



THE 12TH EDITION OF THE INTERNATIONAL CONFERENCE
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REALITIES AND PERSPECTIVES

Performance and Risks in the European Economy

**Evaluating the Quality and Safety of
Environmental Factors in Investment Strategies**

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Abstract: A participatory risk assessment process engages people through a bottom-up approach that aims to involve stakeholders, the public and specialized agencies in that problem preferred management options and proposing solutions to particular risk problems. In planning a participatory risk assessment, key elements include: -communicating information transparently and using a non-technical or domain – specific language; - defining issues that need to be addressed and the questions that need answered; – scoping the problem and framing the questions;-identifying the data and information needed to deal with the questions;-identifying the sources of data;-deciding how to deal with uncertainty.

Keyword: risk assessment; severity class; probability of consequences

1. Introduction

Risk factors are all factors likely work system to act on the health or integrity of injuries to workers. It's about what the majority of people in the current parlance, they are considered hazards or dangerous situations. In this respect the European norm EN 292-1 defines danger, dangerous situations or events related to hazardous work (risk factors) as being a “reason capable of causing an injury or a sickness attack.” This definition is a qualitative risk assessment commonly used in its identification. Between the contractor and the collectivity and within which they operate to create links, dependencies and interference that varies depending on the level of integration in the community and which exerts a decisive influence on his behavior. Concepts and habits within a unit, as well as how that group appreciates the risk, determines in a very large measure behavior in terms of safety at work (Rojanski, Bran, & Grigore, 2000).

1.1. Profession/Job Title, for the Work Place

The most important jobs are represented of technical staff, administrative, financial, budgeting, accounting, human resources, payroll, internal audit, computer science and statistics, administrative, work prevention and protection, mail, medical records, equipment expert. The work consists in the activities of office and outside the unit.

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The components of work system are:

- The means of production used are: desk, chair; computer and printer; means of transportation belonging to the unit or public transport; outlets, extension cords for power; supplies, office supplies; desktop computers; furniture fixtures;
- The hangman made some wrong operation like: commands; maneuver; positions; establishment; adjustments; misuse of the means of protection; improper work methods or incorrect sequence of operations.

Mechanical risk factors: dangerous movements; functional movements of the machinery: machine parts in motion; fluid flow; movements of the means of transport; automatic self-timer or functional movements against machinery or fluids displacements under gravity: sliding, rolling, rolling on wheels, overturning, falling free, leak free, spill, subsidence, collapse, diving; displacement under the effect propulsion: objects found or particles, deviation from normal trajectory, balance, pushing back, excessive shock, jet, splash.

Risk on action surfaces or contours dangerous (stabbing, slippery, abrasive, adhesive) are:

- Thermal risk factors: - high temperature objects; - low temperature objects or surfaces; flames.
- Electromagnetic: infrared, ultraviolet, microwave, high frequency, medium frequency, low frequency, laser ionizing (alpha, beta, gamma; -electrostatic potential; -lightning, flood, wind, hail, blizzards;
- Chemical risk factor: toxic substances; caustic substances; flammable substances; explosive substances; radioactive substances; excessive vibration of machinery; radiation; gases, vapors, toxic or caustic aerosols; particulate matter in the air, flammable or explosive gases or vapor.

In table no.1 is shown a classification of severity of consequences in function of severity class (Rojanski, Bran, & Grigore, 2000).

Table 1.

Severity class		THE SEVERITY OF THE CONSEQUENCES
Class	Consequences	
1	OMIT	- minor consequences predictable incapacitating reversible up to 3 calendar days (cure without treatment)
2	SMALL	reversible consequences with an incapacity for work predictable 3-45 days that require medical treatment
3	AVERAGE	reversible consequences with an incapacity for work of between 45-180 days that require medical treatment and hospitalization
4	LARGE	irreversible consequences with a reduction of the capacity for work of a maximum of 50% (disability grade III)
5	GRAVE	irreversible loss between 50-100% of capacity, but with the possibility of self service (disability grade II)
6	VERY SERIOUS	irreversible consequences with total loss of capacity for work and self-service capacity (disability grade)
7	MAXIMUM	Out of life

Security is defined as the fact of being sheltered from any danger. Risk and security are closely interrelated and mutually exclusive.

Risk factors acting on the performer by two main components: gravity consequence/event) and probability of occurrence (events/unit time). Combining these components determine the level of risk itself.

Risk factors are all components of the system's own job (executing, the burden of work, means of production, work environment).

2. Research about Own Environmental Risk Factors Work

The environmental risk factors work it is classified as follows:

a. Physical risk factors that include: excessive air temperature (high/low); improper air humidity (high/low); high speed air currents, they define the microclimate and the working environment; Excessive air pressure (high/low); Inadequate lighting; Noise, radiation, vibration, electrostatic potential, natural disasters, aggression to aggression in the workplace.

b. Risk factors of chemical which include: gas, vapours, aerosol dust and toxic pneumoconio gene. Risk factors (potential causes) of system components that form the basis of accidents at work and occupational diseases as well as preventive measures, schematic, are presented in Fig. 1.

Notions of security and risk are opposites being connected by a hyperbolic equation $R = (S \text{ Security } R - \text{risk})$.

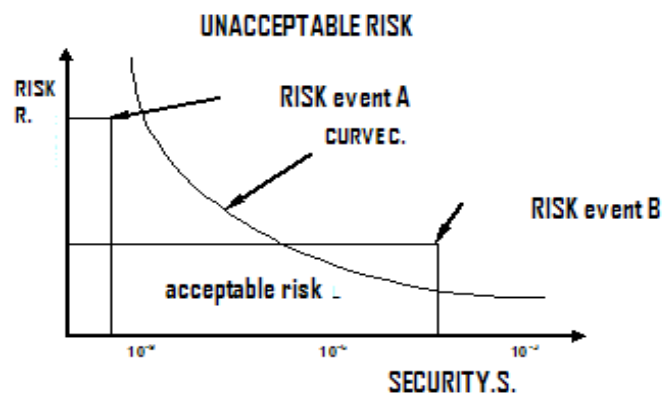


Figure 1. Relationship between Risk – Security

Source: (Negrei, 2002)

$$y = f(x)$$

Risk is defined in accordance with the European standard EN 292-1, as “the combination of the probability and severity of an injury or sickness attack that can occur in a dangerous situation.” This is a quantitative definition of risk that can be used in prioritizing risks. In other words, the risk is the likelihood of a specific gravity of damage during exposure to the risk factor. Consequently, professional risk associated with a particular situation or a particular technique from combining the following elements:

- foreseeable consequence severity (severity of the most likely consequence);
- the likelihood of such consequences.

Thus defined, the risk can be assessed quantitatively, if severity and probability have been quantified themselves. Quantitative assessment (evaluation) can be used to compare different risks within a system and to determine the priorities of intervention or to compare risk levels before and after the implementation of measures to prevent the manifestation of him.

The absence of a system of review, a small number of accidents or occupational diseases, low severity of consequences of accidents should not be automatically regarded as a presumption of a low risk.

2.1. Risk Severity

Shall be assessed in accordance with MIL-STD-882 C by evaluating the consequences of the most serious accident that could have caused the risk factor.

Consequence severity (severity of the damage possible) can be estimated by considering the following:

- the nature of the protected object (persons, property, environment);
- severity of injuries or damage to health (easy - normally reversible serious - normally irreversible, death);
- the magnitude of manifestation the consequent impact (a person, more than one person).

Categories of severity of consequences allow assigning a qualitative size potential accidents due to human error, environmental conditions, non-compliance project, procedural deficiencies or damage and organ dysfunction product, sub-assemblies or its components.

The product manager, the manager the quality assurance program of safety of the product and the one who carried out the product should be able to lay down exactly what is meant by destroy the product, by major consequences/minor to product/environment and by occupational disease or serious injury. Severity can be defined on the basis of criteria such as:

- temporary incapacity (ITM), permanent work incapacity (disability), death;
- health effects, reversible or not, for risk factors likely to have psychological effects;
- interference with the comfort, satisfaction, worker motivation for social risk factors and organizational (Myrick, Herriges, & Kling, 2014).

2.2. Risk Probability

Probability means in accordance with MIL-STD-882 C frequency of occurrence of the event unwanted and can be described as potential occurrence in the unit time or reported from the population, item or situation.

Probability is conditional on even terms of work processes: reliability of technical equipment, materials, organization of work, time constraints, etc. As with the severity of the consequences for estimating the probability of occurrence of consequences can use multiple grids of appreciation. For a more accurate estimate of the probability of occurrence of consequences is recommended to be taken into consideration:

a) the frequency and duration of exposure are determined by:

- need access to the danger zone (normal operation, maintenance or repairs);
- nature of access (e.g. manual feed materials);
- Time spent in the danger zone;

- the number of people who register;
- frequency of access.

b) probability of occurrence dangerous due to:

- Technical equipment reliability and other statistical data;
- statistical data related to the frequency of accidents and occupational diseases;
- comparing the risks of system already accepted analyzed risks of systems.

c) the possibilities to avoid or limit the consequence of a hazardous event by:

- executing (which can be qualified or unqualified person can perform the task;
- supervised work or not, etc.);
- rate of occurrence of the event estimated dangerous (sharp, fast, slow);
- any form of risk awareness (through general information by direct observation;
- by means of warning and indicating devices;
- possibilities to avoid or limit performer consequence (e.g. reflexes);
- the skill saving opportunities that make the chances contractor to avoid;
- or limit the result to be possible in certain circumstances possible, impossible);
- practical experience and knowledge of the performer (on the job);
- examined, on a similar work process or inexperienced).

2.3. Level of Risks

The level of risk is an indicator quantity absolutely once rated allow knowing to what extent the security of a system, in terms of the possibility of accidents and occupational diseases, it is acceptable or not.

In practice it is considered that a system is secure, if having a non-zero risk, but small enough, known as residual risk or acceptable. Interventions while the residual risk increases as the work degrade and age under the law of increasing entropy. Where as the risk cannot be null (infinite security) must be determined which couples probability of occurrence-consequences can provide an acceptable level of risk.

Graphic representing acceptable risk in the form of rectangles with areas equal to $F1 = F2 = F3$. gravity/probability, data in Figure 2, the curve variation in the severity of consequences.

Risk severity

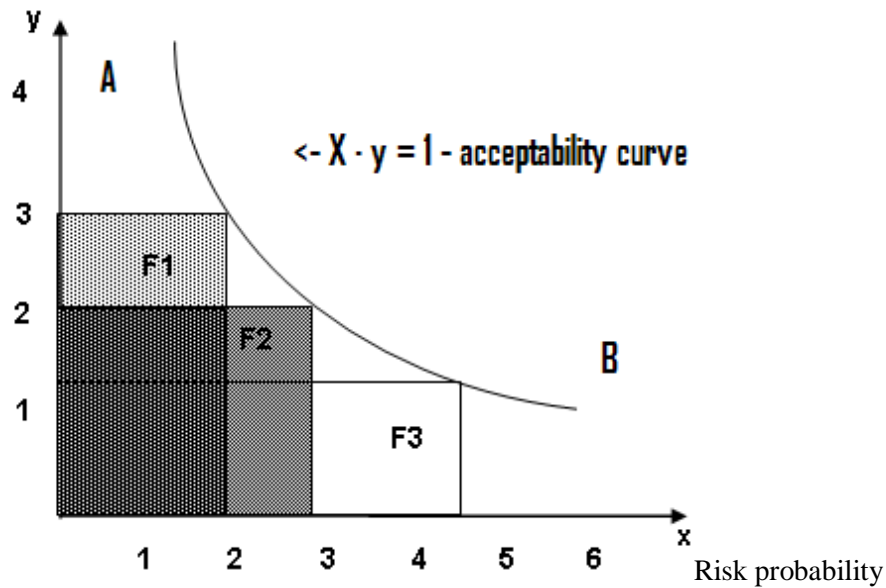


Figure 2. The curve variation curve: severity of consequences/risk probability

A-acceptable risk; B-unacceptable risk (Rojanski, Bran, & Grigore, 2000)

Under the curve (A) the risks are acceptable, and above the curve (B) the risks are unacceptable. The curve in Figure 2 called risk acceptability curve and corresponding function p hyperbole. $g = \text{const}$. In Romania currently accepted value of this constant is to be 3. The main objective of the evaluation is to establish acceptable risk and bringing in acceptability.

Evaluation of Environment Impact

Assessment of environmental impact shall be carried out using the matrix method (for index of quality) and V. Rojanschi method (calculation of global pollution index).

An assessment of the impact on the environment shall be based on:

- indices of quality on environmental factors (water, air, soil-sub soil, noise, human settlement, biodiversity, landscape)(I_c);
- index of global pollution (I_{PG}).

Quality of a environment factors is falling within the allowed limits of STAS or Normative reglementations.

It is estimate defects “project” on the environment based on “factor size” which are to be analyzed taking into account the level of quality indicators that characterize its effects.

The formulas of environmental quality index is (I_c):

$$I_c = L_{\text{project}} / L_{\text{reglementation}} = E^{-1}$$

L_{project} – project actions

$L_{\text{reglementat}}$ – reglementations of Normative actions;

E – environmental effects

Interplay between actions project (L_{project}) and environmental effects (E) can be highlight by marking the appropriate box of its size estimated by a common system to the whole assembly (with +, -, or 0), as follows (Negrei, 2002):

Table 2

$I_c = 0$ to $+1$	- positive influences. Environmental is influenced in admissible limits.
$I_c = -1$ to 0	- negative influences. Environmental is influenced over admissible limits.
$I_c = 0$	- Environmental is not influenced.

An assessment of the impact on environmental factors by the quality indexes (I_c)

Matrix for impact assessment

Table 3

Environmental actions	Effects on environmental factors			
	Noise	Air	Water	Soil
Air	0	-	0	0
Water	0	0	-	0
Soil	0	0	-	-
Landscape	0	0	0	0
Noises	-	0	0	0
Human settlement	0	0	0	0
Effects -E	-1	-1	-2	-1

The values are:

of Effects (E)

For noise, E = -1

For air, E = -1

For water, E = -2

For soil, E = -1

3. Assessment of Quality Index Values

These assessments are based on: Quality index values (I_c) for each environmental (Negrei, 2002) factors and worthiness note that corresponding of I_c values like in the table 4.

Table 4

Worthiness note	I_c value	Environmental effects
10	$I_c = 0$	Environmental is not affected by the developed activity.
9	$I_c = 0,0 \div 0,25$	Environmental is affected in admissible limits. Level 1. Positive effects.
8	$I_c = 0,25 \div 0,50$	Environmental is affected in admissible limits. Level 2. Positive effects.
7	$I_c = 0,50 \div 1,00$	Environmental is affected in admissible limits. Level 3. Positive effects.
6	$I_c = -1,0$	Environmental is affected over admissible limits. Level 1. Negative effects
5	$I_c = -1,0 \div -0,5$	Environmental is affected over admissible limits. Level 2. Negative effects
4	$I_c = -0,5 \div -0,25$	Environmental is affected over admissible limits. Level 3. Negative effects

3	$I_c = -0,25 \div -0,025$	- The medium is degraded, level 1. - The effects are harmful to long periods of exposure.
2	$I_c = -0,025 \div -0,0025$	The medium is degraded, level 2. - The effects are harmful to medium periods of exposure.
1	$I_c = \text{sub } -0,0025$	The medium is degraded, level 3. - The effects are harmful to short periods of exposure

$$I_{PG} = S_i/S_r$$

$I_{PG} = 1$, no polluted existence

$I_{PG} > 1$ it existing environmental quality modification

Quality scale by Global Polluted Index is shown in table no. 5:

Table 5

$I_{PG} = 1$	- environmental is not affected by human activity
$I_{PG} = 1...2$	- Environmental is affected in admissible limits
$I_{PG} = 2...3$	- Environmental is affected and existing a discomfort for life forms.
$I_{PG} = 3...4$	- Environmental is affected and existing troubles for life forms.
$I_{PG} = 4...6$	- Environmental is severe affected and existing a multiple dangers for life forms.
$I_{PG} > 6$	- The medium is degraded, unsuitable for life forms.

