

Economic Recovery after the Crisis and the Cohesion Policy

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Abstract: *Even European Union was considered a strong institution, US crisis covered the european area. All 27 countries UE members are involved in a hard work related to euro aria future and meanwhile in stability strategy. Concerning economic dimension of crisis gouvrenments found out how vulnerable they are becouse of an unequal sates involvment in solving recesion problems, becouse some countries have to addopt efficient finacial and economic austerity decisions and other ones not. Starting 1930 until today, European Union developed economic relations among members, using Structural Funds too. This financial instrument could bean efficient support for reducing crissis. What could be benefic for Romania, as a noneuro country, in order to diminuate the dimension of crissis and to develop a solid market economy?*

Keywords: European Union, structural funds, economic crisis, restructuring, economic recovery

The structural funds have contributed, since the establishment of the Community Coal and Steel to implementation of European policies in the economic and social field. Since the signing of the Treaty of Maastricht on European Union, in November 1993, strengthening economic and social cohesion became the official point of view, one of the objectives of the European Union. Along the history of post-war European integration was given to all choesion goals. But, as the economic Union extends social cohesion, has become more difficult to be established. Cohesion policy has a strong instrumental character and solidarity funds shall contribute to achieving the objectives of other sectorial UE policies such as the common agricultural policy, social policy, environment policy. In addition, regional development policy point to the EU development through pre-accession funds PHARE, ISPA and SAPARD which were available in the accession countries and which is supported tranzitiaacestora to EU standards.

To determine the historical and political context in which the European economy has developed, it should be stressed that the major world war have made Europe to remain deeply divided and affected by the two world wars, which broke out on the continent. After the first world war, ideas and concerns for a United Europe were frequently evoked. It should be noted that the company of Nations Assembly adopted, for example, on September 17, 1930, a resolution creating the Commission may decide to study for the European Union. It is known that this proposal to the Foreign Minister of France, Aristide Briant, who was also appointed President of the Commission. The objective of this initiative was the creation of a European organization with political and economic character. Due to the international crisis and the evolution of the events on the continent, the idea of creating the European Union went into deadlock and then quit it.³

³ Constantin, D.L., *Economia regională*, Ed.OSCAR PRINT, București, 1998

After the second World War when a large part of the European economy was destroyed, the ideas about European unity were resumed. In 1946, Winston Churchill, in a speech held in Zurich, Switzerland, has developed the idea of creating the United States of Europe. The span of nearly a year, in 1947, the Marshall Plan was launched for the purpose of reconstruction. United States of America have offered their help for the reconstruction of all the countries of the continent, but that aid was accepted only by the countries which were to constitute the Western Europe.⁴ Subsequently, Robert Schuman, the French Foreign Minister, proposed a plan that bore its name later, Schumann Plan for the creation of the European Community of coal and Steel Community (ECSC). Italy and the Benelux countries have supported this plan and in 1951 was signed the Treaty of Paris between Belgium, France, the Federal Republic of Germany, Italy, Luxembourg and the Netherlands. The ECSC was founded on 10 august 1952, Jean Monnet became the first President of the High Authority of the coal and steel.⁵

After the formation of the Group of 15, the European Union decides to consider and some countries with associate status, signed the association agreements for six countries in Central and Eastern Europe (CEECs): Poland, Hungary, the Czech Republic, Slovakia, Romania and Bulgaria. For creating the European Union today focused on issues related to the economic development of the community space and ensuring a balanced exchange markets and peripheral Member States have negotiated several steps to the so-called economic and social cohesion.⁶ As a result, the Treaty on European Union includes a special commitment in this respect, namely in Article 130a, which States: the community will have as their objective the reduction of development disparities of different regions of the lack of progress of the disadvantaged regions, including regional areas. At the same time, under Article 130 d, was set up a cohesion fund to provide funds (Structural funds⁷) for economic development through projects of improvement of transport and environment, allowing all Member States to reach the final phase of economic and Monetary Union.⁸ The structural funds ' programmes have made the subject matter of the two horizontal priorities, which should be incorporated into the definition and implementation of measures financed by the structural funds and the Cohesion Fund:

1. sustainable development, which includes compliance with the Community legislation for the protection of the environment and nature;
2. equality between men and women and their incorporation into all policies (so-called mainstreaming), proritatie is not an option but an obligation⁹.

