

## Book Review

The Expert Publishing House, Bucharest, published in 2009 the editorial volume *Evoluții macroeconomice, demografice în reforma pensiilor* – *Studii selective privind tranziția în România* (Macroeconomic, demographic developments and pension reform – Selective studies on transition in Romania), worked out by Ph.D. Constantin Grigorescu, senior scientific researcher, former director of the Institute of National Economy of the Romanian Academy.

The work includes researches of the author in the period 1997-2005, classified into three major domains:

- macroeconomic developments in Romania against other countries (position and place of Romania within the European and world context in the period 1947-1989, the economic criterion and Romania's accession to the European Union, reasons and effects of inflation during the transition period);
- population and demographic evolutions (demographic aging in Romania, demographic phenomena and living standard, demographic trends in territorial profile);
- reform of the pension system (the pressure of the new demographic trends on social security, requirements and options for the pension system reform, the legal framework of organization and functioning, private funds, implementation of the system of pensions based on capitalization, comparative analysis of public financing in Romania against other member countries of EU).

In the first part of his work, the author approaches the issue of economic-social gaps that separated Romania from other countries, within an European and world context in the year 1989 and which laid their mark on the transition of the country from communist dictatorship to democracy and free, competitive market mechanisms. The author has substantiated a specific methodology, based on a system of adequate, synthetic and partial macroeconomic indicators, expressed in a single currency, Euro or USD. Another moment of the comparison was the year 1997 when Romania initiated the required approaches for negotiating the accession to EU. The research highlights that in both years analyzed there were

some considerable gaps between Romania and the developed countries from the economic, social, technological and environmental viewpoint.

Also, in this first section of the work, inflationist phenomena during the transition period in Romania are investigated, underpinning a series of reasons such as: administered prices, influence of supply and demand; impact of monopoly structures; dynamics of cross-subsidies for power supplied to household consumers and economic agents; the influence of the fiscal burden, of excises and other duties. The research provides important study material for analyzing who the losers and winners are as a result of inflation.

The second part approaches from a historical perspective the objective and subjective factors of the demographic behavior in Romania, particularly birth and fertility, the components of the demographic transition, the reasons of the demographic decline after 1989, of internal and external migration, which reached maximum rates in the period 1990-1993.

On one hand, the author draws attention to the medium- and long-term effects of population aging and the increased number of pensioners that exceeded already by far the number of employees, and, on the other hand, to the amplified external migration phenomenon in general, particularly for high-skilled labor force (brain drain) as effect of the unfavorable balance between "brain" entry and exit from/to Romania.

The issues related to the pension system reform in Romania during the transition period, discussed in the third part of the editorial volume, cover the involutions recorded by the public pensions financed by the distribution method as an expression of inter-generation equity (first pillar of pensions). Highlighting the inequities of the enforced pension system and also of the one foreseen for the future by the various reform variants, the author succeeds to develop an interesting SWOT analysis of the different variants of reforming the pension system based on private pensions by the method of the private compulsory and optional pension system (pillars II and III).

All in all, the work provides for an in-depth research of the Romanian economy and society in the early transition to market mechanisms, pointing out the necessity of ensuring sustainability of economic growth and including the efficient and equitable sustainable pension system, eliminating the high discrepancies between low and high pensions. The study by the Grigorescu is based on the methodology of demo-economic and sociological interdisciplinary research, in a clear and concise style, and based on a generous statistical-informative material presented in a challenging and synthesized manner, and

rich documentation in the specialized literature in Romania and abroad, regarding the economic-social development level of countries and the ways of diminishing the discrepancies between developed and less developed countries on various time horizons, by means of mechanisms and policies that would harmoniously combine the economic efficiency and competitiveness requirements with the ones of equity and social justice at territorial level, but also between various socio-professional categories.

The transcending elements of all studies included in the present volume are the economic and social optimality criteria, in understanding Pareto and Kaldor Hicks by organically integrating the requirement of sustainability in a market economy, and a new public-private partnership based on good governance and strategic management by objectives.

The book was launched on the occasion of the 80<sup>th</sup> birthday of the author who spent over 55 years in the scientific research within the Institute of National Economy.

This event provides for all of us the enjoyable occasion to wish Ph.D. C. Grigorescu the best for the future and the power to further develop his researches, as well as to express our gratitude for the considerable contribution in promoting economic research within the institute and at national and international level.

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