3.1. Calculus of global Polluted Index

It is considered a number of four environmental factors affected by polluted risk like: air, water, soil-subsoil, noises:

- Global Polluted Index (Negrei, 2002) $I_{PG} = S_i/S_r$
- S_i value (ideal state) – resulting by geometrically figure have the surface:
- $S_i = 200\text{cm}^2$
- S_r value (real state)

It was built by pooling related points values N_b (note worthiness) for each environmental factor taken into account.

N_b value shall be obtained for each environmental factor scale of worthiness as a function of the value of the pollution index

- N_b for Noise:

$$I_c = -1.0 \Rightarrow N_{\text{bnoise}} = 6$$

- N_b for Air:

$$I_c = 0.25 \Rightarrow N_{\text{bair}} = 8$$

- N_b for Water:

$$I_c = -1.0 \Rightarrow N_{\text{bwater}} = 6$$

- N_b for Soil:

$$I_c = 0.25 \Rightarrow N_{\text{bsoil}} = 8$$

Surface S_r : $S_r = 100 \text{ cm}^2$

$$I_{PG} = \frac{S_{i200\text{cm}^2}}{S_r 100 \text{ cm}^2} = 2$$

Global Polluted Index =2

Graphically representation for Index of global polluted is shown in figure no. 3:

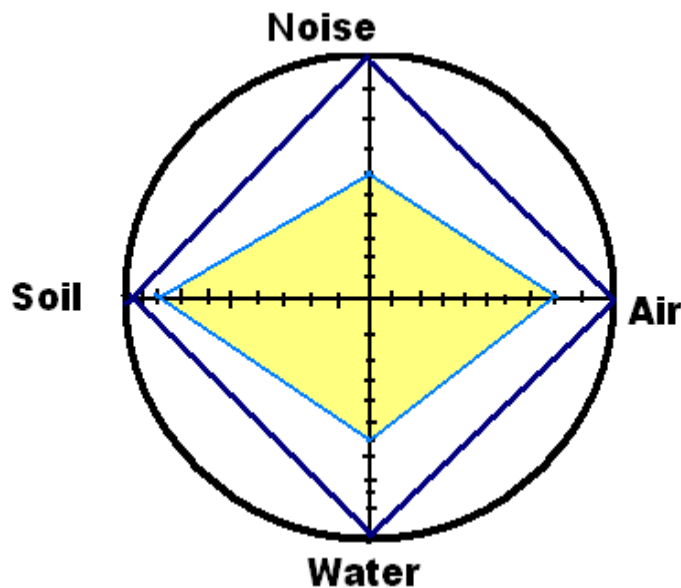


Figure 3. Graphically representation for Index of global polluted

Index of global polluted value is: $I_{PG} = 2$ - Environmental is affected in admissible limits

4. Conclusions

An acceptable risk may be characterized by a probability of occurrence (frequency), but the seriousness of the consequences (F1) - nuclear accidents, or vice versa-a high frequency with low severity of consequences (F3) - traffic accidents.

Risk level assessment method and its classification as acceptable or unacceptable risk has the advantage that it can be applied both to existing employment systems and those in construction-design phase. Establish risk acceptability curve (delineating acceptable risks) is a difficult issue. This is done through a strategic decision be based on the cost of human life, whether from the comparison with other risks already accepted.

Exposure to risk factors, represents the duration in the time or frequency in time at which the contractor is exposed to a risk factor and the level to which it is exposed. Assessment of exposure may be carried out, in some cases, in terms of quantitative metrics. Needs analysis can choose diverse exposure assessment rubrics. Exposure is often integrated into the concept of probability, the assessment of risk, taking into account the duration or frequency of exposure. Consideration of exposure, in a separate probability is subtle and it requires a complex approach for assessing occupational risks.

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About Utility

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Abstract: The concept of utility is one of major interest in any serious approach to microeconomic phenomena. The article discusses a number of issues regarding the actual method of determining usefulness based on relationships and preferably indifference and facets of marginal utility.

Keywords: utility; marginal; indifference

1. Introduction

The utility, along with the production function represents the key concepts of any microeconomic theory. The utility always stayed in the center of debates and polemics of economical nature, from the simple fact that while the rest concepts were more or less clear, it was often a nebulous especially in terms of actual implementation.

At Physiocrats the concept of utility is confused with value, utility being in fact the difference between the utility created and consumed, while the value is given by the difference between price and cost of production (Ioan, 2017).

For Adam Smith, the utility is given by the value of use which “is more a matter of individual and subjective” (Ioan, 2017).

In “On the Principles of Political Economy and Taxation”, David Ricardo says that the utility or use value is a necessary condition of exchange value, but is not the unit of its (Ioan, 2017).

John Stuart Mill believes that the usefulness of a good is only its ability to satisfy a desire (Stuart, 1848).

A qualitative leap in the approach of the utility is brought by Carl Menger which, in his Principles of Economics, introduces the concept of marginal utility.

The founder of the School of Lausanne, Leon Walras considers the final degree of utility as last intensity needs met by a certain amount of goods consumed.

2. What is the Utility?

In most scientific works, utility or satisfaction is achieved by the consumption of a particular good or unit of preferences for a specific good or basket of goods and services.

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From the point of view of the author, each of these meanings bring fundamental shortcomings in understanding and, especially, the practical application of the concept. If the concept of utility is virtually synonymous with the satisfaction, in which case the first definition becomes a mere transposition of another term as generally, the second assertion necessarily requires a system of axioms by which to quantify the phenomenon.

This system of axioms must, on the one hand be general enough to catch all facets of the problem but, on the other hand, simple enough to apply it easily in the immediate reality.

Often in various books or in proposed applications we meet statements such as: let either one or two goods that have utility function following obviously a function that we could hardly a practical imagine. Where does this, why is this utility function and no other, are legitimate questions which puts everyone!

Therefore, a utility function have to come naturally when the buyer is faced with a choice. The best way for construction of theoretical concepts is the author's opinion, departing from viewing the concrete phenomenon.

Therefore, how a consumer proceeds when faced with the choice of a basket of goods and different amounts of goods?

The first thing is to establish the consumer space (Ioan, 2015) ie the totality of goods ordered sets that are needed. Consumer space is essentially a n-dimensional rectangle, Cartesian product of closed intervals of the form $(0, M_k)$ where M_k is the maximum amount of good G_k that can be purchased ($1 \leq k \leq n$). Hence, the discussion already split into two directions: acquisition of one good or at least two. If for the purchase of a single good, the discussion revolves around a “rewarding” growing up at a time, followed by a decrease in its, discussion with several goods it is much more complicated.

A good can be replaced sometimes in a certain proportion with another or any combination of other goods, and sometimes a good acquisition entails the purchase of additional units of other goods. Sometimes the consumer waives all or part of a number of goods for others, so that (skipping phenomenon caused dissatisfaction waiver) to preserve their “satisfaction”.

So we build a relationship of equivalence in the set of baskets of goods in the consumer space, saying that two baskets will be equivalent if their choice is indifferent. Unlike the utility function which is one purely mathematical, the indifference relationship is one natural, often depending on factors not necessarily objective (such as the number of calories to food or thickness of winter clothing etc.) but other factors: psychological, social, climatological etc.

Thus, in a hot weather, the consumption of a particular assortment of plain water may arise relations of indifference that, otherwise, being not satisfied.

An equivalence relation is necessarily reflexive (i.e. any good is himself indifferent), symmetrical (any good indifferent to other generates a reciprocal relationship in the sense of indifference) and transitive (if a good is indifferent to another and the second to the third, first is indifferent to the third or in an equivalent formulation using symmetry, if two goods are indifferent to a third, they are indifferent between them).

An equivalence relation generates so-called equivalence classes ie all elements that are equivalent to one point. In the context of the relationship of indifference, indifference class will therefore be made of the sum of all goods/baskets of goods that are indifferent between them. So the indifference class of water in a hot day will be given by a bottle of any water.

As a result of such a division, the consumer space becomes the union of indifference classes (required disjoint between them).

It is obvious that a reduction in analysis only to classes of indifference would greatly narrow the scope. Thus, it is likely that a bottle of cold water may be replaced by an ice cream, both offering the same thermal comfort. On the other hand, a child will prefer ice to water (even the final effect will be the same), and someone with diabetes will reverse preference.

We define therefore the relationship preferably on equivalence classes which will have to satisfy, on the one hand, the axioms of an order relationship (reflexivity, transitivity and antisymmetry – i.e. two goods are preferred each other become indifferent to each other) and total orderly in the sense that for every two goods classes we can determine which is preferred other. A number of other conditions are absolutely necessary are present in the work Ioan C.A., *A New Approach to Utility Function*, published in 2015.

Once defined these concepts, we introduce the consumer area corresponding to a basket of goods as all those who gave preference basket. Typically, the condition that requires the consumption zone is to be convex in the sense that a linear transition (i.e. varying in proportion to the quantities of products) from one basket to the next higher that the items of reference to be made only by upper intermediate baskets. Basically, this condition is not always met, sometimes the transitions leading to “dissatisfaction” temporary, but with a happy ending! On the other hand, further compelling mathematical requires this approach!

Once defined these concepts the next step, is to define the utility function.

We define essentially axiomatic the utility as satisfying two conditions: indifferent baskets of goods will have the same utility and a basket preferred to other items will be at least equal to the first utility. Also, the empty basket will have null utility. The latter condition is not imperative, leading to elegant results. Specifically, we can define the utility in terms of cardinal or ordinal aspect (in the order of preference and not necessarily by value), the only requirement being that the utility to satisfy the above axioms.

Another necessary condition after the above discussion is that the utility function is quasi-concave that is in transition between two baskets, the segment (i.e. a linear transition, proportional differences between the two baskets) between them, if they have utility greater than $a \in \mathbf{R}$, the intermediate approach is staged all utility greater than or equal to a .

One question immediately arising is: how do we define concrete yet a utility function?

The process is not simple, but not terribly difficult. First define a norm in the consumer space that is an application that measure the “distance” (as defined metrics) from the origin to the point that has the coordinates corresponding quantities of the consumption basket. The additional assumptions (Ioan, 2015) demonstrated the existence of minimal consumer basket (not necessarily unique) relative to the norm that is a basket indifferent to the initial and having a minimal norm. Such a definition satisfies all axioms necessary.

3. What is the Marginal Utility?

After defining a utility function, the next step would be the implementation of that concept at work. In essence, the utility does not really tell us much. Moreover, it shows that it is determined to an increasing application, so its absolute values are more than indicative.

As in mathematical analysis often the process itself is less important than its speed variation, the utility has no independent value but with its relative dynamics.

We could therefore define the marginal utility as the tendency of variation of the utility to change the structure of the consumer basket. As, however, the calculus is known that there is no indicator purely numerical measure the speed of a phenomenon simultaneously with the change all parameters (referring to numbers and not to expressions such differential of a function) will have that this approach is staged and broken.

Thus, with the additional assumption that, relative to a basket of goods, consumption remains constant except one fixed, the marginal utility will be defined as the rate of change in relation to the total utility of that good, that nobody else than the corresponding partial derivative. If the phenomenon is discreet, the marginal utility is derived numerically calculated as the average variation range of variation given by a good unit.

Usually it is calculated by varying the utility from past to present at a change with one unit of good. On the other hand, when there is a set of data, a much better approximation will be (the data stored within the system) the arithmetic mean of the left and right of that point.

Summarizing therefore, the marginal utility measured plus (or minus) the satisfaction obtained from the consumption of good.

It should also be noted that with only marginal utilities (which can be quantified much simpler than the global one), total utility can be recovered in both discrete and continuous cases.

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A Short History of Value Theory

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Abstract: The economic value theory is the core of economics being an interesting concept for all philosophers and classical and neoclassical thinkers economic until today. The classical thinkers consider that value is born in production process, and only labor is the source of it. This is the *Labor Theory of Value*. Marginalist Revolution economists found the source of value in exchange, in the market building the *Marginal Theory of Value*.

Keywords: value; price; market; marginal; utility; labor

JEL Classification: B11; B12; B13

1. The Value Theory in Pre-classical and Classical Economic Thinking

Finding how an answer to the question “what is the value”, it requires a deep analysis of the most important doctrinal confrontations that occurred from Aristotle to the present day. What we want to emphasize is that the value, along with many other economic concepts, raised interest of many economic thinkers.

If for Xenophon, Aristotle and other thinkers of the Middle Ages, the answer was relatively simple, with the emergence of new forms of wealth created first through trade and later through production, paradoxically, the concept of value has become more difficult to define.

When Aristotle seek those principles that support a healthy cities (whose purpose is to lead its individuals to happiness), he speaks about the principle of distributive justice and commutative justice.

About distributive justice, Aristotle claims that equality is not occur when it is distributed each citizen equally, but true equality exists when it is given more those who deserves more, and less, those who deserve less.

Talking about justice commutative (contracts, exchanges), Aristotle made an initial discussion on the value of goods, anticipating both the labor theory of value they find debated by economists XVIII and XIX centuries and explain, also, the value of things by utility (similar neoclassical).

The exchange, Aristotle argues, cannot exist without equality, and equality cannot exist without measurability. And Aristotle considers that in effect it is impossible to be measured very different goods. This statement it was determined Marx to declare that from this point, Aristotle gave up to analyze the form of value. Why? Because Aristotle failed to find the common measure, that element

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what is identical between exchanged goods. This common measure what Aristotle did not find is only labor incorporated into goods. How Ancient Greece, those who worked were slaves (slavery being justified as a indispensable guarantee of free people to be able to devote time to the city of good governance) for Aristotle would have been impossible to find this common measure, the core value still remaining an enigma.

The analysis began by Aristotle is continued by William Petty who considers land and labor the most important elements of wealth (Labour is the Father and active principle of Wealth, as lands are the Mother). The issue that has preoccupied throughout his life was to find a common denominator of land and labor so that the value of any work to be measured only by one of these two factors of production (labor and land). William Petty is the first economist who believes that value of a good it is influenced by labour time spent in its production and, also, emphasize both quantitative and qualitative implications of labor-value-price relationship (Popescu, 2004).

Étienne Bonnot L'Abbé De Condillac is the first economist who does not agree with the theory of objective value nor labor nor with subjective value theory utility, but considers that both the value and the utility have a psychological substrate, they are the results of individual interest. The value of a thing, says Condillac, it is time for labour performed in the production process, but it makes sense in exchange relations, because *“the value of things is based on need, it is natural that a more strongly felt need gives things a greater value, and that a less pressing need gives them less value. The value of things therefore grows with scarcity and decreases with abundance”*. (Abbé de Condillac, 1776).

Condillac concludes that in fact the price of a good influenced its value relative to the value of another property in exchange relations.

In the following period, although Physiocrats were not concerned about the issue of value, however, up to Adam Smith we meet first Ferdinando Galiani and then Anne-Robert-Jacques Turgot who were researches on this difficult issue, the definition value. Galiani disagrees idea that the value of a good is intrinsic, but he is convinced that it is rather a calculation, a report that people make in relationships with other goods (utility and scarcity). In other words, we can conclude that Galiani sees rarity being a source of value. (McGee, 2010)

One of Turgot's remarkable contributions in terms of economic thinking was, undoubtedly, paper *“Value and Money”* never finished. In his scientific pursuits, Turgot, like later Austrian School also used as a method of research successive approximations and abstraction. First he develops a Crusoe economy, subsequently extended to 2 people, 4 people and then to a full market. In this Crusoe economy, Turot captures, brilliantly, not only individual gives value to different economic goods, but he also compares and choose between them according to their value in relation to its needs. Moreover, not only Crusoe compare and choose among the assets currently owns consumption but also between present consumption and their accumulation for future consumption. (Gordon, 2011). This aspect leads to the idea that Turgot sees a subjective scale of values for each individual. Extending the theory (praxeologically), Turgot is convinced that no exchange cannot take place if every individual does not offer a higher value to the thing he needs then to the thing which it abounds, in the end the gain being equal for each part because each changes an equal values.