⁴ Fuerea, Augustin *Instituțiile Uniunii Europene*, Ed. Universul Juridic, București, 2002;

⁵ Fuerea, Augustin *Instituțiile Uniunii Europene*, Ed. Universul Juridic, București, 2002;

⁶ Fuerea, Augustin, *op.cit.*

⁷ Pentru verificarea adiționalității în zonele Obectiv 1, Comisia Europeană a emis un document metodologic de lucru. Toate cele 27 de state membre poartă principala responsabilitate pentru dezvoltarea zonelor aflate în dificultate. Uniunea ajută aceste țări să obțină mai mult și să atingă rezultate mai bune decât ar putea dacă ar acționa pe cont propriu.

⁸In the early 1990s, Sweden, Finland, Norway and Austria have begun preparations for EU membership. Even if, in the end, Norway has decided not to join the Union, and has influenced the process of negotiation. Unlike previous expansions, this round of enlargement is not going to increase regional differences within the EU.

⁹ Technical document No. 3 published by the Commission, explains official demands related to the integration of equal opportunities for women and men in Structural Fund plans

Regulations for the Cohesion Policy and structural funds were revised once again, for the programming period 1994-1999, as well as lists of eligible regions¹⁰, and the basis for the programming period of the structural funds 2000-2006 were fixed from the beginning of 1996, at the European Council in Berlin, where the heads of Governments of the Member States having concluded a political agreement known as Agenda 2000 (an action programme whose main objectives are the strengthening of Community policies and the creation of a new financial framework for the Union Europe for the period 2000-2006) who confront at the time with three challenges of the EU:

1. how to strengthen and reform the EU policies taking into account enlargement
2. how to negotiate the extent and in the same time to prepare the candidate countries for accession all;
3. how to finance enlargement, preparations for the advancement and development of internal EU policies.

Compared to these three challenges the views of the European Commission was that structural funds should remain a vital tool for strengthening the economies of the regions of under-developed and promoting economic and social cohesion in the EU, once strengthening economic and social cohesion in the current conditions of the European regional policy is made more efficient and transparent¹¹, as well as sublined after EU enlargement the process of removing the disparities between regions will probably last for decades, which is why the EU policy on economic and social cohesion is so important.¹²

Under the structural funds, a special chapter was thus allocated to the Cohesion Fund. As you?, the Cohesion Fund was created by the Treaty of Maastricht in 1992 in order to ensure the required financial contribution to projects in the fields of environment and trans-European networks of transport infrastructure. This Fund has been reserved to the Member States which have introduced the convergence programme and whose GDP per capita is below 90% of the Community average¹³, being redirected to Spain, Greece, Ireland and Portugal. In accordance with the principle of additionalitii, EU funding is added to întotdeauna national financing, so that the country can overcome the limitations imposed by its own financial capacity. However, Community financing may not represent to any country a means of making savings on their own national budgets and the application of the principle of cohesion must comply with a complex process comprising several stages:¹⁴

- a. At the beginning of each programming period, the European Union (the Council, on a proposal from the European Commission and after negotiations with the European Parliament) decides on the budget for the structural funds and defines basic rules for their use.

and programmes and give îndrumari to the way in which these requirements can be implemented in practice.

¹⁰ *Enciclopedia Uniunii Europene*, Ediția a II – a, Editura Meronia, București, 2006

¹¹ Frenzt G. N., N. Un instrument al politicii de coeziune economică și socială, *Mesagerul economic* nr. 47/28.11.1999

¹² Ghidul Fondurilor Structurale; Ghidul actorilor dezvoltării regionale, București 2006; proiect PHARE

¹³ The Cohesion Fund provides direct funding for individual projects, which are clearly identified from the outset. The decision to fund a project is taken by the Commission, in agreement with the beneficiary Member State, while projects are managed by the national authorities and supervised by a Monitoring Committee.

