The claim is that the document in question is "the main strategic and program document that concretizes the aims of politics for the development of the country until 2020" – p. 5, <http://eufunds.bg/bg/page/809>

structures of the economic system, manifesting roughly an ignorance of the strategic planning instruments. A proof of this thesis are the endeavors to formulate "strategies of the politics priorities". However, the main flaw of the document in general, is a "crisis of identity", because it is not clear which is its object and what kind of decisions would this document offer to develop?

The other two documents of Bulgaria (worked out at a national level) – the National Reform Programme<sup>26</sup> and the Convergence Programme<sup>27</sup> – suffer from the same "crisis of identity". On p. 8 of the initial version of the "reform programme 2007-2009" its subject has been mentioned. It specifies that "the NRP is the main **strategic** (*my comment – D.G.*) document of the Republic of Bulgaria Government, which aims to systematize the efforts of the public administration, those of the non-government sector and of the social partners to reform Bulgarian economy in order to reach high and steady rates of economic growth, and to increase employment in the country". On p. 9 of the original version of the "convergence programme 2006-2009" it has been mentioned that the document "...addresses parameters of steady fiscal

policy of the country, in accordance with Stability and Growth Pact directions, outlining politics to **steadily attainment** (*my comment – D.G.*) of EMU's criteria at the same times". Attempts to define precisely the functions and subject of these documents have not come to the very end<sup>28</sup>. A detailed analysis reveals that its elaboration, as well as that of the "National Development Program: BG 2020" neglects roughly the systemic character of the economy and on this basis is not in conformity with the fundamental principles of the strategic planning philosophy.

**Secondly**, instruments of drawing up and approving economic decisions at the higher structural levels (macro, regional, and local) have been adapted on an incorrect base – using the market mechanism instead of planning<sup>29</sup>. Because of that, some of the measures, outlined in the mentioned documents, bring the territorial units of the country to an acute opposition, concerning allocation of the financial resources of national politics, in particular the distribution of financial resources through the EU's cohesion policy.<sup>30</sup> On the other hand, the attempts to implant management practices (i.e. instruments

<sup>26</sup> In Bulgaria, its existence has been explained only with execution of "Europe 2020 strategy". The operative version of this document is for 2011-2015 period. – in: <http://www.minfin.bg/bg/page/573>

<sup>27</sup> This type of planning document has been worked out by the EU member-states, in pursuance of Stability and Growth Pact to comply with EMU's criteria. The operative version of the document is for 2014-2016 period. – In: <http://www.minfin.bg/bg/page/577>

<sup>28</sup> Each of these documents is updated every year, therefore their matters would be conceptually of tactical character.

<sup>29</sup> It is worth emphasizing explicitly that these two mechanisms – market and planning – are tools of coordination in economy, including market economy. Moreover, each of them has a strictly defined field of operation (Matreev E., publ. 1987, pp. 9-10)

<sup>30</sup> This phenomenon was incorrectly (from economy's point of view) named "putting regions/provinces/municipalities into a situation of competition". It is of a public interest to ask the authors of this practice explain how the question would be solved – people (and respectively their needs) of which region are the most important? Moreover, which are the criteria of selection, if the start had been put on different basis, concerning the initial potential of the participants in the competence. Distribution of financial resources on the basis of project principles normally favors those that are more developed economically. Bear in mind that the problems in question are public policies.

of organizational governance) and in particular marketing techniques in the higher structural level of the economic system are illegal. For instance, attempts to cope with problems of a structural character – such as the declining of some of sub-systems or/and of branches of the economic system – with "PR"-campaigns, techniques of the direct marketing or creation of "national brands", etc.

### Conclusions

The findings of the examination on the economic governance in Bulgaria in the light of the essential characteristics of the strategic planning philosophy have allowed to reveal a few reasons for the lack of correspondence. *First*, a lack of a good research process in elaborating on and approving economic decisions – at a national as well as at a territorial and local level of economic system – which would take into account the community's interests and guarantee the set of conditions to comply with the local optimums, reaching the global optimum. *Second*, a lack of an institutional structure for implementation of reach of content research process to formulate proposals for scenarios of national economy's development. It is worth specifying that only on the basis of such type of scenarios a public option of a social and economic development path and an accelerated passage to substantially new stage might be made. In addition, this is the way of designing coordinated and non-contradictory decisions about different aspects of the economic system

and rationalizing the decision-making process at lower levels of the institutional structure of the economic system.

Nowadays Bulgaria is still facing grave challenges related to overcoming suspicions about planning. Some of those have been provoked by the conditions formed in Bulgaria during the *transition* period and, on this basis, by the parameters of the recent national policy course. Another one is a consequence of the Bulgarian EU membership and of the commitments in the field of formal integration development directions. Another variety is a test of the political model of democracy, in particular, trials of the electing policies in the representative democracies<sup>31</sup> that the objectively determined tendencies and regularities in economic development have formed. Another variety of trials is being formed by interactions and inter-penetrations of the conditions in all these directions.

To overcome these challenges the starting-off point is setting a process of implementing strategic thinking and planning in the economic governance practice on the correct basis. We can identify this fundament only in the light of the system analysis and the systemic approach, interpreting on adequate basis the relations between the main functions of the governance, in particular those between planning (which is responsible for decision elaboration and proofs) and organization (responsible for instituting a process of decision elaboration, assignment, execution and control of execution). This is the way to identify the set of conditions in which individual initiatives and interests will meet those of society, that is public interests.

<sup>31</sup> Depicted by Joseph Stiglitz in "The Price of Inequity: how today's divided society endangers our future".

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