2. The Value Theory in Neoclassical Economic Thinking

In the so-called paradox of value (water and diamonds), Adam Smith again brings into question the two concepts of value researched by Aristotle, use value and exchange value.

By the paradox of value, Smith says us that the value of use is essential for exchange value, but it is not determine it, aspect emphasized later by Ricardo and Marx. Use value is more than an individual problem and subjective one, while exchange value is a social one, and it is observed especially in the market through prices. With no utility theory of consumer at the time, Smith does not see any link between use value and price.

During his approach, Smith handles the exchange value, aiming to answer the following questions: what is the real measure of exchange value, which are components of the real cost and which are circumstances that lead to the differentiation market price of the actual price or natural price.

Regarding goods exchange, Smith strives to show that there is a common element essential for their comparability and upon which the exchange is accomplished. This common element is value.

The Author of *Wealth of Nations* shows that it is expensive a commodity which requires labor-intensive and cheap that commodity requiring less labor, and as a result, work that does not vary its value can always be appreciated and compared, being the real price of a commodity, money representing a nominal price of this. (market price). Following this reasoning, namely that labor is the real measure of the value of underlying exchange, Smith added to the incipient site ideas about the value a major foundation that will underpin the later labor theory of value. Also, Smith identifies two answers depending on the stage of development of society.

Thus, during the primitive society, labor is the only measure of exchange value. But as society develops and oversteps rudimentary phase in terms of capital accumulation, the issue of value becomes more complex. There are new factors of production, capital and land that contribute together the labor in any production process.

What's remains to owner after payment of wages and materials it is profit. So says Smith, the value added by the worker adds to inputs consists of two or three parts: one is paying salaries and another is profit owner and the third is rent, components that are found, evident in the price of goods. So this value new created, consists of income of the three factors of production: wage of workers, profits to capitalist or owners of means of production and the rent back to the landlords. In any society, the price of a good or its exchange value should be under one, two or all the components mentioned above. But although wages, profits and rent is the original source of all values, all of these could not form in the absence of labor. So labor remains the source of value.

David Ricardo believes a correct understanding of the laws of capitalism it is not possible without an elucidation of the most controversial issues drives from Aristotle until his time, namely value. Moreover, in a letter to Thomas Malthus, dated February 7, 1816, Ricardo

confesses that “*If I could overcome the obstacles in the way of giving a clear insight into the original law of relative or exchangeable value, I should have gained half the battle ...*” (Bonar, 1887)

Ricardo finds value theory developed by Adam Smith contradictory and unsatisfactory and he is focusing its efforts to understand and explain the interdependence of economic phenomena using the labor theory of value which supports entire his scientific approach.

In his book, *On the Principles of Political Economy and Taxation*, Ricardo shows the value and usefulness are different terms and the value of a commodity is not found in its usefulness. Utility or use value is a necessary condition of exchange value, but it is not its unit of measure. Goods that are useful (that satisfy people's needs) find their value in rarity and quantity of labor required to produce them. But here, says Ricardo, there are some goods that have value only because they are rare and no quantity of labor could enhance or diminish the value (paintings, sculptures, etc.). If the exchange value should be given to the amount of labor expended to produce the goods, any change to the amount of work should entail a change in the same sense the value of those goods, which is not true.

In the *Wealth of Nations*, Adam Smith considers the work necessary to produce goods as a measure of value and according to this standard, the goods have a higher or lower value as they can be changed. David Ricardo obviously disagrees Smith, arguing that the labor needed to produce a good is not equal to labor obtained in exchange for good. If the two labor quantities as equal, each could accurately measure changes in other commodities.

One of the major contributions of David Ricardo is that the value of a commodity is given not only to labor for its production, but also the labor incorporated into the production labor tools without the work could not be done. And this is true at any stage of development of society.

Analyzing this, Ricardo focus (like Adam Smith) on labor productivity, also on relationship between it and a good value. Any improvement means a labor saving, so an increase in productivity and, ultimately, a change in the value of goods.

What prevented Ricardo to bring to an end the value theory was failing to find a measure of value which is valid to all things. Such a measure, Ricardo believes it is impossible to find because any commodity or good requires more or less work.

For another classic, Jean Baptiste Say, the wealth is not only the productive sphere, but all useful activities to the individual and society. Wealth is proportional to the aggregate value of all tangible and intangible goods. Regarding the value of a good, it is arbitrary, as long as the utility of a good usefulness is unknown to its owner. Owner of such a good, says Say, is no richer. But if another person is willing to obtain a good offering instead another thing, carrying value or utility, it can be said that both goods creates value. What the author wants to show is that the exchange value is born in the market.

For J.B. Say exchange value is identical to a good price. The current price is the price at which the exchange is carried out between the two sides.

The value is not more labor to produce a commodity. Say sees foundation of value in the ability of each good or service to create utility and satisfying the needs of each individual.

Referring to the use value and exchange value, Say believes that the exchange value must be analyzed in economic terms, because it is the true measure of what to give up someone for other good or service within a market. In fact, this is the most equitable criterion of value. All tangible or intangible goods having exchange value represent, in fact, social wealth.

For John Stuart Mill, the value has an essential in political economy, often mingling with science itself. The concept of value is closely linked to the distribution of wealth and less to production of wealth. A confused with the exchange value is to author a serious error of economic logic. The exchange is not essential to distribution accumulated product, it is only a small part of the instrument that sets in motion the entire process of distribution.

This approach of value, John Stuart Mill rejects theory of value formulated by David Ricardo and in particular the labor theory of value. Also he considers the value theory developed by Adam Smith one full of ambiguities. The utility of a good is only its ability to satisfy a desire. The utility of a diamond is great if it serves a purpose, otherwise it has no value. For J.S. Mill, the exchange value of a good, can often be below its use value. The contradiction occurs when exchange value is greater than use value. Moreover, the exchange value cannot be synonymous with the price. The price of a good is the amount paid, and the exchange value of a good is general purchasing power (Mill, 1848).

Any commodity or good must meet two conditions for having an exchange value: to be able to satisfy a need, to be some difficulty in producing it, as a good offering for free will never have an exchange value.

With the assertion that the “value at any time is the result of supply and demand”, Mill identifies a good value with its price, known that price is caused by the interaction of supply and demand in the goods.

In the first chapter of *Capital*, K. Marx begins his study of the nature of the capitalist system, analyzing the first the commodity and default the value theory.

A commodity is a material reality with property to satisfy a need, meaning to be useful individual owns. This utility makes the commodity to become a use-value being at the same time exchange value bearing. For Marx all of use values represent material content of wealth.

Marx, like Ricardo and Smith, distinguishing between utility and use value. In terms of exchange value, it is the ratio (it varies according to time and space) at which different use values will change between them. But that proportion in which use values vary by time and space, raises for Marx the following questions: is a relative exchange value or exchange value is intrinsic commodity?

To solve the mystery, Marx gives a simple example with two goods: wheat and iron. If the exchange occurs between a certain quantity of wheat and a certain amount of iron, it means that there is a common element of the same size, but that is neither wheat nor iron. What have in common wheat and iron? Both are products of labor.

So labor is the common element that gives us the true measure of value and labor time value required to produce goods determine their relative prices. Labor is the substance creating value. But saying this, Marx refers to the *socially necessary labor time* to produce a value. If the value should be determined only by the necessary labor time to produce a good, then it would follow that a less skilled worker would create a commodity with greater value, as the time spent on its production, due to his ignorance.

Any commodity that is useful to an individual, obviously, it has use value. But Marx says not any commodity that has use value (it is useful) it must have value. When this happens? When the use value is not a product of labor, referring here to free goods. Also, the individual can create a use-value as a result of his work, but at the same time this is not a commodity. To become a commodity, a man must create a social use value, (a use-value for the others, also), transmitted to others through the exchange. So, even a good or a commodity is the product of human labor, for creating value it is required to be useful.

At this point of the analysis, the problems do not disappear. Once we exclude the use value of a commodity, it disappears concrete labor required for production of that commodity meaning that no one thinks that a good is the product of one's labor. By thinking so, all goods are reduced to abstract human labor.

For the first time in the history economic thought, Karl Marx analyzes the value creating labor from two perspectives: concrete labor and abstract labor.

For Marx *abstract labor* is a physiological truth and represents that “consumption of the brain, muscles, nerves, organs human sense.” Abstract work is the same regardless of use value created. (Marx, 1849)

The concrete work is different from individual to individual and represents that human physical effort made for a specific purpose, to satisfy a particular need and obviously to create a use-value. If concrete work would be no different, as would happen for created use values, and such a situation would not justify the existence of the exchange, because nobody would change goods which are identical.

For neoclassical thinkers the value is determined by labor. Labor is, for them, the source of value concluding that just commodities have value.

The neoclassical economics reject labor value theory, called the objective value theory and proceed to claim with arguments that value is determined by utility. This idea was not new. It advanced first by Jacques Turgot, when he says that there is a large subjective values for each individual and, later, Jean Baptiste Say who considers the value as arbitrary as long as the utility of the good is not known its owner.

Developed by the neoclassical theory of value based on subjective assessments of individuals is called subjective theory of value.

The year of 1871 is an important resonance in theory and economic thought, because it is the year of birth of the new paradigm of neoclassical, the beginning of the marginalist revolution.

Marginal revolution is born simultaneously in three schools of thought in three different countries within 4 years.

The three leaders of the revolution are marginalist William Stanley Jevons (England), Carl Menger (Austria), Leon Walras (Switzerland). These three great economists, considered the founders of neoclassicism, writing independently, one of another, have the common approach analysis based on the utility, the value of the last consumed unit from good, called *marginal utility*.

For classics, the value or price of goods or labor incorporated depend on material and financial efforts incurred in the past. On the contrary, neoclassical school of thought support and demonstrate the concept of marginal utility meaning that the value of the goods does not come from their past but the future. High costs, consider both Jevons, Menger and Walras does not mean high prices. Regardless of the costs, once a commodity is on market, its price or value depends on utility or importance that this poses to the consumer.

S. Jevons says that the labor incorporated in a good does not influence anything price or value of goods. And here, Jevons refers to periods when stocks are accumulated as a result of declining demand leading to lower market prices than production costs. (Landreth & Collander, 2001)

The value is not intrinsic to property as a result of being incorporated into their work. The source of value is not labor, it must be sought only in the utility and scarcity of goods. To explain how the utility and scarcity determines the value of a good, Jevons introduces the concept *final degree of utility* (marginal utility).

For S. Jevons the final degree of utility is the key to the entire economic mechanism. This important concept - the final degree of utility is the utility felt by an individual at last amount of a good consumed.

As a general law, says Stanley Jevons, the final degree of utility varies on the amount consumed, it decreases as the amount consumed increases. This is what we know today as the law of diminishing marginal utility, elaborated by H.H. Gossen in 1854.

The value depends on the utility of the last unit (less valuable). The value or price of a commodity will decrease with increasing amounts consumed of commodity and its price or value will increase with the decrease in consumption.

To enunciate a theory of value based solely on subjective principles, Carl Menger analyzes economic and non-economic character of goods, and the link between them.

The most important concern of human activity is undoubtedly for satisfaction of needs. Each individual sees goods from its own perspective and closely related to the intensity and diversity needs. This perspective by which an individual is related to all of the property he owns is different for each individual separately, sometimes even differ for the same individual.

Goods that have the capacity to satisfy the needs of the individual (they are useful) and they are limited relative to needs, they are called economic goods.

There are, however, situations when the quantity of a good is superior to the need felt by an individual or by a group. Such goods are abundant and individuals' effort to get them is minimal or missing, they are not object of human economy and they are called non-economic goods.

The Value of goods arises naturally from its relationship with the individual's needs and is not intrinsically good question.

The value of goods, for Carl Menger, is an entirely subjective notion, is a judgment on the importance of individual goods available for surviving and thriving.

Contradict the labor theory of value supported by the whole classical school of economics, (for them the value appears in the production and exchange, and the source and the source thereof is labor) Carl Menger claims that all economic goods have value. The value is determined by each individual, depending on the dynamics and intensity of needs, but this time the source value is found in utility of goods in possession of every individual.

The value is higher or lower in relation to the importance that the individual gives to obtained satisfaction. All of obtained satisfactions are different in importance and depend exclusively of a certain amount of goods available. But for Carl Menger, it is very important to discover that particular satisfaction that depends only on a certain part of the consumed goods.

Known that economic goods are limited compared to the needs, those individuals will satisfy the most pressing needs. The value of goods will be equal to "the importance of satisfaction least important."

The marginal utility, a concept underpinning the whole consumer theory of modern microeconomics, represents increase utility or satisfaction achieved by an individual when consumption of a good changes with a supplementary unit.

Menger's argument rests on the following principles:

1. goods that have the most value are those goods that depends on individual needs;
2. the importance of satisfying needs is uneven;
3. the intensity of importance of satisfying needs is also uneven;
4. the value is equal to the importance of the least important satisfactions;
5. every need decreases in intensity as satisfied.

Once stated and understood these principles, Carl Menger believes that the problem of paradox of value (water and diamonds) is solved. Diamonds being so rare individuals meet their most important needs, while abundant water that allows the individual to fully satisfy needs that depend on this good even significant amounts of water remain unused. This causes the water to have a little value or no value to the individual, while diamonds will have a great value.

Marshall's theoretical approach of the value and utility is largely an attempt to reconcile classical thinking on the one hand and neoclassical thinking, on the other hand. The value of a good depends on the cost of production, as the classical economists argue, or value of a good depends on its utility, referring to capacity of good to satisfy a need (demand)?

He recognizes and demonstrates influence on the determination of cost of production, but arguments related solely logic of marginal concept. Both supply (cost of production) and demand (utility) participates in value formation.

Marshallian approach brings clarity on the issue value and utility once realized that the key is period under review. The study economic phenomena over short periods and long periods is one of many methodological contributions whom we owe Marshall, along with other useful concepts using today: substitution, elasticity coefficient, producer surplus, consumer surplus, the additional cost.

In the short term, when supply is rigid and cannot respond the demand, value theory is verified from utility perspective. The demand in the short term, strongly influences the value and price.

Long term, however, confirm the theory of labor value as the good price will stay permanently around production cost. In this case, the value and price are influenced decisively on supply.

3. Conclusions

The most important schools of economic thought have built the entire scientific approach on the **Theory of Value**.

All economists have tried to find a measure of true economic value. Knowing this measure, it provides answers to lots unsolved questions: what is the profit and its source, how it is born the market price, what factor determine the demand and supply, what is a justice distribution income, what forces the influence of the economic growth, etc.

Every economic process takes place around the value. Economic value is the basis of economic life, and once we understand how it is born, we, also, know what to produce, how to produce, for whom to produce, and how entire output is distributed in economy.

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REALITIES AND PERSPECTIVES

Self-efficacy and Individual Performance – Lessons from Marketing Research

Mădălina Bălău¹

Abstract: The objective of this paper is to highlight several important marketing research findings around the concept of self-efficacy and draw from them lessons for the individuals and managers that could enhance their task performance as well as that of the people they are managing or working with. **Prior research** shows that changing certain behaviors or enabling a desired performance constitutes important interdisciplinary issues with practical impact at economic, social and individual level. Many of the models used to understand and predict consumer behavior propose that intention alone poorly predicts performance of a behavior and is needed a certain amount of control, abilities or skills. The concept of self-efficacy is particularly interesting in understanding human performance (or the lack of it) due to its context specificity, its importance on actual performance and its flexibility, as individuals can easily improve on it. The current **results** picture sometimes self-efficacy as a mediating variable for performance, some other times as a moderating factor in tackling constraints on behavior. The **implications** of the research on self-efficacy are relevant for managers as well as for the individuals themselves. The **value** of these findings is that, in spite of some diverging perspectives in behavior modelling, the marketing research studies highlight important ways in which individuals could use the concept of self-efficacy in improving their performance, through awareness.