¹⁴ Dimitrescu, M., *Beneficii și costuri ale integrării României în Uniunea Europeană* (coautor), Anuarul Institutului Gheorghe Zane din Iași, 2006

- b. Structural funds are divided on several divisions of countries and on targets. Then the Commission proposes common thematic guidelines.
- c. Decisions and following these guidelines, each Member State or region with the active involvement of the economic and social actors identify areas at risk or vulnerable social groups and drafting its proposals and strategies for development, summarized in the National Development Plan (NDP) Plans submitted for objectives 1, 2 and 3 must contain appropriate priorities national and regional authorities, and must include, in accordance with Council Regulation 1260/1999¹⁵
- d. After the National Development Plan is completed, it is sent to the Commission. The Commission and Member States to discuss the content of the NDP and most suitable Community funding for their implementation.
- e. When both sides agreed fell to all topics, the Commission shall adopt the programmes and results, such as the community support framework (CSF) and operational programmes (OP). Once completed, the CSF and programs operations are included in a single document submitted to the approval of the Commission. This document approved is called single programming Document and contains the same information that can be found in the CSF¹⁶ and OP – Structural operational programme.

Operational program is a document approved by the Commission which allows implementation of the CSF, by including a consistent set of priorities comprising multiannual measures involving one or more funding and you must must contain:

- the programme in accordance with the CSF Priorities, their specific targets, quantified, and possible an evaluation of the impact expected.
- a brief description of the measures planned to implement the priorities and procedures of monitoring and evaluation
- an indicative financial plan specifying for each priority and each year the financial allocation for the completed portion in for the contribution of each Fund, as well as the total amount of eligible public and private financing estimate for each fund;
- implementation of operational requirements, such as nominating authority of management, a description of the arrangements for managing the programme, the description

¹⁵ A description, possibly quantify it, the current situation, with details of the disparities, gaps and potential for development of areas or tintî groups, as well as a description of the main results obtained during the previous programming periods, based on concrete evaluations; a description of an appropriate strategy to achieve the objectives and priorities, and for selected activities funded by the ESF, National Plan for Employment; The plan has to make the distinction between the funds allocated in areas covered by Obectivul 1 or 2 and areas receiving transitional asistenttade; a record of agreements made during the process of consultation of partners.

¹⁶ Each CSF must include: statement of the strategy and priorities for Community intervention and for the national, where specific objectives are quantified (if possible) and the expected impact is assessed; indication of the nature and duration of the Operational Programmes; an indicative financing plan specifying the annual allocation for each Fund;

of the sistemuluide monitoring and evaluation, define procedures for ensuring the transparency of financial flows, the description of the control measures¹⁷

I made a general presentation of the main European Union which has been initiated over more than 30 years for the economic development of member States, in order to create effective development regions. It should be noted that this process was absolutely necessary because, after 1 January 2007, when the European Union has become an administrative complex consisting of 27 national entities with a population that exceeds 500 million inhabitants, it was natural to approach the idea of harmonizing the need for savings to institutiilor Central and local legislation. This has become imperative because one of the desiderata of all Member countries refers to the desire to develop stable institutions able to guarantee democracy, compliance with national and Community law, the fundamental rights and freedoms of man, including equitable commercial markets. Economic development and specific legislation, not only should be brought in, but you have to give some flexibility to ensure harmonious regional development, thereby reducing the economic discrepantele.¹⁸

The european dream has been shattered pretty quickly, generating many economic and social disturbances due to the economic crisis. With all the efforts undertaken through a period now in which global economies try to pick up the markets that are facing serious problems caused by the economic crisis. Regardless of the forms of savings and their specific features, the economic crisis that is worldwide, has affected all structures and functionality of their States¹⁹, the causes and effects of triggering the current crisis and on the other hand, changing the role of the State in this context. Financial crises can be predictable while others are difficult to anticipate. They can have various sourced as factors. What is obvious, however, is the fact that the problem was with the current financial crisis was, *if you will, but when you start*²⁰. According to some authors, since the end of the 20th century? s were able to distinguish three types of financial crises: foreign exchange, banking and foreign debt. A unique concept in economic theory in this sense it represents the twin crises (twin crises) and the currency crises of the banking sector. In this sense we can mention the Asian crisis (1997), Russia (1998) or Turkey (2000) that are cogent examples.²¹ It is known that the apparent origin of the current crisis is the result of actions as legal taken amid generalized disorder of the U.S. financial market, to which was added the excess in high-risk credits (subprimes). It has thus been reached anover indebtedness, a phenomenon that drives economic dependence. After decades of growth in prices was thus entered in an infernal cycle of inefficient recovery methods that have been completed in many cases with the insolvency of debtors.²²

American insurance companies together with the most important old did the indebted States model translation the family economy had massive prortie of modest income, naturally,

¹⁷ Details of the program, called Complement, Programs are decided by national or regional authorities, while the Commission must be informed. Once these documents have been approved, the programs become operational.

