

NEW ASPECTS
OF THE MACROECONOMIC INTERVENTION IN ROMANIA
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Abstract: The economic crisis showed negative effects especially during the last year; we would wonder then, how could appear the present economy without the active and preventive measures of pushing back the poverty from Europe, in order to diminish the disparities which affect the quality of life for all citizens. Paradoxically, in our country we can not observe the wages rise as a result of the increased productivity which followed up the cost-cut in all activities. Macroeconomic policies and the governance play a fundamental role in order to assure the economic construction at its imposed nominal convergence index.

Key words: economic crisis, financial support, macroeconomic policies.

Introduction:

2010 is the tenth European year from its strategy for growth and jobs: ten years ago, the Lisbon strategy, in 2000, was the initial political commitment of the European Union for acting with a “decisive impact” on the eradication of poverty and increasing the public welfare.

During this time frame, European funds were supporting the sustainable economic growth, and job creation by helping small and medium enterprises to become important agents on all markets, and other financed measures.

The world financial and economic crisis showed their negative effects, especially in the last year; we would wonder then, how could appear the present economy without the active and preventive measures of pushing back the poverty from Europe, in order to diminish the disparities which affect the quality of life for all citizens.

Debate:

In Romania, as well as in other countries which are engaged in the general effort

for prosperity, to limit the negative effects of the 2009 negative growth is the main concern, and this brought up a most flexible macroeconomic policy, when it comes to use tools.

Thus, the government engaged a financial support from the International Monetary Found, in order to face the lack of liquidity from the current activities and the difficulties aroused from the step by step connection of the economic branches to the European general economic mechanism- leded by Germany and France, as far as our country is concerned.

International Monetary Found gave the largest share of the financial assistance for our country, on the basis of two years 12.95 milliard Euro Stand-by Agreement.

In our country, the small and medium enterprises set up together an important part of the economy and they are a substantial source for the public budget, their development being considered in the last 20 years most important, replacing the production units of the late regime.

Being aware that, by closing activities in small business, lower returns will come up, and consequently, all other incomes will decrease, the current tooling the fiscal regulation aims to decide the minimum loss for each entrepreneur and for the common budget.

Also, the macroeconomic management targets to prevent the expanding of poverty and an unfair compromise in the quality of life for most of the population.

The small business rationality generally chooses between owing profits and advantages, and disinvestments, in order to perform on markets with the highest efficiency. Still, there are theoreticians which blame this behavior for generating disequilibrium and crisis for everybody, and consequently, for creating undesired economic crisis situations.

Other critics consider as major generator of the world crisis the financial activity alone, which, by the crediting mechanism starts and amplifies disharmonies among labor, goods and money markets.

To sum up the divergent opinions about the origin of crisis and socio-economical cycles, the multiple origin of the macroeconomic fluctuation becomes every day

more diverse, anti-crisis policies being required for all levels of organization. The only problem we had to fight, on short, medium and long term is the negative consequences of the observed economic cyclic motion.

Our country, as well as other European ones, struggles the most severe recession since the 1989 Revolution and the main instrument to handle this is the monetary policy of the National Bank of Romania (NBR).

The domestic situation is of such a nature that the state reserves need an intervention which has been conditioned by the foreign financial assistance.

The present situation grounds in the lack of equilibrium, the objective trend towards the structural harmonization with the world economic environment, the scarcity of employment, but also in conjuncture policies which did not performed expected results.

Thus, the macroeconomic adjustment in all sectors of activity where small business is involved will be successful if the re-allocation of resources matches the so called “reform”, in the sense that the overall structure of the national economy serves the European target to create harmony and similarity in the continental system, while preserving the diversity achievements.

Theory has not defined very precise to what extent the structural similarity referring to sectors, branches of activity, and enterprises was mandatory to be pushed or limited: here comes the role of macroeconomic management, national and European, expected to serve the interest of all citizens and to apply the optimal measures of stimulate or discourage specific branches and activities.