Keywords: self-efficacy, consumer behavior, individual task performance, self-efficacy improvement.

JEL Classification: D83; M31

1 Introduction

Individuals are constantly involved in changing their behavior, whether we speak of behaviors directly linked to economic activity (like buying and using products and services) or other types of behavior that may have an economic dimension (like giving money for charity, recycling, or having more initiative in the workplace, etc.). Consumer behavior literature provides several models that account for the main factors that determine enactment, most frequently tested models taking an internal perspective and focusing on the psychological factors of the individual. One of the internal factors that received much attention is motivation, frequently equated as intention, and having as its main antecedents attitudes and internalized social norms. However, another important factor for individual behavior was recognized in possessing the abilities, skills and control to perform that action and this paper will focus on this important factor and the findings provided by marketing research.

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The effort to understand and interpret economic individual behavior is academically situated at the crossroads of economic psychology and marketing science – namely the study of consumer behaviors and that of marketers as well as their interaction (Foxall, 2001). The common approach in marketing and consumer research for explaining and predicting behavior is mostly cognitive. This article will start as well from this cognitive perspective.

Whether a person has the ability to perform a certain action was conceptualized in certain models as perceived behavioral control (in TPB, Ajzen, 1991) or as locus of control or as self-efficacy (as proposed in the model of Olander and Thøgersen (1995)). Even though some skills can be measured objectively, all above concepts related to ability take on a subjective perspective. This perspective is highly important as people with similar skills (as measured objectively) aren't always capable of enacting similar behaviors. Self-efficacy is a concept that was found a possible explanation for these differences and it was frequently used in marketing research. Self-efficacy has also several features that make it easy to study and sometimes easy to improve on, as several findings show.

According to Bandura (2012), self-efficacy beliefs are important for human performance as they are motivating the individual to persevere in the face of challenge, they are determining the individual goals pursued and also the responsibility the person will assume in case of success or failure. The individual belief in one's own capabilities also determines the inner management of emotional states, affecting eventually the quality of life, as the presence of higher self-efficacy leads to a lower vulnerability in the face of stress and depression. Finally, self-efficacy beliefs influence the individual development and evolution as well as the set alternatives considered in important choices in life. Thus, self-efficacy contributes actively to the path in life people choose and to what they eventually become.

Self-efficacy is an interesting concept that can be used in performance improvement at individual level as well as at business development level. In the following section, we will present the theoretical background, and then we will discuss several studies which portray how self-efficacy is measured and used in research. Next section presents important findings from self-efficacy research in business area thus identifying implications for practically using the concept in performance improvement. The conclusions sum up the main lessons from marketing research about using self-efficacy, highlighting also several limitations and future developments in studying self-efficacy.

2 Consumer Behavior and Self-Efficacy – the Theoretical Background

The subjective perspective on the abilities involved in behavioral performance is recognized by Ajzen (1991) who distinguishes the actual behavioral control, consisting of the available resources and opportunities of an individual, from the perception the individual has on his/her own control. This perception impacts strongly the intentions held and actions undertaken and has a higher psychological influence than the actual control. In other words, individuals form initiatives and enact the behaviors they believe they can perform or accomplish, while these beliefs might be according to reality or not. Thus the belief of the individual about what he/she can do, determines what he/she will actually do.

Self-efficacy is a concept proposed by Albert Bandura (1977, 1982) that is used in models of consumer behavior as a proxy for subjective perception of the ability to perform an action. Self-efficacy refers to the individual's own judgement about how capable he/she is in performing a certain behavior. Bandura (1982) asserts that the beliefs of self-efficacy are learnt (acquired) in several ways such as personal experience (positive and negative) and the example of others. This belief of own self-

efficacy will influence whether a person will try a certain activity, the degree of perseverance on that activity in the face of challenge, as well as the final result – the performance of the behavior.

The self-efficacy concept is a part of the social cognitive theory that refers to the way in which efficacy beliefs are constructed, their properties and their effect on behavior and on the individual (Bandura, 1997). Research around self-efficacy also explores the processes through which personal and social changes can be implemented by developing and accumulating efficacy beliefs.

With the purpose of enabling our understanding of human functioning, the social cognitive theory proposes a perspective that has as fundamental assumption the idea that individuals are active agents (Bandura, 2012). According to this main assumption, humans exercise an influence over their own actions and own functioning through forming intentions. Moreover, social cognitive theory asserts that there are three major factors that determine human functioning: interpersonal influences, the actual behavior and the influences from the environment.

Efficacy beliefs have an important impact on the multiple processes involved in human functioning: cognitive, motivational, affective and decisional (Bandura, 2012). They influence whether a person will think pessimistically or optimistically and whether the thought process will support or will undermine the performance of a certain behavior. Thus, self-efficacy is important for the individual in the immediate but also on the whole path in life, whether the individual is conscious or not of this mental mechanisms.

There are four sources of information that individuals use to form expectations about their self-efficacy (Bandura, 1977). These four sources are: (1) successfully accomplished behavior in the past, (2) observations (or modeling), (3) verbal persuasion and (4) physiological states.

Previous successful performance constitutes an important information source for individual's self-efficacy as it is based on personal experience of control in a certain situation. Thus, repeatedly experiencing success in task performance increases the control expectation, while the repeated failure decreases self-efficacy expectation. However, not all self-efficacy expectations are derived from own experience and some of them are formed by observing successful others. As a consequence, the fact of seeing other persons doing challenging activities without adverse consequences can generate an increase in self-efficacy, encouraging them to intensify efforts and persist in order to improve performance.

Verbal persuasion is another interesting information source self-efficacy as it has the advantage of being able to be provided easily and immediately from exterior of the individual. Emotional excitement is also an information source for self-efficacy and it is used as an indicator of anxiety and own vulnerability towards stress. As a high degree of excitement diminishes performance, persons are more inclined to expect success whenever they feel less tension. However, this has the potential of creating a negative spiral of consequences as worrying thoughts of inefficacy can raise anxiety and furthermore reduce self-efficacy. Therefore, emotional excitement can more often diminish than increase self-efficacy, and the latter can be enhanced by calming emotional excitement.

Gist and Mitchel (1992) showed that self-efficacy involves three important aspects or stages. Firstly, self-efficacy reflects the complex judgement an individual makes with regard to his/her capacity to implement a certain task. Secondly, this judgement of self-efficacy is changing as the individual obtains more information and experiences. Thirdly, this self-judgement impacts the motivation of the individual, mobilizing his/her behavior. As Bandura (1986) shows, self-efficacy involves a complex process of perception and entails an adaptation of the individual performance in order to fit given

circumstances. This mechanism explains why individuals holding similar skills achieve different task performances.

Bandura (2012) depicts the multiple impact that self-efficacy has on behavior through several processes, which can be found in Figure 1. Self-efficacy beliefs determine the goals the individual will choose to follow, will also influence the outcome expectations and the perception on the socio-structural factors, understood as facilitators and impediments from the environment. Finally, self-efficacy will also influence the actual performance of the behavior. The environment that provides the impediments and facilitators for the behavior includes the imposed environment (that acts upon individuals) as well as the selected and construed environment, integrating influences from the social network of the individual. Additionally, nowadays, the symbolic environment, determined by innovations in the communication technologies is also increasingly important for everyday life (Bandura, 2002).

Social cognitive theory and current research have shown that self-efficacy can be specific to the task and situation and also that there is a general self-efficacy, a separated construct, defined as a general perception of the individual regarding his/her ability to perform a certain behavior in a variety of different situations (Judge, Erez, & Bono, 1998). Thus, the general self-efficacy construct captures the individual differences in their inclination towards seeing themselves as individuals capable of accomplishing the task's requirement in different contexts (Chen, Gully, & Eden, 2001).

Even though the construct of general self-efficacy has received theoretical and empirical attention, Stajkovic and Luthans (1998) argued that this construct has a limited applicability and task specific self-efficacy has a direct impact on behavior. The study of Kim and Kim (2005) test the impact of these two constructs in the context of online purchase behavior, by studying the impact of general self-efficacy on specific self-efficacy and then, the influence of the specific efficacy on perceived risk and purchase intention. The construct of general self-efficacy was measured using a scale with three dimensions that were hypothesized to influence specific self-efficacy. However, only one hypothesis was supported by data, so the impact of general self-efficacy on perceived risk through specific self-efficacy was insufficiently sustained by empirical data. Online transaction self-efficacy (specific), on the other hand, did play a significant role in reducing perceived risk and increasing online purchase intention.

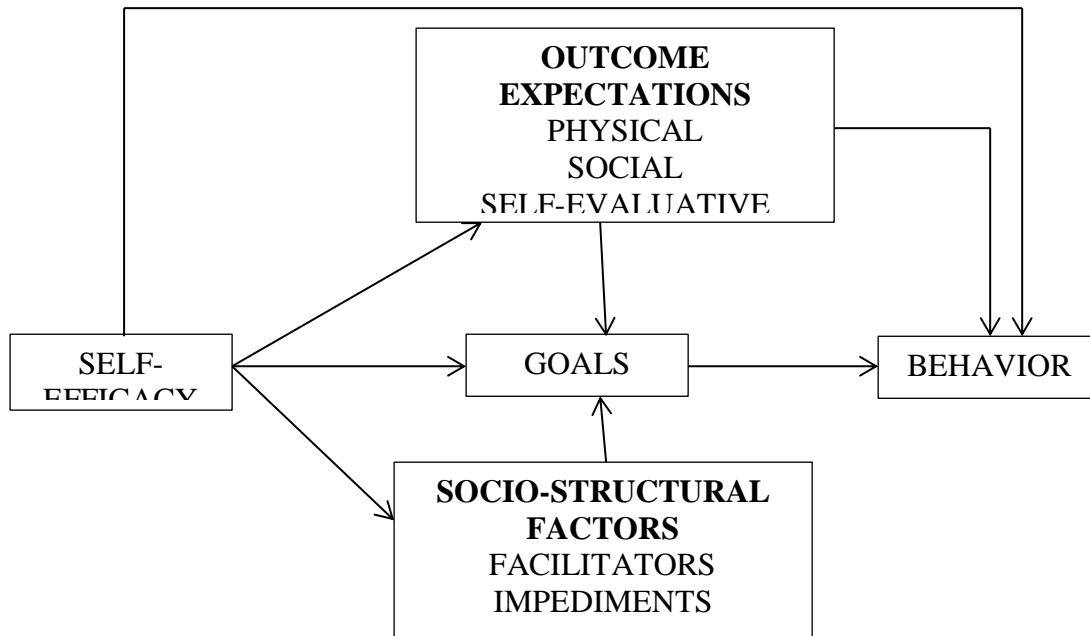


Figure 1. Structural Paths of Influence from Self-Efficacy

Source: Bandura (2012). On the Functional Properties of Perceived Self-Efficacy Revisited

Self-efficacy is a dynamic construct since efficacy beliefs can change over time, by obtaining new information and experience while dealing with a task. Moreover, these efficacy beliefs don't refer to global personality traits (such as, "I am intelligent") but to specific elements related to task performance ("I can perform well this action"). Within this dynamic of acquiring new information enabling self-efficacy enhancement, Park and Roedder John (2014) tested in several experiments whether certain individual personality traits differently influence the types of information that increase self-efficacy. This difference in personality is confirmed and their study brings new insights on how individual favor one type of information in enhancing self-efficacy.

3 Self-efficacy in Marketing Research – Methodological Aspects

There are many studies that have examined self-efficacy in context specific situations rather than general and suggested that measuring self-efficacy makes sense mostly in specific situations (Gist & Mitchell, 1992; Abusabha & Actterberg, 1997). Thus, many researchers named the self-efficacy concept according to the context they studied such as: physical activity self-efficacy (Giacobbi, Hausenblas, & Penfield, 2005; Sylvia-Bobiak & Caldwell, 2006), recreational self-efficacy (Hoff & Ellis, 1992), computer self-efficacy (Durdell & Haag, 2002; Hill, Smith, & Mann, 1987) self-efficacy in healthy eating (Gaugban, 2003) or self-efficacy in breast feeding (Wells, Thompson, & Kloebler-Tarver, 2006).

Bandura (2006) states that in order to have a good measurement of self-efficacy, scales should be adjusted to the domain of interest, because an all-encompassing test may be irrelevant due to its ambiguity. In order to achieve content validity, efficacy items should measure a judgement of capability, the term "can" being the best suited. Using other terms should be carefully assessed as not to confound the construct with others, such as intention ("will do"), self-esteem (judgement of self-worth), locus of control (whether the action depends on the individual) or outcome expectations (judgements on outcomes derived from performances).

Self-efficacy measurement should reflect the degree of difficulty the individual believes he/she can overcome. Thus, in the measurement of self-efficacy various levels of the task difficulty should be integrated, according to the challenges that might be encountered. As a consequence, when constructing a self-efficacy scale, Bandura (2006) advises that preliminary work should be undertaken in order to properly present the specific challenges of the task. For this purpose, researchers can organize interviews or pilot questionnaires in order to identify aspects that harden activity performance. The response scale should enable individuals to “rate the strength of their belief in their ability to execute the activity” (Bandura, 2006, p.312). Usually, a 100-point scale is recommended with 10-points intervals, starting at 0 (“Cannot do”) until complete certainty, 100 (“Most certain can do”) with an intermediary point, 50 (“Fairly certain can do”). An alternative could be using the same descriptors but with scores from 0 to 10. Importantly, the self-efficacy scale is unipolar, not allowing for negative gradations, as they don’t make sense in evaluating an individual’s capability.

Kim and Kim (2005) investigated in their study the influence of subjective factors on individual intention to purchase in e-commerce and explored the relationships between online transaction self-efficacy and consumer trust and perceived risk, respectively, which in turn determine the purchase intention. Thus, in this study self-efficacy is an important factor explaining behavioral motivation and individual choice, contributing positively to building trust and negatively to perceived risk. Since in their study they measured both general self-efficacy and specific self-efficacy they used an existing scale for measuring the first construct and developed a new one for online transaction efficacy. All the variables in the study were measured on seven point Likert-type scales. The general self-efficacy scale was formed of three inter-correlated dimensions named initiation, effort and persistency. Due to their formulation, “initiation” and “persistency” were negatively correlated to “effort”. The online transaction self-efficacy was measured with a newly proposed scale, whose items were formulated in terms like “I am confident...”¹. This way of formulating items is contrary to the recommendation of Bandura (2006) who argues that “can” represents a better formulation for judging capability, such as self-efficacy should measure. Their results confirm the influence of specific self-efficacy on trust towards the transaction, but the role of general self-efficacy was not confirmed, due to non-significant relationships with the specific self-efficacy.

The research of Hung and Petrick (2012) explored the role of several factors on the intention to travel, among which self-efficacy was studied as a moderating variable on constraints negotiation. This study tackles the issue of individual involvement in the face of challenge by testing the role of self-efficacy in finding solutions for diminishing the constraints in participating in cruise travel. Since Hung and Petrick (2012) consider that the intention to travel is influenced by constraints anticipation, but also by the ability to negotiate these constraints, self-efficacy construct plays an important role in this negotiation. As in a previous study, the negotiation efficacy was used as a proxy for self-efficacy in constraints negotiation and was defined as the ability to use effectively the negotiation resources (Hung and Petrick, 2012; Loucks-Atkinson & Mannell, 2007). Their hypothesis was that self-efficacy moderates the relationship between travel constraints and constraint negotiation.

In order to measure self-efficacy they asked participants to rate their level of certainty in performing certain behaviors and recorded answers on a scale from 0%, “very uncertain”, to 100%, “very certain” of accomplishing the behavior. The scale included 14 items and measured the perceived capability in budgeting the money for the travel, finding cruise companions, organizing and planning for the cruise, etc. In order to test the moderation hypothesis the sample was divided in two groups, with high and

¹ For example “I am confident that I can obtain relevant information through online sources (e.g., online discussion groups, reputation sites, etc.) on the Web vendors from whom I am planning to make online purchases.” (Kim & Kim, 2005).

low self-efficacy, and using the average score of the sample as splitting criteria. The invariance test used confirmed the hypothesis that self-efficacy is a moderator for the model proposed, however not on the relationship initially presumed.