¹⁸Anglo-Saxon type (USA, UK, Canada), West german guy (France, Italy, Spain), the type of market (Germany, Netherlands, Austria partial), northern-european type (Sweden, Norway, Denmark, Finland), paternalist Japan market type.

¹⁹ Aftalion, F. În Uniunea Europeană relansarea economică va fi lentă, Evenimentul Zilei, 23.032009.

²⁰ Iovv, Tatiana, Criza Financiară - O Pistă Pentru O Nouă Creștere Economică, Revistă de teorie și practică economico-financiară, Nr. 1 (44), Sibiu, 2009, p. 17.

²¹ Bordo, Michael D., Christopher M. Meissner, *The Role of Foreign Currency Debt in Financial Crises: 1880-1913 vs. 1972-1997*, NBER Working Paper No. 11897, Issued in December 2005.

²² idem

with the agreement of the political forces which have agreed to the interested economic growth which was not false, sustained by an increase equivalent to the actual demand (especially housing). Thus there has been an unprecedented jump in the price of real estate, inversely with minimum quality standards. The philosophy of this type of development consist of loans that were guaranteed by the mortgaging of housing whose price swell by the day, a fact that has allowed banks to offer consumer loans to some new people already îndatorati over the limit, but that possessed them, saith, coatings, represented by their real estate assets the value of which fictional saeed with every day.....²³ The phenomenon encompassed pretty quickly almost the entire planet including our country. Economic crisis in Romania shows the same symptoms taken after the american pattern.

Although there were many alarm signals the decision-makers have not wanted to admit the occurrence of a phenomenon that began to manifest itself since the end of 2007 and has become in the last quarter of 2008. The large number of investments in residential areas, have led to an overproduction of plunging real estate population. As construction firms were closed its gates affecting horizontal industries, and there was a high level of unemployment in the rows of a debt-laden with populations (*let us remember only the fury of the identity cards credits*), which does not and could not pay the rates on bank loans, thus generating a great crisis of liquidity on the market and a level of inflation that began to grow alarmingly.²⁴

Everyone agrees that it is now increasingly evident need of collaboration and co-ordination at international level, but institutional mechanisms that make possible effective this coordination is insufficient and imperfect, though it requires coherent, viable approaches and strategic partnerships to redress the situation. Today, companies must make a global management²⁵ (at the level of a single, global markets), but also a local management (a huge number of separate markets, with weak ties between them) from the definitions of crisis or recession data by the National Bureau of Economic Research (NBER), as being a significant decrease in economic activity for a few months, reflected in the decrease decrease in individual income, reducing employment, industrial production and reduction of consumption, i.e. the whole economic and social life of the nation. Developing economies in the world today is accomplished in an environment of social, political and economic complex, defined on two essential coordinates: national-international report, on the one hand, and the cultural dimension, on the other hand²⁶. By accepting these coordinates and on the evidence, which shows that, after many years, we are dealing with a localized crisis at the level of the developed country (not just at the level of developing countries), as happened with the great inter-war crisis which began in 1929 and continued on for several years, or the fall of the Bretton Woods System in 1971, firm measures are necessary. We know that the essential decisions which are discussed in informal structures (G8, G20) should be put into practice by the national Governments, which may or may not accept this situation.

²³ Stiglitz, J., *How to fail to recover the economy*, The Guardian, 02.03.09

²⁴ Losses were huge especially in the USA, United Kingdom, Germany, Belgium, Netherlands, Luxembourg and Iceland that is fixed in the heart of the world economic empire and colonies in the most reliable non-interventionism policy drastically, neoliberal preached without ceasing. It is, in these circumstances, a detached from any contact with economic reality, the production of material goods and services. Replierea banking landscape was exposed in: «Le des banques big bang», in «La Tribune», nr. 4 018/October 15, 2008, and in the Financial Times, October 16, 2008; See also «Les banques américaines achèvent leur recomposition», Le Figaro», 3 ianuarie 2009

²⁵ Postelnicu, Gh., Postelnicu, C., *Globalizarea economiei*, Editura Economică, București, 2000

²⁶ I.Popa, R. Filip, *Management internațional*, București, Editura Economică, 1999, pag. 13