Concrete, the current administration budgeted for 2010, an industrial production owing positive annual growth rates, recognized by the International Monetary Fund as well, which will drag up the growth rate yearly index more than 1%.

The quick economic re-conversion enhances the benefic redressing impact of the recovery in the direction aimed by Romania, to enter the Euro-zone as soon as possible.

In Europe, the theoretical frame of sustainable economic development is centered on equilibrium and stability, which could be reached under the restrictions of a quasi

comprehensive structural harmonization. On the other hand, if the total similarity of all branches will occur, the international trade would potentially trend to cut down; the reality of market shows that the global trade is widening and expanding, fact connected to the diversity of the human needs and possibilities to fulfill them more profitable. In other terms, the benefic goal and results of total structural harmonization will always be confronted to the comparative and competitive advantages which feed the global trade.

Considering this given observation, macroeconomic policies, and the governance play a fundamental role in order to assure the economic construction at its imposed nominal convergence index.

Practically, for Romania, the entering Euro-zone is conditioned by the maintaining all the stability index inside a yearly calculated interval.

Thus, if per 2009, the economic crisis brought a slowing down of the direct inflation targeting of 3.5%, now, this target was transferred to 2010.

For example, the first term of 2009 recorded a 6.71% inflation rate, the last term decreased it to 4.49% and we had the yearly average inflation rate of 5.5% in 2009; but authorities are permanently in control of the slowing down inflation rate, by synergic tools which targets the prices.

The 2009 fiscal deficit changed to 7.9%: the pressure on the deficit is due to the governance expenses and to the dropping down of the economic growth, from continuous positive achievements during the last 9 years (even 8.5% from GDP in 2004, 7.1% in 2008), to a (- 7.7%) negative index in 2009.

From the point of view of an index analysis, the crisis brought positive effects: in the balance of current account, for our country, 2007 recorded a deficit of (-13.5%), while 2009 decreased the deficit to (-4,6); also, the foreign trade deficit was during 2005-2008 period from 10 to 20%, and in 2009 the trade deficit dropped under 10% (yearly comparison).

The employment - productivity balance gained performance in Romania during 2009 (since March 2009, labor productivity in industry gained positive index), but paying the price of a raising lay-off trend.

The restructuring of activity in the economy caused the sharpening competition on markets, which pushed all entrepreneurs to cut costs.

For enterprises, a method to cut costs and increase productivity remains the lay off, and as result, the registered unemployment rate was 7.3% by the end of 2009.

In the same line of the cost-decreasing effort, the 2009 annual dynamics of net wages slowed down, compared to previous time-frames.

Until now, unemployment is expanding this year too, but paradoxically, we can not observe the wages rise as a result of the declared increased productivity.

Conclusion:

In theory, the unemployment is the effect of the crisis, but in practice, for Romania, the unemployment and the drastic decreasing of the home-employed population is a major cause of the economic growth decline, and labor market disequilibrium.

On national labor market, every day more segmented, over-employment is present as well as unemployment, immigration and emigration, due to the permanent deficits and excess of labor, in different segments.

This situation is connected to the business activities of externalization and internalization of parts from their activities, or from their activities, on a larger geographic scale. If the latest 20 years brought a largely approval of the outsourcing and externalization trend, seen as a benefic aspect of globalization, the recent approach of European policies re-consider the internalization of activities and their benefic role for enterprises, companies, regions and countries, in spite of the vital tights of the European economic system among all member-states.

New trends are revealed for our country by the re-structuring function of the current economic crisis: a more responsive answer to employment target, more attentive to the quality of labor; the lack of capital accumulation requires authorities intervention for foreign investments, supporting in this matter small enterprises as well; the technologic transfers should be encouraged by a wider contractual frame; an ongoing flexible index system of evaluating efficiency at all levels of activity.

Firms, local administration, as well as upper levels of governance will hold a great-

er responsibility to find an answer to the major socio-economic problems of their community. The European society is mandatory to gain a major change, towards a better communication, knowledge exchange and co-operation in order to leave behind the negative effects of the economic crisis.

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