Starting from the idea that the belief in one's capability to perform a certain behavior is mediated by self-efficacy, Park and John (2014) proposed and tested whether brands could influence self-efficacy through the proposed benefits. They used four experimental studies to test this possibility. In their experiments they test whether the implicit self-theories people favor determine the different types of information used for self-efficacy improvement, which then impacts the performance. According to these self-theories, some persons endorse incremental theories, viewing their personal qualities as flexible and improvable, while persons that believe the entity theory consider their personal qualities fixed (Dweck, 2000). The people believing the incremental theory will probably use most of the types of information presented by Bandura (1977) as sources for increasing perceived efficacy, however, for persons believing the entity self-theory integrating new information through learning opportunities might not be as easy. Park and John (2014) tested if brand promise constitutes a type of information that can be a source of self-efficacy for people believing the entity self-theory. They also verified if self-efficacy is a mediating variable to performance and the tests supported both these hypotheses.

The mediation analysis tested whether the effect of the brand promise is transmitted to the task performance through perceptions of self-efficacy. The hypothesis was confirmed in the case of people holding entity implicit self-theories and not for those with incremental self-theories, involving the fact that self-efficacy, indeed, plays an important role in task performance and that brand promise, when confirmed, contributes to task performance through self-efficacy.

Since the construct of self-efficacy was hypothesized alternatively as a moderator and as a mediator, and in both cases data supported the proposed relationships for self-efficacy, we shall comment on these findings. According to Baron and Kenny (1986), a mediating variable is defined as an active organism that intervenes between the stimulus and the response, while a moderator is a qualitative or quantitative variable that influences the relationship between an independent and dependent variable. The study of Hung and Petrick (2012) observes that splitting respondents according to high and low self-efficacy changes some relationships in the proposed model, confirming the fact that people differing in perceived self-efficacy also differ on the variables that impact their performance. This is further explored under the studies of Park and John (2014) that identify a personal characteristic which has an impact on individual learning, the implicit self-theories. These self-theories determine also the way new information is integrated in the perceived self-efficacy. In this case, self-efficacy is tested as a mediating variable enabling performance. They find that the independent variable that transmits information to self-efficacy is brand promise and this happens only for individuals favoring the entity self-theory. Thus, the moderator hypothesis confirms that people with different self-efficacy levels function slightly differently, while the mediator hypothesis confirms that task performance is influenced by learning as long as this learning increases self-efficacy.

4 Findings and Implications

One of the most important implications of these studies is the fact that individuals could use the concept of self-efficacy in improving their performance whether we speak of choice in purchase contexts, or situations where a certain level of effort and involvement is needed, such as the workplace.

The findings from the study of Kim and Kim (2005) suggest that self-efficacy plays a major role in positively influencing consumers' trust in online transactions, as a consequence, reducing the perceived risk. In tasks for which individuals perceive higher risks or they lack trust, the main implications for sales representatives or managers are that they could stimulate individuals in increasing self-efficacy. This could be done by contributing to the sources of information the individuals use for changing their self-efficacy perception, namely verbal persuasion and modeling. However, the control over the other two sources of information on self-efficacy, prior experience and emotional states, is considerably reduced even though some influence can be exercised over them.

The study of Hung and Petrick (2012) found that there is a significant difference between people with low and high self-efficacy in constraints negotiation, but not as expected. Individuals holding high levels of self-efficacy involve less in constraints negotiation for implementing their intention to cruise, while those with a lower self-efficacy involve more in reducing the constraints for cruise tourism. The implications for these findings are that higher efficacy individuals might easily see alternatives to cruise tourism and those with a lower self-efficacy might be more inclined to consider cruise tourism as a good option, as in an all-inclusive vacation they may be better taken care of.

The set of experiments implemented by Park and John (2014) supported the idea that self-efficacy influences directly task performance and the former can be increased by brand use only for consumers holding an entity implicit self-theory. Moreover, the brand influences self-efficacy through a conscious process and not an unconscious one, as it was previously argued. Since self-efficacy is such an important factor in motivating choice and goal setting, managers could use the findings of this research in brand communication strategies. By communicating better performance, achievement and success in challenging tasks associated with the brand, firms could increase self-efficacy in persons holding entity implicit self-theories. However, this effect will not be produced in the case of individuals with incremental self-theories, so for this target group learning opportunities should be offered along with brand communication.

The individual implications of these studies are that the self-efficacy concept is an important determinant of task performance, and that individuals involve in changing their perceived self-efficacy more or less consciously. However, the knowledge around this concept could be used by individuals as a set of tools available for task performance improvement. For this purpose, persons can use different sources of information that lead to increases in self-efficacy. Moreover, the findings Park and John (2014) suggest that the learning activities that can enhance personal efficacy are accessed differently according to individual's own beliefs in his/her capabilities of improvement. If the individual considers he/she is capable of improvement by own efforts, then the learning opportunities will form the basis for self-efficacy changes. However, individuals believing that they cannot improve by further efforts will need more encouragement and a sort of "symbolic" support: by using a brand associated with a relevant brand promise for the performance desired, this person could increase his/her perceived self-efficacy.

5 Conclusions

Marketing research in consumer behavior can be a valuable source of information for individuals looking to improve their performance in all kinds of life contexts. Identifying influences in everyday contexts is certainly used by companies in order to convince us to buy something new or more of a certain thing. There are also other actors interested in changing individual behavior such as policy makers or organizations defending all kinds of issues, from environmental to social and even leisure

activities. Individuals could also be interested in these findings for own improvement. Self-efficacy was found as an important factor which enables or inhibits behavioral change. Thus it could be used more frequently in attempts of behavioral change, but individual awareness around this concept might be also needed.

The current literature shows that self-efficacy can be improved in several ways. However, the same ways could also diminish self-efficacy depending on how the individual interprets them. As a consequence, this important concept remains inner to the individual and changing it from the outside is possible for small tasks, in laboratory interventions, which are irrelevant for real life activities. Research can identify self-efficacy as a key determinant in task performance and goal setting; it can also identify means through which self-efficacy can be increased. Still, researchers cannot integrate this new knowledge into their subjects' lives in order to help them improve, develop and grow.

This remains an issue of the individuals themselves. They are the ones that should become aware of all these findings about their own functioning and start using this knowledge in their own lives. Since self-efficacy is rather activity specific and not general, it follows that testing own self-efficacy as one might test his/her IQ level is impossible, but mostly irrelevant. Self-efficacy is a perceived aspect of the individuals, so it has an important subjective dimension. This makes it impossible to compare between individuals and could only be used through individual awareness. However, this awareness isn't subject to intentional control, rather it is accessible to the individual as a momentarily experience and not as the result achieved by following certain stages or development recipes.

The main lesson from this body of research literature is that what individuals think of themselves determines their performance and also their path in life through the goals they set for themselves and the alternatives they consider in choice contexts. Further research around self-efficacy is necessary, by extending contexts where it is tested and by understanding how features of the personality intervene in how self-efficacy is perceived by the individual. Another important direction of research should also concern the ways in which individuals could integrate knowledge about self-efficacy in their own lives and decisions, thus understanding how it could change performance through active involvement of the person and not from the outside, through different kinds of strategies used by companies and organizations not truly leading to results.

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THE 12TH EDITION OF THE INTERNATIONAL CONFERENCE
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REALITIES AND PERSPECTIVES**

**In “No Time”, Not “Out of Time”! - A Lesson
about Strategic Thinking in Regional Development**

Gabriela Marchis¹

Abstract: The innovative approach of regional development during 2014-20 programming period, in line with the “Europe 2020” strategy, implies a new form of designing the local and regional strategies of development. The transition to a *green, smart* and *innovative economy*, cannot be attained only by *adapting quickly* to changes that appear in today's European society. Thus, an **integrative strategic thinking** becomes more necessary than ever. This research paper intends to guide and inspire those people that have the responsibility for designing and coordination of local and regional strategies of development. A lesson about strategic thinking in regional development refers mainly at the process of planning and implementation of *policies with local focus*, but with *a significant European dimension*, in an active partnership with all the relevant stakeholders. Another important lesson, mainly for Romanian authorities in charge with the management of local and regional development, is about *timing with the Brussels*. In order to be able to provide tangible results for citizens, each local/regional government should collaborate in order to harmonize their public policy in line with EU trend of development. Real **multi-level governance** is a novelty but also a necessity and a priority of 2014-20 programming period.

Keywords: future dynamics of EU; regional development and planning; ESI funds; Europe 2020

1. Introduction

Within the European Union, the strategies for regional development evolved during different programming period, accordingly to EU necessity of development but also from the necessity to keep the rhythm of growth in a more and more globalized world.

EU is a complex system and the process of its evolution is very dynamic and engages a large spectrum of decisional factors.

For the current programming period 2014-20 the strategies for regional development should be designed on three important dimensions: sharper *focus on the need* of development; better systems for *tracking the progress* towards the established targets and a better *evaluation of the programmes results*.

In this context, it is increasingly clear that in order to benefit for the entire EU technical and financial support for regional development, each Member State should be in line with these trajectories of conduct.

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Shaping the evolution of a region is not an easy task and requires a lot of knowledge, experience and data.

Because his work intends to be *informative* and *inspirational* for those involved in designing the strategies for local and regional development, it will start by introducing the Regional Competitiveness Index, which is an important tool as taking the necessary steps.

Next, region “Sud-Est” of Romania (RO22) will be an example of how easy is to get information about the current status of development of any European region.

Finally, the research will offer a “how to” lesson about designing and coordination of local and regional strategies of development, trying to get an answer to a simple, but in the same time, very important question: *How to create prosperity, stability and security in our region?*

2. RCI - a Chance to Measure the Regional Development Level

Directorate General for Regional and Urban Policy of European Commission launched in 2010 an extensive project of determining the Regional Competitiveness Index (RCI) across the entire EU-28. Since then, every three years, DG for Regional and Urban Policy publishes the RCI which allows regions to identify their strengths, their weaknesses and investment priorities in order to shape their development strategies.

RCI represent an important tool for authorities, from different level of government, because it offers relevant information regarding the position of their region in comparison with other regions from national and European level in terms of *innovation, governance, transport* and *digital infrastructure*, and also regarding *measures of health* and *human capital*. Moreover, RCI offers the possibility to monitor and assess the evolution of any region in accordance with the fields previously described.

As a matter of fact, RCI represents an important chance for public authorities in their mission of shaping regional development, because of its complexity. RCI is determined analyzing 74 indicators grouped on 11 pillars, as it is presented in the figure bellow.



Figure 1. The main pillars of RCI

Thus, *institutional set-up and decision-making* is analyzed taking into account a set of 17 indicators for regional and national institutions, as follows: corruption; quality and accountability; impartiality; political stability; government effectiveness; regulatory quality; rule of law; control of corruption; easy of doing business; property rights; intellectual property protection; efficiency of legal framework in settling disputes; efficiency of legal framework in challenging regulations; transparency of government policymaking; business costs of crime and violence; organized crime; reability of policy services.

Macroeconomic stability is determined through a set of 5 indicators, such as: general government deficit/surplus; national savings; inflation; government bond yields and government debt. The data are provided by Eurostat.

The *infrastructure* development is analyzed taking into account the motorway potential accessibility; the railway potential accessibility; the number of passenger flights (accessible within 90' drive) and the intensity of high-speed railways.

Health sector development is determined by victims in road accidents; healthy life expectancy; infant mortality; cancer disease death rate; heart disease death rate and suicide death rate. The source of the data is Eurostat.

The *basic education* pillar is analyzed taking into consideration data from OECD Programme for International Student Assessment (PISA), such as: share of low-achieving 15-year-olds in reading (level 1a or lower); share of low-achieving 15-year-olds in mathematics (level 2 or lower); share of low-achieving 15-year-olds in science (level 1a or lower).

Meanwhile, the development of regions from the perspective of **higher education & lifelong learning** is established through a set of 5 indicators, as follows: population aged 25-64 with higher educational attainment; lifelong learning; early school leavers; accessibility to universities and gender balance on tertiary education.

Labour market efficiency is measured by the following indicators: employment rate (excluding agriculture); long-term unemployment; unemployment rate; labour productivity; gender balance unemployment; gender balance employment; female unemployment and NEET (young people neither in employment nor in education and training).

Market size is determined taking into account the disposable income per capita; the potential market size expressed in GDP and the potential market size expressed in population.

Technological readiness is analyzed both at *regional level*, by the households with access to broadband; the individuals buying over internet and the household access to internet; and also, at *national level*, through: the availability of latest technologies; the firm-level technology absorption; technological adoption; FDI and technology transfer; the enterprises that had purchased online (at least 1%); the enterprises that had received orders online (at least 1%) and the enterprises with fixed broadband access.

The **business sophistication** pillar is characterized by a group of 3 indicators, such as: the employment level (by sectors); GVA (Gross Value Added of different sectors) and the innovative SMEs collaborating with others.

Innovation is quantified by a large number of indicators, as follows: total patent applications; core creativity class employment; knowledge workers; scientific publications; total intramural R&D expenditure; HRST (Human Resources in Science and Technology); employment in technology and knowledge-intensive; high-tech patents; ICT patents; biotechnology patents; exports in medium-high/high-tech manufacturing; and sales of new to market and new to firms innovation.

3. RCI for “Sud-Est” region of Romania (RO22)

According to the Constitution, Romania territory is organized administratively into “communes, towns and counties”; on each territorial level, should exist a strategic document that describes the intended trend of development for 2014-20 period. The strategic documents of all 6 counties that form “Sud-Est” region (RO22), are presented on the website of Sud-Est Regional Development Agency (<http://www.adrse.ro/Planificare/StrategiiJudetene.aspx>).

Braila	<ul style="list-style-type: none"> •Sustainable Development Strategy 2014-2020 of Braila County •Development Strategy 2014-2020 of Braila Municipality •Braila Municipality Energy Strategy 2014-2020
Buzau	<ul style="list-style-type: none"> •Sustainable Development Strategy 2014-2020 of Buzau County •Development Strategy 2014-2020 of Buzau Municipality
Constanta	<ul style="list-style-type: none"> •Sustainable Urban Mobility Plan - Growth Pole Constanta •Study on vulnerable social groups and marginalized communities in the Growth Pole Constanta •Study on Energy Efficiency in the Growth Pole Constanta •Study on the economic profile of the Growth Pole Constanta •Study on labor market trends in the context of the economic profile of Growth Pole Constanta •Study on rehabilitation and development of tourism and cultural inheritance promotion of the Growth Pole Constanta •Study on analysis and review of the Integrated Development Plan Growth Pole Constanta - Part 1 •Study on analysis and review of the Integrated Development Plan Growth Pole Constanta - Part 2
Galati	<ul style="list-style-type: none"> •Galati County Development Program 2016-2021 •Galati Municipality Development Strategy 2015-2020
Tulcea	<ul style="list-style-type: none"> •Tulcea County Integrated Strategy for Sustainable Development for 2014-20 •Tulcea Municipality Strategy of Development 2014-2020
Vrancea	<ul style="list-style-type: none"> •Vrancea County Integrated Development Strategy 2014-2020 •Sustainable Development Strategy 2014-2020 of Focsani Municipality

Figure 2. Strategies for county/local development in “Sud-Est” region of Romania

Source: <http://www.adrse.ro/Planificare/StrategiiJudetene.aspx>

Theoretically, based on these documents, the 2014-2020 “Sud-Est” Regional Development Plan was designed. Accordingly to this document, “Sud-Est” region has 10 main priorities of development for 2014-20 periods, as follows (South-East Regional Development Agency (SE RDA), p. 392)

- Integrated sustainable urban development;
- Development of transport infrastructure at regional level;
- Improvement of regional economic competitiveness in the context of intelligent specialization;
- Improvement of tourism quality at regional level;
- Environmental preservation and protection;
- Improvement of energetic efficiency and the use of renewable resources;
- Quality improvement in the fields of education, health and social inclusion;
- Better use of rural resources and the modernization of rural economy;
- Human resources development at regional level, in the context of regional intelligent specialization;
- Fostering cross-border and interregional cooperation.