Alan Greenspan²⁷, former Chairman of the Federal Reserve, has defined this crisis immediately after her outburst, as a tsunami of credit that appears once in a century, and the term tsunami must alarmed policymakers. Decisions for getting out of the crisis has to keep in mind what was great lesson Greenspan of this crisis: *We learn that free markets, but mismanagement of capitalism leads, finally, to a deep crisis. But we will not learn immediately, but after the real economy will sink. I think in the next two decades will accumulate under the lesson to be invatata. So we will take it as we learn we cannot drink and eat for free. But it seems that collectively we can remember for a long time, but maybe for two decades yet. It is said that those who don't learn from history are doomed to repeat it while returning from this crisis proves to be difficult*²⁸.

To avoid being just a subject of decisions taken by others, Romania should be ready to participate actively in the construction of the new institutional framework valorificându-și and supranational primarily as a member of the European Union. In this context the decisions you have to take a two-dimensional aspect because, as said academician Mircea Malița, *currently there are two parallel crises, two sisters. Began, one in financial and economic system and the second, in the field of international policy, which concerns the system of States, what we call the international system*.²⁹

Economic policy for the coming years has to keep in mind the definition of the date of such phrases. In the dictionary of macroeconomics, economic policy of any Government, represents the whole State measures taken in order to ensure economic growth, labor employment, balancing the balance of foreign payments, price stability, and ensure the independence of the inegalitatilor reduction.³⁰ This definition should be carefully taken into account by the Governors at the time of the economic relaunch programme because, in terms of direct impact, the banking system has been less affected because it wasn't exposed to toxic assets, as well as due to the prudential and administrative measures adopted over the years by the National Bank of Romania. This advantage must be seriously considered, as the economic recovery depends on the lending.

We can take into account Romania's attempts to prepare for accession to the Eu which enabled a positive economic evolution by applying the necessary reforms of the General objectives of the Lisbon strategy: more economic growth and more employment, reforms that have kept account of the influence of the moment. These elements must generate a viable strategy for economic recovery. We should not repeat the mistakes of 2008 when, although Romania had a record economic growth of 8.8 percent in the first half, at the end of semester II we have witnessed the collapse of the auto market, and the decrease in the real estate market because of economic crises are unpredictable trajectories. Even the duration, we cannot conceive, *but measures must be designed for a certain duration*³¹.

For Romania's economy is reviving paramount priority, being a viable policy to attract foreign investment since the economic environment in Romania to meet its conditions for

²⁷ Mr. Greenspan, the former Chairman of the Federal Reserve, is President of Greenspan Associates LLC and author of "The storm: Adventures in a new world" DI Greenspan. (Penguin, 2007)

²⁸ Gaftoniuc, Simona, *Reinventarea băncilor*, The Romanian Economic Journal, Nr. 31, București, 2009

²⁹ Malița, Mircea, *Ce putem învăța despre criza economică*. Dezbateri, organizată de Secția de Științe Economice, Juridice și Sociologie împreună cu Institutul Național de Cercetări Economice „Costin C. Kirițescu” și Comitetul Național Român „Grupul de reflecție E.S.E.N.”, București, aprilie 2009.

³⁰ Băcescu-Cărbunaru, Angelica, Băcescu, Marius, *Dicționar de macroeconomie*, Editura C.H.Beck, București, 2008, p. 153.

³¹ Postolache, T., *Ce putem învăța despre criza economică*. Dezbateri, organizată de Secția de Științe Economice, Juridice și Sociologie împreună cu Institutul Național de Cercetări Economice „Costin C. Kirițescu” și Comitetul Național Român „Grupul de reflecție E.S.E.N.”, București, aprilie 2009.

returning to a sustainable growth. Foreign investors would find very attractive if Romania Bucharest Government would develop a strategy to target prudent fiscal and monetary policies (and the changes to be announced ahead of time) and special attention to the phenomenon of corruption³². It is enough to walk a bit through Bucharest that you realize how corrupted is the business environment in Romania, "says Steven van Groningen, President of the Council of foreign investors in Romania (FIC).³³.

