The Effects of the Macroeconomic Policies Applied in Romania: Before and After Crisis

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ABSTRACT

The realized research aimed to achieve the following objectives: the presentation of the domains envisaged by the measures taken by the authorities to ensure the economic viability; analysis of the main lines of action at the level of specified components, adopted by authorities from Romania; the identifying of the effects of macroeconomic policies on the economic environment by the stepwise presentation of its evolution; the cleavage of a set of relevant conclusions concerning the need to promote macroeconomic policies corresponding to economic development phase. The conclusion is that the authorities should implement measures to support the business sector, assimilation of techniques and new technologies so as to ensure the labor productivity growth and economic competitiveness at international level, the efficient use of resources, creating jobs and modernize social protection systems, rapid absorption of European funds and strengthen the financial system.

Keywords: Economic Environment, Economic Growth, Exchange Rate, GDP, Inflation, Macroeconomic Policy, Romania, Unemployment Rate

INTRODUCTION

The objectives of economic growth represent the most important elements of any strategy to ensure the sustainable development and macroeconomic stability. Touching these parts can be achieved by attracting and stimulating investments, infrastructure development and implementation of countercyclical policies which ensure the realization of necessary reforms amid surpluses realized during the periods of economic boom. The adoption of appropriate measures, in correlation with stage of economic development, can ensure the development in the economic and social plan. Obviously, the ability of authorities to implement some coherent, clear measures, capable of generating effects in structural and conjunctural plan, is extremely important in ensuring economic stability, in the context of price stability objectives, to ensure a real economic growth, reduction of budget deficit and trade balance deficit, maintaining a level of debt within
the sustainable limits, reducing unemployment and ensuring a high standard of living. The study
aimed to analyze the influence of macroeconomic policies promoted by authorities from Ro-
mania on the development of the business sector. The collected data from specialized sites (insse.
ro, mfinante.ro, bnr.ro), were structured in two parts corresponding to the periods before and
after the crisis. In this context, expected result is represented by the identification of the macro-
economic policy’s role in a faster or slower economic development. After the introduction and
literature review, the paper includes Section III, which presents the data of the macroeconomic
indicators and their interpretation, Section 4, which shows the effects observed at the level of
environment economic and, finally, section V which materialized the conclusions resulting from
the performed analysis.

LITERATURE REVIEW

The necessity to apply efficient macroeconomic policies has been the subject of study of many
specialists, in the context of the association of a state of uncertainty with identifying, measuring
and forecasting economic phenomena and processes made by Collier and Dollar (2001), Nayyar
(2011). The complexity of this matter has caused, on the one hand, analyses which have enabled
the identification of some rules in the functioning of economic systems, and on the other hand,
the establishment of coordinates in the justification of the macroeconomic strategies. Also, it
was found that the action of a number of factors which determine a cyclic motion at the level of
economic activity, as Băbăită found (1999) and the implementation of measures in certain areas
does not automatically generates positive effects. For example, the maintenance of a reduced rate
of inflation could be considered a favourable element in economic development (many studies
have shown that most economies have registered a faster rate of economic growth when the
levels of inflation rate was moderate). However, the economic crisis of 2008, amid a relatively
small inflations, seems to prove otherwise. At the real situation is added the conclusions of
various studies such as Crockett (2003), who argue that it is impossible to maintain a low infla-
tion rate and an upward economic growth. It should be noted, however, that the maintenance
of a reduced rate of inflation is preferable to the contrary situation (the risks induced on the
financial markets, discouraging investors, diminishing purchasing power of the currency, market
instability, or the reducing of consumption represents just some negative elements determined
by a high inflation rate). This has been shown by numerous studies respectively Fischer (1993),
Dăianu, Lungu and Vrânceanu (2004), Dumitru and Covrig (2013) and more. To these aspects
is added the proviso that the objectives and the monetary policy measures are often different
from the coordinate fiscal policy (eg, fiscal policy supports sustainable economic growth even
 amid higher prices). As a result, it is extremely important to promote tax measures to ensure the
development of economic processes, preventing or limiting the effects of the economic crisis,
economic cycle correction, high economic growth rates, reducing unemployment, keeping in-
flation under control as Dobrotă said (2012). This idea is supported by numerous studies on the
effects of fiscal and budgetary policies on economic growth such as Easterly and Rebelo (1993);
Ocenean A. (2006); Talpoș and Avram (2011); Weller and Rao (2008); Alfonso and Sousa (2012).
Also, the situation recorded in the different economies showed that the combination of fiscal and
monetary policy can provide a stimulation of,, aggregate demand both directly and indirectly,
through a devalued exchange rate”, in accordance with Giavazzi and Tabellini (2014) and,, the
budget consolidations were accompanied by large decline in nominal interest rates, from very
high levels” as Perroti said (2013). In the context of these specifications, it is considered that the
process of macrostabilization economic is the result of applying a mix of policies, in correlation
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