Even if there are a lot of strategic documents for local and regional development, the RCI for RO22 reflects a poor development of this region.

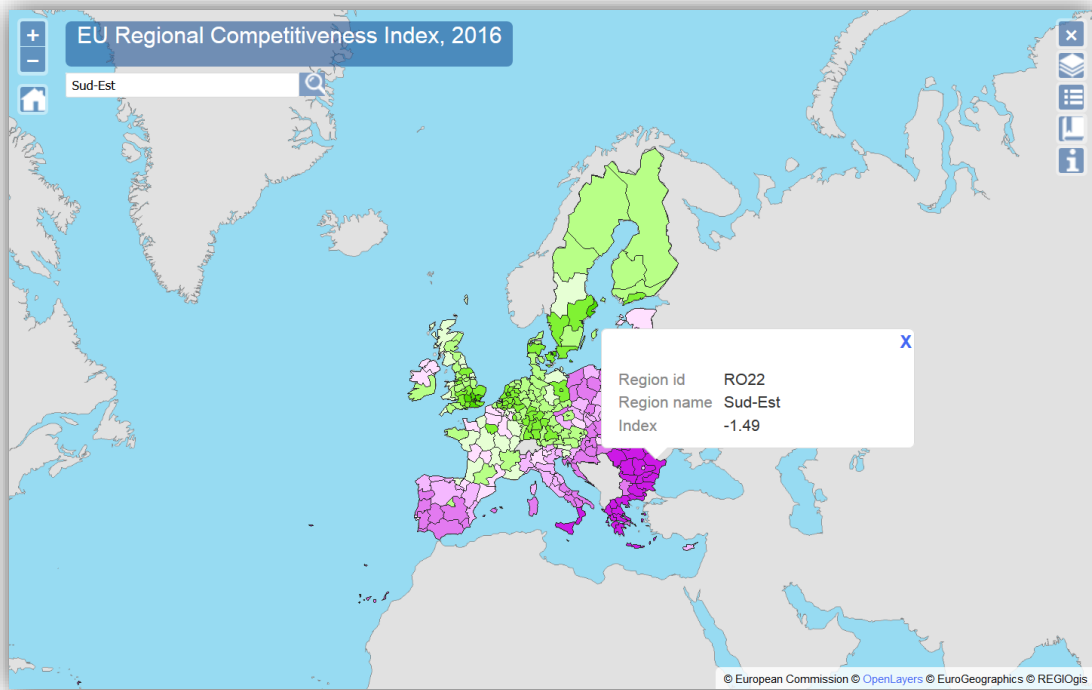


Figure 2. RCI of Romania “Sud-Est” Region (RO22), 2016

Source: http://ec.europa.eu/regional_policy/mapapps/regional_comp/rci_2016.html#

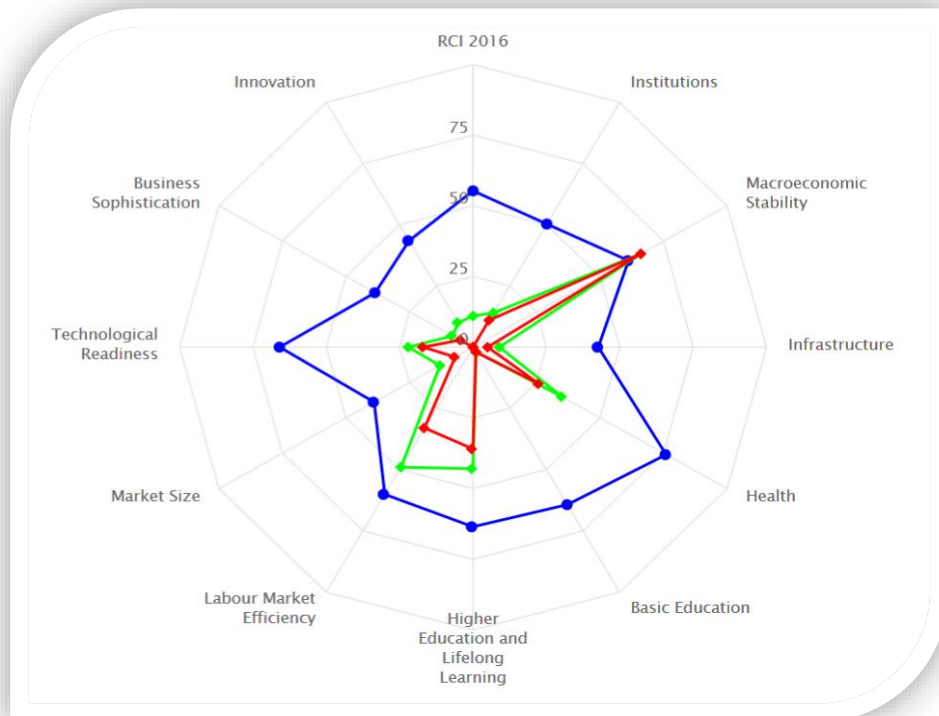


Figure 3. RCI of “Sud-Est” Region (RO22) split on 11 pillars, 2016

Source: http://ec.europa.eu/regional_policy/en/information/maps/regional_competitiveness/#3

Figure 3 reflects the RCI of “Sud-Est” region (the red line), reported to EU average RCI (the blue line) and to Romania average RCI (the green line), in accordance with the 11 pillars taking into consideration. As it may be observed, the overall evolution of RO22 region is very far from EU average of development on regional scale, but it is in line with the national trend, with one exception - the innovation field.

Table 1. RCI – 2016

<i>Pillars of development</i>	<i>RO22</i>	<i>Romania</i>	<i>EU average</i>
<i>Institutional set-up and decision-making</i>	11	14	50
<i>Macroeconomic stability</i>	66	66	61
<i>Infrastructure</i>	5	9	43
<i>Health</i>	26	35	76
<i>Basic education</i>	2	2	64
<i>Higher Education & Lifelong Learning</i>	36	43	64
<i>Labour Market Efficiency</i>	33	49	60
<i>Market size</i>	7	13	39
<i>Technological readiness</i>	17	22	66
<i>Business sophistication</i>	5	8	39
<i>Innovation</i>	0	10	44

Source: http://ec.europa.eu/regional_policy/en/information/maps/regional_competitiveness/#3

Starting from this point, all the lags recorded comparatively with national and european level, should be treated as *growth prospects* for the “Sud-Est” region, and the priorities of development should be reconsidered in order to achieve the desirable level of development.

4. Chances and Limits of Shaping Regional Development Strategies

“How to create prosperity, stability and security in our region?” this should be the main concerned of policy-makers.

From the very beginning, “think global and act local”. In order to benefit from all the opportunities that arise from the EU membership, decisional factors from all levels of government should be informed and involved in the process of designing different strategies and policies of development, taking into account the pulse of development from European and international level. In a globalized world, it is important to be open to the opportunities but in the same time close to your local features.

As it may be observed in figure 4, there are 2 main directions for shaping development strategies. The first one, the *bottom-up approach*, implies to better analyze local specifics using different technical

instruments and based on the results to design local strategies. These strategies should be taking into account when designing regional strategies, and furthermore, all of them should be reflected in the national strategy for development. Moreover, this last document should connect the national needs of development with the European perspective.



Figure 3. Integrative strategic thinking

The second direction is the *top-down approach*, which implies that the strategic objectives established at European level by Europe 2020 should be transferred towards member states, and furthermore to the regional and local level.

In other words, an *integrative strategic thinking* implies that the chain links for shaping strategies of development at different territorial level must be uninterrupted and interconnected. Moreover, these both sides' approaches should be, as much as possible, concurrent. So, a *timetable* should be strictly respected in designing such documents.

In this context, becomes obviously that an *integrative strategic thinking* requires a lot of *involvement from all the relevant stakeholders, active citizenship and qualified and experienced personnel* in public institutions that have the responsibility of shaping development strategies.

Regarding “Sud-Est” region of Romania, in March 2017, when this working paper was elaborated, the 2014-2020 “Sud-Est” Regional Development Plan has been published, referring to the 10 priorities of development. According to the theory these priorities should reflect the priorities of all the 6 counties that form the region, but at the county level, not all strategic documents were finalized or publicity available. For example, “Galati Municipality Development Strategy 2015-2020” was not available on the website of Galati Municipality Hall; instead there was a strategic document for 2016-25, entitled “Galati Municipality Development Strategy 2016-2025”. Also, “Galati County Development Program

2016-2021” and “Sustainable Urban Mobility Plan - Growth Pole Constanta” were not available. Moreover, “Tulcea County Integrated Strategy for Sustainable Development for 2014-20” was only in a draft version from 2014. Likewise, “Sustainable Development Strategy 2014-2020 of Focsani Municipality” was only draft version from 2014, under public debate.

Even if we consider these documents being as dynamic as the process evolves, the pace of upgrading them should be the same in order to ensure the coherence of the process.

Moreover, all these inadvertencies have a strong negative impact on the regional development level which is reflected by the RCI.

3. Concluding Thoughts

One of the most remarkable tendencies in Romania, in the process of shaping development strategies for different territorial level it that these documents are still regarded as “papers to be done” in order to fulfill some criteria of getting money from Brussels, instead as a coherent manner of expressing the needs of development and the steps intended to be done in the right direction.

So, I consider essential that it is important to become aware about the importance of these documents and the fact that any break in the chain of shaping strategies of development at different territorial level will have a strong negative impact on the social and economic growth, reflected also by RCIs. RCI is a very important instrument because it offers a *comprehensive picture* about the level of development of “Sud-Est” region (RO22), comparatively with the national level of development and also with the EU average level of regional development. It should be regarded as *a tool that supports decision-making*, because it provides *high-quality, timely and policy-relevant knowledge* as input to *better informed policies*.

Moreover, in the context of harmonization with Europe 2020, there is an increased need for *integrative strategic thinking*, so a *high level of harmonization* of these documents is required and this include *a timetable to be strictly respected* in designing such documents.

Concluding, we can (or can't) create prosperity, stability and security in our region, depending on our behavior in shaping strategies for regional development by choosing between “No Time”, and “Out of Time”!

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THE 12TH EDITION OF THE INTERNATIONAL CONFERENCE
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REALITIES AND PERSPECTIVES

**The Role of Public Debt on Economic
Growth, the Case of Albania**

Eneida Përmeti¹

Abstract: The global recession and the sovereign debt of European countries have triggered an intense debate over the effectiveness of fiscal policy and over the consequences of rising public debt. The relation between public debt and economic growth is a very studied and discussed debate. This paper aims to focus on some essential questions. A high public debt has a negative impact on economic growth? Does a low economic growth promote the growth of debt? What are the factors that affect the performance of these indicators and the mechanisms of transmission from one to another? The literature identifies two main lines: the Ricardian theory (or the Ricardian equivalence, under which the government debt is equivalent to the future taxes) and the conventional view (according to which the government debt stimulates aggregate demand and growth in the short term and promotes the reduction of capital and national income in the long term). What about the empirical data? The results are different in different countries and periods. What is the situation in Albania at about the last 25 years? Analyzing the macroeconomic situation and the main causes of a positive growth and a macroeconomic stability, but a high public debt, we can conclude over the expectations and the trend of the future.

Keywords: Economic Growth; Public Debt; GDP; Albania

1. Introduction

A stable economic growth is very important for any economy and of course for Albania, which, as a developing country intends to take steps forward to achieve the membership in the European Union.

On the other hand, equally important is the Public Debt, who can influence: the monetary policy, the international level of reliability, the political process, the capital outflows and the replacement of assets. It must be preserved under the level permitted by the EU (under 60% of GDP).

A government to find funds that are necessary for fulfilling its tasks has three economic tools: the taxes, the printing of currency and the public debt. The reasons why the government chooses the last alternative are: it would not be appropriate in a growing economy, that the current generation be taxed for goods, services or investments that would benefit a future generation; it is an efficient alternative for emergency expenditures; growth or continued tax cuts could lead to economic uncertainty; printing of currency may increase the money supply, interest rate and thus the inflation.

The economic growth and the public debt are two economic indicators that are closely related to each other, so it is interesting to study how the performance of one affects the other and vice versa. There is not a simple connection between them. There are many important factors for economic growth of a

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country and the performance of debt. Results achieved so far are different in different countries and periods, but how is the situation in Albania at about the last 25 years? By analyzing the macroeconomic situation and the main causes of positive growth and macroeconomic stability (in the last decade), but a high public debt, we can conclude the expectations and the trend of the future and draw interpretations and recommendations as to valid.

2. Purpose

The purpose of this study is to bring something new on this subject, unlike the current proceedings. As a phenomenon that has affected all of Europe, I hope that my study bring valuable conclusions on it. The study of public debt impact on economic growth will be carried out by analyzing the factors that affect the performance of these indicators.

3. Theoretical Relationship

Along the theoretical literature we can distinguish some views. Initially it will focus on the Ricardian argument and to the Conventional view.

In view of the Ricardian debt is regarded as a tax in the future. We are dealing with rational consumers and tax increases to fund the deficit is equivalent to own current account deficit. So, financing activities through tax budget deficit would not have net effect on national income in the long term. According to Ricardian equivalence, the timing of the tax change does not affect the type of consumer spending; being “taxed” more today than tomorrow, does not affect consumption. So, at a certain moment the choice to finance public spending through debt or through increasing the tax will not affect demand. (Emendorf & Mankiw, 1998, p. 35) (Barro, 1976, pp. 343-350)

From the conventional viewpoint, in the short term, public debt stimulates aggregate demand and economic growth, but in the long run stimulates the reduction of capital and national income. If the budget deficit is the result of constant spending and lower taxes, we have an increase of revenue to individuals. This will bring increased costs and aggregate demand. In the short term applies Keynesian theory where we have solid prices and wages. An increase in aggregate demand increases national income, which indicates a positive impact of debt on growth in the short term. (Emendorf & Mankiw, 1998, p. 13).

In the long run, the growth of public debt affects the reduction of national savings. It is valid the classical theory according to which in the long run we are dealing with flexible prices and wages. So the fiscal policy influences on the national incomes only by changing the offer for the factors of production. In this case, the public debt has a negative effect on economic growth.

The relationship between public debt and economic growth under conventional view takes the form of a U-destruction, known as Laffer curve. (Panizza & Presbítero 2013, p. 10)

Besides the above two viewpoints on the relationship public-debt growth, the literature shows that for classical economists, debt is regarded as a burden on society; by neoclassical economists as detrimental to investment and economic growth and by modern economists as a driver of economic growth if the funds are used for productive purposes.

4. How does Debt Affect the Economy?

Increasing public debt affects several factors, which then lead to GDP changes. First, the financing of this debt requires increasing capital and labor taxes and also brings a reduction in public investment. Raising taxes reduces the capital stock and reduces labor supply. The capital stock reduction could affect the reduction of foreign investment, while lowering labor supply could bring growth of the informal economy or tax evasion. There is a close link between trade deficit and the public one known as “twin deficit”. These factors affect negatively to GDP and economic growth in the country. (Cavallo, 2005)

Second, a country with a high public debt would have high interest rates and for reduce these, the central bank can pursue an expansionary monetary policy. This solution is valid in the short term, because in the long term, the interest rates will remain therein. Debt financing through monetary policy, as mentioned above, may be the main cause of a very high inflation. We are dealing again with a negative effect on economic growth.

Thirdly, if we analyze the impact on fiscal policy, we can say that the increase of debt differs public expenditure planning. If these expenditures will not be covered by taxes (fiscal entrances) consumers are less sensitive to public spending. The cost of debt service will be paid by the same consumers, but in future periods and they are more concerned about taxes than for public spending. Also, the government will show interest for the public spending, whose benefits are greater than their cost, to have the support of citizens. But generally the benefits are identified in the short term and the costs are prolonged in time, so the financing public expenditure through debt can be a good thing for the government who takes this commitment, but a big cost for the next government.