Speeding up absorption of EU funds (measures that we propose all the economists in this period, and the Government continues to ignore them) of Romania was allocated the sum of 19.7 billion euros in cohesion policy for the period 2007-2013, EUR 9 billion from European Regional Development Fund (ERDF), 6.6 billion from the Cohesion Fund, 3.7 billion euros from the European Social Fund (ESF) and 455 million for territorial cooperation. In addition, Romania will benefit from 8 billion euros in European Agricultural Fund for Rural Development (EAFRD)³⁴. It should be noted that in order to maximize the role and contribution of the structural funds³⁵ for the promotion of economic and social cohesion and local development, strengthening the principle of partnership must be in structural funds interventions and the entire process of planning, implementing, monitoring and evaluating the actions and programs that receive support from the funds. For a good absorption of the funds made available to Romania, it takes many eligible projects and their impact, based on open and transparent. The capacity of absorption of funds is higher, with as many beneficiaries are well trained for their administration.

In order to support economic recovery, to encourage projects and investment in the field of energy, ecology and agriculture it is necessary to adopt a new vision which will help the local economy to overcome heavy moments of crisis. Energy is a key area for the Romanian economy, and the wind sector has the potential to attract investment of more than 5 billion euros until 2013, for a total of 3,000 MW install, which will involve the creation of more than 6,000 new jobs.³⁶ A higher energy efficiency along the entire production chain, transmission, distribution and end use will improve air quality and economic competitiveness and will create preconditions for a sustainable development. Efforts will concentrate on a more effective management of the natural environment and on the sustainable use of natural

³² www.adevarul.ro/financiar/: The Council's recommendations to foreign investors: on the other hand, corruption still remains one of the most important issues affecting the social economic development of Romania. International organizations still criticize Romania to record progress in judicial reform and initiatives to combat corruption. Thus, in the view of foreign investors, to create good governance practices, Romania should focus more on promoting the rule of law and fight against corruption. Romania is seen as having a more corrupt than in other countries, which has a negative impact on investors' perception.

³³ It is an organization that brings together 130 foreign companies, the Government has recommended a set of measures for improving the business environment.

³⁴ Jakes Pelkmans, *Integrare Europeană*, IER, 2007

³⁵ The partnership is a relatively recent innovation, was first introduced in 1988 and initiated reforms in regulations the current programming period. Without doubt, the principle of partnership is already deep imprint at all stages of the structural funds, and in many programs is more than just a formal mechanism for consultation and cooperation, representing an important organizational mode, extended far beyond the activities of the structural funds.

³⁶ Dimitrescu, M., *Stadiul actual si perspective ale României ca membra UE*, ghid de bune practici pentru administrația publică, Editura Expert, București, 2008,

resources. It is required for jobs in Romania because there was a big fracture between the workforce and the number of retirees. ' Employees with the work there are about four million and something. They must pay pensions for almost six million elderly people. *It's a drama with which we go very much in the future. To follow will have to solve this problem. We see that starts hard yet this car you have to deal with their jobs* "said Adrian Vasilescu, Senior Adviser to the Governor of National Bank of Romania. This situation requires a strategy that will track the educational system support and training in order to improve the quality of education and qualifications of individuals, as well as to provide greater educational system allows. At the same time, support will be given to increasing participation and access to education and to increase the adaptability of the system of education and vocational training with a view to providing the necessary knowledge and skills of a modern economy and in full development. Increasing adaptability, entrepreneurship development and learning throughout life will find themselves at the Centre of policy in this area, and employers will be encouraged to invest in human capital.

Tax reform in recent years, which has reduced the number of taxes and efficient payment system, is not enough to have competitive tax system that would attract foreign investment and would create jobs. Reducing tax evasion must be on the agenda of the executive measures, because this phenomenon affects both direct taxes and indirect ones, making it grow and unfair competition, disadvantaging those who abide by the law. Fiscal control should aim at collecting revenue from the State budget of fiscal Authorities, and we need to step up efforts for a more strict supervision of underground economy, more efficient method to increase revenue to the State budget than raising taxes. Meanwhile the fiscal stability ought to manifest print rules drawn up clearly, without the use of ambiguous terms, interpretable. The foreign investors in Romania has proposed the elimination of the term "rule" of Article.4 in the Fiscal code. In current form, this article provides that amendments may be made to the tax code only by law, those changes will be applied only with effect from 1 January of the following year.

