

The Current Economic Crisis Probable Causes – Possible Evolutions

~ Prof. Ph. D. **Paul Marinescu** (Faculty of Business and Administration)

Abstract: This paper is intended at emphasizing that the world today, too complex and vulnerable is a set of crises generating factors. Unfortunately, few are objective and the consequence of regularities. Most are created, in contexts which are difficult to foresee or manage, and they favor small groups of people. The paper intends to make value of the idea that the world of tomorrow needs a change, from the paradigm of COMFORT to the paradigm of EQUILIBRIUM AND RESPONSIBILITY.

Keywords: responsibility, recession, social security, international financial institutions

The perspective of recession imposes a reticent attitude to decision makers in respect with Romania's evolution in the next years. Previous optimistic statements demonstrated that the dynamics of the economy is unpredictable and depends on a great number of contextual factors or factors imposed by international institutions. The forecast of economic decrease imposes hard to control budgetary deficit in a system which does not produce economic goods.

The perspective of small budgetary incomes will no doubt lead to increased taxes, higher social securities contributions and excises, as well as severe expenses cut downs.

Companies which have contracts with state's institutions will face delays in payments, of impact over economic flows.

Permanent change of prognoses by financial institutions demonstrates that the said are lacking the necessary tools in order to foresee and prevent crises. Under such circumstances, the lack of information and confusion can generate unpredictable individual and group attitudes. The multilateral financing program suggested by the IMF to Romania raises questions because IMF policies have been implemented in other countries, leading to disastrous results.

Question marks appear the more so

considering that this international institution dictates for large amounts of money to go to international banks with subsidiaries in Romania, which are at the present moment in payment impossibility. It is obvious that we cannot foresee where the Romanian economy will go because we do not have enough data regarding loans and consume evolution.

It is mandatory for scenarios regarding Romania's evolution to be anchored in the reality and their content needs to support above all Romanian people's interest. Macroeconomic estimates of IMF have annulled the estimates made by Romanian decision makers. This is surprising because it can lead to the conclusion that international institutions are more familiar with Romania's economic situation than the Romanian decision makers. On an international level, Romania's macro-economic situation is first of all a matter of inter-dependencies. Strengthening the taxation policy by drastic cutting down of expenses must be done because no possibilities are left for increasing budgetary incomes considering that excises and social securities contributions have already been increased.

From a taxation standpoint it is difficult for budgetary deficit to be reduced down to zero compared to real data in an unbalanced economy, which has been for years focused on consume. Romania's fiscal strategy must start from reducing the number of taxes and duties because in some situations it costs more to collect them than the collected amount. Measures for fighting against bureaucracy can lead to a healthier business environment in the crisis period. Increasing excises and of the contributions to the pensions system, increasing health budget contributions make the companies' cutting costs policies more difficult to achieve.

The new Fiscal Code can help if all amendments are carefully considered and used if ascertained they would improve content. Financing the current account deficit and reducing short term debt represents great challenges for the Romanian state. The support asked by banks and automotive plants to the state can represent the deepening of the crisis in case the borrowed amounts do not contribute to creating a balance between production and consume. In view of the present analysis we assist among others to an overproduction crisis. We can notice that markets are no longer able to absorb products and that is why discontinuities are induced in the financial flows.

Banking circuits are blocked in two areas: the one in which population gets loans in order to consume and the one granting loans to companies in order to produce. The quantity of borrowed money has exceeded the bank's flows, leading to dramatic financial blockage. We can also speak of other factors generating the crisis: intentionally distorted image on the banking system's solidness, maintained by mass media (visual, press, audio, online), but also by political and financial factors; brazen advertising activating people's latent greed. We can also refer to a crisis of the educational system, often amplified by thesis which can generate confusion.

The credibility crisis of the world economic system puts us in front of serious questions which have answers but no immediate solutions unless deep inequalities between developed countries and those blocked on low development levels are not removed by those holding the real power. Over-evaluations have created the conditions for immeasurable losses for millions of people and millions of

companies worldwide. Thus the ideal conditions were created for mass bankruptcies due to the impossibility of individuals and legal entities of becoming efficient and efficacy parties in the economic circuits. Such bankruptcies irreversibly lead to under-evaluations creating the possibility for those who can buy to get the desired goods.

Limited resources, environmental issues, are two challenges to which mankind should answer. The vulnerability of national economy can increase also because of the disorder in public expenses, which can accentuate the lack of trust of the investors in the Romanian economy. Without promptitude and a coherent and consistent governmental plan in order to manage and adjust disequilibrium and in order to ensure financing lead to concerns regarding the perspective of a difficult to control situation. Social pressures can create a gray painting regarding the real possibilities for managing such a reality.

The evolution of the labor force after 1990 demonstrates that human resources development and motivation policies on a national level have been most times feeble. This is why two social-professional categories have left Romania in order to work in Europe's developed countries and not only (over-qualified people and those who made use of their seriousness in agriculture or services). This exodus of the population has led to the depopulation of a wide area in Romania, as decreased the qualified labor force on the national market.

Large amounts of foreign currency brought in Romania by those working abroad have been especially used on consume. Actually, after 1990 Romanian population has been encouraged to get consume loans. Thus, the conditions have been created for defining a market in which supply sources are in other parts of the world, even in areas in which expertise used to exist. Traditional markets have been eliminated for 20 years and now we are collecting the results of this sort of unconscious behavior and lack of professionalism. I am referring to the former soviet area, China, Africa, the Arab world.

We can notice that the post-revolutionary period has consisted in experiments, may them be political, economic, social, cultural, educational, environmental, most time disastrous. In view of applying the economic theories and models we can ascertain that we are living in an era in which the validity itself of these theories and models is questioned.

This world of excesses, large resources consumer, creating conflicts, dominated by greed, in which an excess of image is created invading the space of reality is necessary to have individual and group responsibilities redefined, we need to regain our trust in national public institutions, to regain respect in every single individual, to clarify the place and role of each country in the world values and interests system, to unequivocally define the role of banks and stock exchanges in the economy.

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