Fourth, the increase in debt can bring discounts to net national savings, thus increasing interest rates (which affect the reduction of investment and the reduction of the capital stock).

Finally, we should mention the effect on international relations. The investors consider taking debt as a measure of a country risk level, because it's difficult for a country with a high public debt to face an economic crisis. In this case, their capital will be directed to countries with greater economic security and lower interest rates. Also, obtaining debt by another country or by an international institution reduces the autonomy of a country and affect its decision-making.

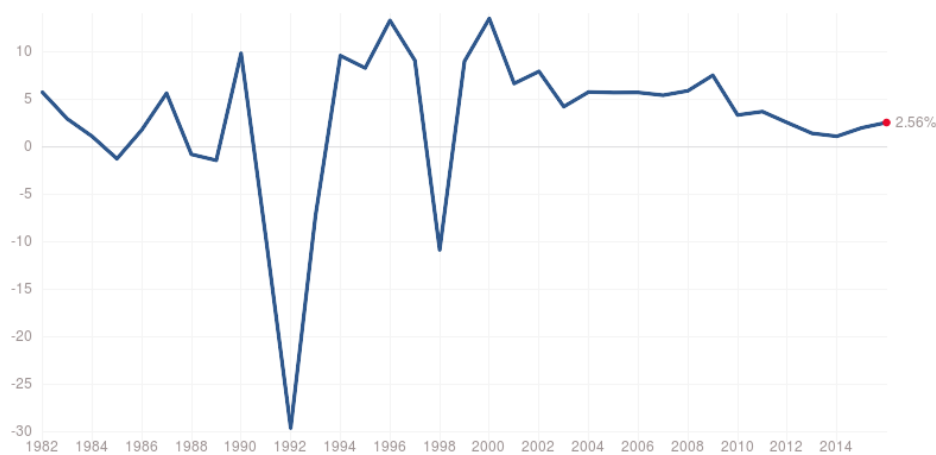
In conclusion, we can say that the public debt can affect the fiscal policy, the monetary policy, the capital outflows and the investment, the political process and the level of international confidence in the country. From this analysis, we can conclude that the public debt have a negative impact to the GDP and to the economic growth.

5. The Macroeconomic Situation in Albania

After a long period of isolation and a closed economy, after 1991 the situation in Albania began to change radically. The political and economic reforms have been effective, ensuring a stable economic growth. Referring to the IMF and the Albanian Bank, we can say that during the global crisis and the European one, in Albania we have had a low inflation, a sustainable banking system, a financial stability, thanks to a positive economic growth. These data indicate an appropriate fiscal and monetary policy and a macroeconomic situation without significant fluctuations.

In the years 2008 and 2009, we see a growth decrease, due to the impact of the global crisis (although small) and by the fact that Albania was linking relationship even closer with foreign businesses.

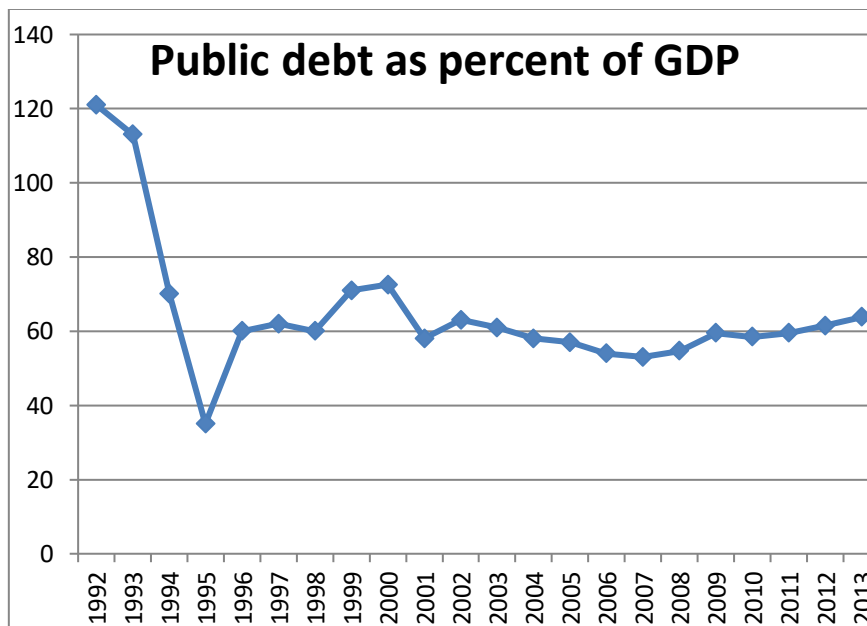
In Albania, the increase of public debt was mainly due to the need of funding public investments, focused on infrastructure.



Graph 5.1. Albania GDP growth rate per year

Source: World Bank > Albania > Albania GDP Growth Rate

Graph 3.2.



Source: Albanian Central Bank, Ministry of Finance, INSTAT

Referring graphs 5.1 and 5.2, let's analyze the public debt trend. During the years 1992-1995 we see a public debt fall as the reduction in public expenditure result and the capital account increasing. During the period 1995-1996 the debt increases, because the budget deficit reaches 11.2%. In 1996-2002, there is a deficit fluctuation and public debt one. The situation appears more stable in 2002-2012 (57.8% in 2010, 58.9% in 2011 and 60% in 2012). The situation is more worrying in recent years since the debt has increased by exceeding the limit of 60%.

What about the economic growth? We have had a steady increase over the period 1993-1996 averaging 9.2% per year; in 1997 the situation changed fundamentally as a result of pyramid schemes

and the economic growth decreased by 11%; in 1998 the economy recovers achieving the highest growth; in 2000-2008 there is a consistency with an average rate of 6% and 2009 growth decreased reaching 3.3%; in 2010 economic growth was 4.1%; during 2011-2012 growth was positive; in 2013 we have a 1.5% increase, in 2014 an increase of 2.1% and in 2015 about 3%.

Regarding the relationship between public debt and economic growth during these years we are dealing with a negative relationship. There is a decline in economic growth when debt is growing and vice versa. The effect of changes in debt appears a few years late.

6. Conclusions

We can say that the main reason that affects the public debt growth is the budget deficit. For various reasons governments choose to finance the deficit through debt. Perhaps the best option to reduce the deficit and the debt would be the incomes growth and a proper tax system. Avoiding the tax evasion, the informal economy and the corruption we would change our deficit. Regarding the public spending is important a good and transparent use of the funds and for a productive purposes. The use of funds derived from the debt in the fields and sectors where the country needs, affects to the decrease of the negative impact of public debt on economic growth, as directly affect the welfare of citizens. So, the policymakers need to be more careful on the use of the debt and on how to decrease the budget deficit, if we want to preserve the public debt in the required limits. The restrictive policies during a recession are the reason for the negative relationship between debt and economic growth.

Analyzing the performance of public debt and economic growth in Albania's post-dictatorship, we conclude that there is a negative effect of public debt on economic growth (the conventional view). On the other hand, a limited economic growth has increased the budget deficit and the debt at the same time.

It remains a fact of particular importance the restructuring of public debt. This means: the determination of optimal debt portfolio, the assessment of current debt and the prevision of the effects of debt on other indicators.

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REALITIES AND PERSPECTIVES**

E- Tourism

Dan Păuna¹

Abstract: The aim of this paper is to emphasize that part of tourist activity which we interact with the most often. It is the service we use more and more, a package of services we dream of and buy without knowing what actually lies behind the advertisement on an Internet site. This e-tourism, developed in an exponential rate during the last 10 years, offers a unique opportunity to interact with the virtual environment where the market is a control box accessed both by supply and demand. This study refers to the occurrence and development of internet booking services.

Keywords: e-tourism; World Wide Web; computer reservation system; Global Distribution System

JEL Classification: L83; Z32

1. Introduction

1.1. Tourist Products and Their Promotion

Tourist product is a multiple combination of interesting features (natural and anthropic tourist resources) offered by an area (given destination) and the specific and nonspecific services (the result of workforce on the general and specific material resources). In a narrow sense, the tourist product is all the goods and services offered to tourists by one or more tourist companies (travel agencies or direct providers – hotel, restaurant, etc.).

Consequently, the touristic product is a form of trading the tourist offer, while its elements (transport, accommodation, food, entertainment, spa, etc.) are sold as a package or separately. There is a relation of interdependence among the elements of the tourist product, each of them holding an essential role in creating customer satisfaction, as follows (Snack, 1994):

A feature of tourist consumption would be the consumers' preference for new places under the pressure of daily stress, while goods consumption is mostly based on previous experience and purchasing again the products they trust. This makes tourist advertisement even more difficult. The advantages of using advertising (Balaure & al., 2005) are: increasing the number of tourists attracted by a destination or making them loyal customers, preparing the entrance of the travel agency on new markets, promoting all forms of tourism (spa, winter sports, cultural tourism) nationally and internationally, boosting extra season tourism, encouraging sightseeing during the trip, increasing demand for supplementary services which means the increase in tourist spending and travel agency revenue, a better use of resources (accommodation, restaurant services).

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Promoting sales, as well as flyers offering discounts, can be a faster way, but they can only be used for a short period of time. Each element of the promoting process has strengths and weaknesses. While these might include price factors, the ability to target different groups, there are also other important issues.

1.2. Tourist product distribution

Distribution means a series of activities which sell the product (transfer of services from the provider to the consumer). Usually, trading the tourist product is made through two distribution systems:

- direct distribution: tourist service provider - tourist. In this case, the tourist deals directly with the service provider; the request for services being made either during the trip or by booking the services and getting confirmation from the provider. This is characteristic of unorganized forms of tourism.
- indirect distribution: service provider-agent-tourist. In this case, tourists prefer to turn to the travel agencies for organizing their trips and ensuring the desired services. It is specific to organized and semi-organized forms of tourism.

A tourist product has 4 elements, among which only one is essential and respects the requirement of tourist definition: “a person who travels for pleasure, usually sightseeing and staying in hotels”, - accommodation. The other elements may or may not be attached to the product: transport, entertainment, restaurant.

It is well-known that tourist product is not tangible and people try through different means to achieve tangibility (“their production and consumption experience are inseparable; its inventories of goods and services are perishable; and the consumption experience varies depending on the individual tourist at different times” (Bing Pan, 2015). People try to make it tangible using the Internet as technology.

“The internet is one of the most influential technologies that have changed travelers’ behavior. It has emerged as a valuable platform for customers to organize their travel according to their needs and preferences, and came to revolutionize travelling.” (Szopiński & Staniewski, 2014)

2. Theoretical Concept. E-tourism or Internet Tourism

Developing electronic businesses in the network of the current information society offers multiple opportunities to increase the level of existing places of employment; it stimulates economic development and investments based on innovation for the convenience of companies. According to a research study undertaken in the USA in 2013, 15% of social stock is held by the so-called dot-coms – companies that function only on the virtual market. This percent accounts for approximately 1.5 billion dollars.

The Internet represents a network structure which functions by using specific standards called Internet standards used by the participants to the connection. One of these standards for exchanging information is the World Wide Web with its protocol or http/Hyper-text Transfer Protocol for hypertext transfer. This standard is represented by a system of Internet rules for transferring the so-called web pages – hypertext documents. WWW is the most popular service offered by the Internet. It provides a simple way of presenting information, allowing access to Internet services even to people who are not very proficient in using computers.

Information and communication technologies (ICTs), are currently one of the most significant factors contributing to socio-economic development, or the development of civilization in a broader sense.

Their dynamic expansion influences contemporary economies and societies, transforming nearly all areas of life.” (Szopiński & Staniewski, 2014)

“The dynamic of e-tourism is closely related to the development of ICT” (Bing Pan, 2015)

E-tourism means obtaining traditional tourist activities through electronic means, mainly Internet based technologies, adjusting the way tourism is advertised, resources are managed and group marketing is perceived.

“Various typologies of technologies are employed in e-tourism. Consequently, three sub-areas have emerged: operational tools and systems used by tourism, hospitality businesses, or organizations to increase efficiency and competitiveness; consumer platforms adopted by tourists to search information, plan their trips, make purchases, and share experiences; and distribution and commerce tools which offer distribution channels and mediate the transactions between tourists and businesses.” (Bing Pan 2015)

The most visible aspect is buying online group or individual packages. It has been observed that there is actually a minimization of the difference between the tourist destination real image and its imaginary perception. “All tourists have a socially constructed image of a destination (Urry, 1990; Galí & Donaire, 2005; Larsen & George, 2006), which conditions their decision-making, and it is important for the tourist agents involved in the network to control the image of a destination”. (Prats & Camprubí, 2009)

„Using computer reservation system (CRS) in 1970 and Global Distribution System (GDS) in the late 80s, followed by the development of the Internet in the late 1990s, have dramatically changed the best operational and strategic practices in the tourism industry (Buhalis, 2003). If in the past 20 years the focus was on technology itself, since 2000 we witnessed a real transformation of communication technologies. This gave the possibility of developing a wide range of new tools and services that facilitate global interaction between players in the world.” (Băbăiță, Ispas, Ghenescu & Hălăău, 2010)

At the beginning of Internet obtained trips, most of the observers noticed that the biggest travel agencies will become the leaders of online trip selling. However, except for American Airlines, it seems that most failed in successfully exploiting these opportunities. Instead, new companies emerged and dominated the market. As Table 1 shows, most of these sites offer a large range of services and products, potentially able to replace traditional travel agencies.

Table 1. The 10 best travel sites

No.	Name	URL	Description
1	Microsoft Expedia	www.expedia.com	It offers information and bookings for flights, hotels, car rentals from a variety of providers, including Worldspan for flights and TravelWeb for hotels.
2	Travelocity	www.travelocity.com	It offers information and bookings for flights, hotels, car rentals based on SABRE GDS.system
3	Excite City.Net	www.city.com	Information site (based on their own search engine) offering booking facilities through Preview Travel.
4	United Airlines	www.ual.com	It offers information and online bookings for flights
5	Map Quest	www.mapquest.com	It offers maps and a few planning services
6	Asia Travel	www.asiatravel.com	It offers information on geographical placement of hotels
7	American Airlines	www.americanair.com	Airline site offering information on the company products and services as well as an extended range of advantages (including booking facilities) at Advantage Club
8	Carnival Cruise Lines	www.carnival.com	Promotional site for the biggest company organizing cruises
9	Intellicast	www.intellicast.com	It offers information on destinations and weather
10	Preview Travel	www.previewtravel.com	A site where you can book plane tickets, hotels, car renting, packages

Source: search engine www.google.com

The basic concepts behind these megasites is that of a virtual traveling shop– combining traveling products from different sources and offering the user a standard mechanism of searching for information and for ordering products. Despite the novelty of the concept and the relative immaturity of the sites, they had a dramatic impact, with sites such as Travelocity, Microsoft Expedia and Carnival Cruise Lines selling tickets worth of 1-2 million dollars a week. A few of these sites originated in GDS system and they tend to balance the existing investments in booking systems to reach the customers directly. This kind of sites provide a varied range of traveling services and allow users to search for information about flights, car rentals and hotels using the same database available for the travel agencies through their terminals, but with a friendlier interface.

A common feature of megasites success is the variety of useful resources they provide along commercial information. They often include general advice for trips, a guide of destinations containing information about attractions, news about traveling and local weather, exchange rate, maps, etc. Such characteristics were included in order to widen the area of services offered to potential customers who use the site as a central source of getting information about traveling, thus making it unnecessary to consult another source.

The distribution of trips on the Internet has successfully moved past the beginning stage, and as long as nobody is sure which the best strategy is, it is clear that the Web is the reason why many of the traditional distribution channels become better defined. These developments have resulted in debates on the future of traditional agents. Why would a customer use the services of a travel agency or tour operator when they can find and book travel services themselves? Do these companies have a future in the “wire world”?