Voting on a law of holding companies, could solve the problem of double taxation. The adoption of a law to allow the creation of holding companies of corporate structures and would eliminate the double taxation of dividends as well as profit and loss compensation within a group.³⁷

The return of VAT to 19% as VAT to 24% of the damaged commercial activities by increasing the financial burden on a market in which financial resources were already quite low. A VAT cut would stimulate trade and activities would contribute to the recovery, generating an increase in budgetary revenues. At the same time, it should decrease the rate of VAT on basic foods.

Reduction of contributions to social insurances, which are quite high compared to the benefits that they bring. These are a considerable expense that you incur the employer and is a major cause of decreasing foreign investment.

Bogdan Murgescu, in his book *History in Romania and Europe*. The accumulation of economic gaps (2010), explores these issues and provides a possible solution for the recovery of gaps: in time, various strategies have been developed to accelerate economic growth, the idea that this is a synonym with the development and ensure the attainment of the following «» to the developed country. The results were positive, but sometimes most of the time away

³⁷ By the adoption of a Holding Low, companies would bring Romania law of other countries (Czech Republic, Poland and Bulgaria) and would foster the establishment of holding companies in Romania

from the hopes and efforts invested. As a result, some analysts have begun to distinguish between quantitative growth of the economy and economic development, seen as a combination of economic growth and the qualitative transformation of the economic and social structures.³⁸ At the moment the main problem of providing rapid solutions to economic and financial recovery is the situation in Greece. Member States of the European Union cannot take to permanently increase their deficits given the costs of financing ridiculous. Interest paid for the consolidation of European banking system. The priority of European decision-making forums should be linked to the search for a viable and sustainable solutions for the Greek State. Europe is failing cannot afford, as it does for more than 40 years, to support an economic policy of Greece as poor. Recapitalisation of banks would be a big error at a time when confusion hovers over banks because of the very high interest rates, which basically are going to consolidate European banking system.³⁹

Recent years have not been too good for the European Union, which had to cope with the recession, problems related to budgetary deficits and debts and was topped by more dynamic emerging countries. The EU is looking for a magic potions to save the economy, but you have to be happy with "Europe 2020", the new strategy presented by the European Commission, aimed to enhance competitiveness and economic growth in the next decade. However, sceptics believe it is just a placebo for a patient so weak as well as the European Union. Europe's recovery is slow and frail, with estimates for a small increase of 0.7% this year. Jose Manuel Barroso, President of the European Commission warns that Europe might have to do with a "lost decade" of stagnation and decline, if not replenished quickly model of capitalism in the region.

Unfortunately in the process and the states which not in the euro area and the delayed approval of the austerity measures on farms for the eurozone may endanger the fragile economic increases registered by some States, even if they have already applied the harsh austerity measures. For the structural funds must be used quickly and effectively through specialized institutions, in this regard, primarily through the Elimination of excessive bureaucracy.

The Europe 2020 strategy is based on the development of technology, especially in green industries, and improving the educational system. It also aims to increase the employees' rate from 69% to 75% of the investments in research and development from 1.9% of EU GDP to 3%, but also the increasing number of persons aged 30-34 years with higher education from 31% to 40%. But there are doubts about the fact that a bureaucratic plan can truly help the European economy. "These strategies are full of Nice words," says Jacques Pelkmans, senior researcher at the European Centre for European political Studies in Brussels, cited by Time. "We should not create expectations that we cannot fulfill," he adds. Indeed, the Europe 2020 has a predecessor, who did what he promised: the Lisbon Pact, adopted ten years ago and called for European leaders, at that time, "the most competitive and dynamic model of knowledge based economy" using structural funds. The Union not only failed to surpass the u.s. and Japan in economic terms, but has not reached even proposed domestic targets. For example, the plan included increased investment in research to 3% of GDP, but, at present, only Sweden and Finland have reached that threshold.

³⁸ Bogdan Murgescu³⁸, România și Europa. Acumularea decalajelor economice (1500-2010), Editura Polirom, 2010

³⁹ Banks need to get rid of toxic assets. Over 2.5 billion euros to banks are buried in Romania land, apartments, villas, warehouses or Woods, according to some estimates of the market. Take money with loans backed by citizens or businesses, people who have never been able to pay the rates.

Nobel Prize Laureate Joseph E. Stiglitz said: "as we reflect on this crisis in the context of the next generations, we should think about how we can create a global economic structure, that work better for more people, in a sustainable way", suggesting you to ponder on the etymology of the word crisis, which derives from the Greek word krisis, sieve that separates and sift out what remains of what disappears ...

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