3. The Case Study: Service Booking Systems through the Internet

3.1. Amadeus - www.amadeus.com

Amadeus was funded on the 21st of October 1987. Amadeus Marketing SA belongs to a consortium owned by four air companies - Air France, Iberia Lufthansa and SAS, with the headquarters in Madrid, Spain.

The four companies engage in a combined investment of almost 300 million dollars in an independent and neutral global distribution system (GDS), a computerized booking network that uses a single point of access to connect the airlines with travel agencies, providing real time searches of prices, bookings, tickets and other processing solutions.

Therefore, Amadeus becomes the European travel agencies' favorite system and later for the entire world due to its fast expansion and inclusion of hotel accommodation reservations, car rentals, train tickets and other traveling providers. In order to deal with all these distribution activities, a vast and advanced IT network is developed, which can offer around the clock the reliability and efficacy of international traveling operations in a stable and strict environment.

Amadeus creates a web site for traveling www.amadeus.net, which offers consumers the possibility to find out more about the airline's availability and information about the destination. Amadeus launches a new line of products called Amadeus Destination around the world, users being able to access a global resource of information about countries, areas, events and activities, allowing them to book travel products and services offered by local providers around the world.

In 2002, Amadeus becomes the biggest GDS in the world, processing for the first time one million reservations in one day. Amadeus becomes the first GDS which is about to be given ISO 9002 certificate for customer services and assistance as well as data processing.

Amadeus, in partnership with British Airways Qantas, associate in order to develop a new generation of IT management solutions for the booking, inventory and boarding systems. This evolution leads the company towards the establishment of a new business division called *Airline IT*.

As part of the brand evolution program, Amadeus adopts the slogan "Your technology partner", a new corporate site is launched as well as an international advertising campaign, and it officially changes its name Amadeus Global Travel Distribution to Amadeus IT Group. Amadeus is once again on top as an European tourism research and development leader and it remained as one of the most important investment companies in Europe in research and development (C&D), according to the European Committee (CE).

In 2015, Amadeus buys AIR-IT, a North American company, its solutions being used in 30 of the 50 most crowded airports. Navitaire is another purchase made in 2015 in the segment of low-cost airlines which Amadeus was able to buy for 830 million US dollars..

3.1.1. Products and services

Amadeus Hotels Plus

Amadeus Hotels Plus is a booking service for all travel agencies in order to bring them extra profit and it offers content perfectly integrated from all accommodation sources in one single format of Amadeus Selling Platform, so that customers can access all providers in one interface. This allows agencies to obtain the best offers for their customers in record time and compare data in a fast and easy manner when choosing the best offer.

Amadeus sales log is over 1.3 million booking options for hotels and over 379.000 unique properties stemming from regional and global providers such as GTA, Travel Cube Travel Bound Brands, Albatravel, Bedsonline, Despegar.com, Destinations of the World, Hotel.de, HRS, SunHotels, Teldar Travel, Travelboutique and Travelguru.

Amadeus Altéa Suite

Amadeus Altéa Suite is a complete, new service system which offers a unique integrated solution of passenger management especially designed for airlines that cover their operating functions since they have four modules.

Altea Inventory uses advanced availability techniques and of dynamic identification of customers, allowing airlines to create, manage and automate the flight schedules, seats, fares, codeshare and re-accommodation.

Altea Reservation offers customers complex solutions which help increasing booking opportunities by distributing air and non-air content for wide distribution channels. Automatic recognition of customer preferences ensures personalized services which can be applied during the booking process according to airlines' specific policies. Airlines can track their customers all over their trip, offering them real time personalized offers and information regarding flight changes, services or other offers.

Altea Departure Control covers all aspects of flight departures, including check in, issuing boarding passes, security check, as well as other functions associated to passenger boarding and flight management. The flight management module accurately and safely automates the plane's balance and weight, analyzing both the passenger load and the freight in order to define optimal distribution for each flight.

Amadeus Ticketing Platform allows airlines to undergo a variety of automatic transactions linked to issuing, changing or cancelling electronic tickets. This includes access to Amadeus e-Ticket Server from which airlines can issue or re-issue electronic tickets in direct channels and GDS, according to interline and distribution agreements of airlines.

3.2. Degriftour - www.degriftour.com

Degriftour, a French company from Cergy Pontoise, in the North of Paris, has become one of the innovators in using e-trade in the tourist sector. Using the new technology, they started to redefine the normal distribution channels applied to tourist and entertainment services.

From the beginning, their direction was clear. They work with a simple concept – no stores, no retailers, no catalogues – just electronic communication and media. As such, they represent the last and probably the most successful example of a virtual travel agency. Customers have made reservations through Degriftour and through the associated brands Reductour and Club Bonjour France. The company is well known in France.

Established in 1991, Degriftour started by selling cheap tourist packages to the French customers. The concept was that of providing different combined last minute products („*last minute availability*”) offered cheaply to the public.

Degriftour offered its providers a supplementary way of getting rid of the unbooked stock that cannot be sold in a different way, while the public benefits by reduced prices, should they be willing to wait and book in the last minute.

In the same way, distribution through travel agencies or retailing channels will also be too expensive. It was necessary to have a low cost, a flexible channel of distribution to target the customers directly and to allow them to book easily and fast. Luckily, France had such a distribution channel – Minitel teletext network, used for international commercial purposes on millions of French people. Using this network, Degriktour made its products available to a diverse public, 24/7. Bookings could be processed through Minitel system, customers introducing their own address and credit card information, thus maintaining the cost of data entry at a minimum level. Travel documents such as itinerary were faxed to the customer, while tickets were posted or they could be picked up at the airport, thus reducing interactions with the customer. As a result, the need for a lot of reservation offices was eliminated since transactions were electronically processed.

Degriktour sees real potential in the ability of the Web to help grow the business. Research already showed that their sites attracted new customers inside France, which generated supplementary revenues, instead of simply attracting customers. As well, since all information is available both in French and English, Degriktour started to gain a market share outside France, as a result of the unique offer of products.

Degriktour has recently used the Web to launch the first service which is not totally destined to the French. „*Club Bonjour France*” focuses on selling products to customers who wish to visit France, so it serves both domestic customers and new-comers. The range of products is diverse and it includes hotels, villas, camping sites, theme weekends, B&B, cabins on ferryboats and private residences. Low costs of storing data means that complex features can be included in the service. For instance, if a hotel has a good restaurant, the menu and prices are often included

3.3. TravelWeb - www.travelweb.com

TravelWeb is an innovative Web system which allows customers to find information and to book hotel and airline products on the World Wide Web. Customers who wish to make their own reservations can purchase the product that best suits them, make a reservation with their credit card and get the confirmation in a few seconds. The service is available 24 hours a day, 365 days a year; it can be accessed from anywhere in the world and by any Web browser.

After its launch in 1994, TravelWeb has rapidly become one of the first online hotel booking and information systems in the world. Its capacity to also book seats for flights was added in August 1996, making it the only Web site combining the ability to book hotel rooms directly in real time, as well as buying a seat at any airline in the world. They also offered facilities for car renting through a partnership with Herz, the biggest car rental company in the world, which will make TravelWeb the most complex travel site on the Internet. By providing such a large range of tourist services, TravelWeb hopes to surpass one of the problems of using the Internet – subscribers do not know where to look the information – TravelWeb being actually a “store for all information and reservations.” Maybe the best indicator of their success is the sales.

During the first years of activity, sales increased on average by 40% a month, presently processing bookings worth of 1 million dollars a month.

The range of products available through TravelWeb is monumental – over 24.000 hotel properties in more than 150 countries, including 90 different brands of hotel chains; it also includes more than 300 airlines. An average of 33.000 people access the site daily, with reservations in 29 countries, which proves the extent of the system.

3.3.1. How TravelWeb works

Travelweb visitors are shown a complete electronic tourist brochure they can access to find and book places and seats at the hotel and airline they are interested in. Pre-registration is not required and, unlike other similar sites, users anywhere in the world can use the site for reservations in a simple manner, by using a credit card to guarantee their reservation. Ample search facilities are provided and users can locate the suitable hotels by their geographic location, the name of the chain, price range and specific facilities. The system will list the hotels that match the search and it will allow users to read the characteristics, to see photographs of the rooms and restaurants, facilities to organize meetings and entertainment activities locally associated to each property. Once a choice has been made, the link with THISCO (The Hotel Industry Switch Company), allows prices and availability to be displayed and the reservation can be made online. At this stage, the system collects essential information such as user's name and credit card details, and then it processes the reservation. A confirmation number is provided while the user is still online, this being followed by an email which confirms again the details minutes after, as a security measure. Users can also see the previous reservations they have made through TravelWeb and they can cancel the reservations made if necessary. All these transactions happen on the Internet. (Diagram 1.) Due to the large number of properties represented by TravelWeb, it will definitely be very difficult to plan, manage and maintain Web pages for each of them. These pages follow a set standard, displaying essential information such as facilities and prices, but also the nearest airport. One of the criticisms brought to this approach is that the potential for differentiation marketing is limited. Nevertheless, an alternative opinion is that this standardization is, in fact, an advantage, users knowing exactly where to find the information they are looking for on the page. It thus allows easy comparison of several properties.

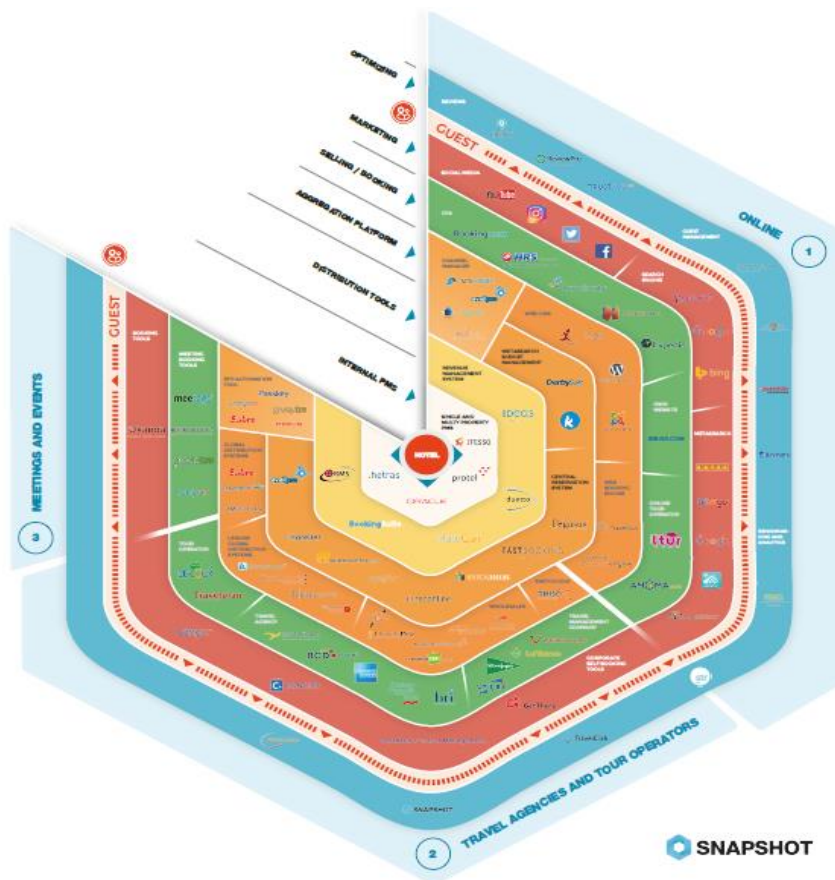


Diagram 1. Hotel distribution technology

Source: <http://blog.snapshot.travel/hotel-distribution-technology-chart-2017>

3.3.2. TravelWeb Customers

The success of TravelWeb can be explained by two factors: their constant innovative culture and the emphasis on the customer. These two elements were combined to make sure the site TravelWeb is constantly developing and its services are improving in order to better serve the user. For instance, the range and quality of the information given is constantly expanding. Apart from the range and the availability of the information for each hotel, interactive maps allow users to see the location of the property and give directions to help tourists find it.

Weather news and forecast are as well available on the site, and another option has been recently added, known as “*Travelscape*” – an interactive tourist store. This was immediately integrated in the site, furnishing articles about the most attractive tourist destinations in the world, along with useful travel advice. This new feature helps users plan their own trip without having to leave the site – which explains the reason why it was nominated by *Fortune Magazine* as being „*the best hotel list in the world*”.

As well, customers concerns about online reservations have been addressed. The absence of registration, user passwords and incorporating strong search engines helping locate the suitable products minimize the online search time. The worries concerning security disappeared due to the use of the encryption technology „*Netscape Secure Sockets Layer*” to protect credit card transactions. More than that, all reservations are confirmed to help prevent unauthorized transactions. Airline reservation facilities have evolved through an agreement with ITN. In addition, in order to be faster and easier to use, the new search engine offers characteristics such as searching for the lowest travel price, choosing transport seats, exchange rates of the main currencies, sending tickets all over the world and prompt confirmation from more than 300 airlines in the world.

The ability to distribute special offers was also included with the launch of “*Click-it!Week-ends*” at the end of 1996. This service listed last minute hotel availability, offering low prices for weekends, thus helping hotels get rid of dangerous inventory and users to bargain.

TravelWeb has also increased the quality of its hotels. For instance, it rapidly extended the number of its customers (along with the potential number of hotel reservations) using strategic alliances with other travel Web services. For instance, it signed a deal with Preview Travel, ITN and Microsoft Expedia, allowing each of these services to use the unique search engine TravelWeb and to have access to all hotels from TravelWeb. The company is perceived as being in the reservation transactions and it has developed a product allowing them to provide to other companies cheaper and more efficient services than if they had developed it themselves. Travelweb receives a fee of transactions, hotels get more reservations and the entire process is invisible to the user.

4. Conclusions

All in all, the Internet has the potential of having a major effect in the way hospitality and tourist products are distributed, by redefining the way through which tourists discover and buy tourist products. It has the potential of surpassing many of the problems associated to the traditional electronic distribution.

By directly addressing the consumer, it avoids the use of GDS (Global Distribution Systems), creating lower costs and making the distribution of cheap products possible.

The absence of structural requirements allows the flexibility of distributing heterogeneous products, while the simplicity and general acceptance of user interface standardization brings consistence to the way information is accessed – a vital condition in tourism.

The freedom to access it, low costs and the fact you do not need any special equipment to make it attractive as average distribution for small tourist enterprises, while the multimedia abilities and global reach make it very efficient as marketing environment. Its potential has been officially recognized by the tourist sector.

The Internet will be the key of leading the tourist sector in the future. Only those operations exploiting technology to correctly identify consumers' needs and offering products as such will survive.

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THE 12TH EDITION OF THE INTERNATIONAL CONFERENCE
**EUROPEAN INTEGRATION
REALITIES AND PERSPECTIVES**

**Energy Efficiency Initiatives on the EU
Territory. Comparative Perspective**

Crina Radulescu¹, Cristina Elena Nicolescu², Teodora Bitoiu³

Abstract: The worldwide population growth and the lower accessibility to the primary energy resources – that have fast diminishing reserves – are reflected in the EU records with the 54 million people affected by the “energy poverty”. Therefore, the topic of energy efficiency is gaining a greater weight on the agenda of the governments, especially for countries that mostly depend on the energy resources of other countries. The Directive 2012/27/EU of the European Parliament and of the Council on Energy Efficiency include other requirements concerning the introduction of smart meters and networks to encourage a more efficient power consumption. The paper aims to highlight, from a comparative perspective, a number of provisions adopted by some EU Member States to achieve national targets for energy efficiency in 2020. Some countries have recorded progress, others worrying delays, thus stressing the need for full implementation of the European legislative framework for energy efficiency. The used methodology is mainly qualitative and is based on the analysis of documents and case studies, and the performed analysis aims at providing important information so to strengthen the accountability of the decision makers with regard to policies and measures development to increase energy efficiency, from a concerted perspective aimed at facilitating the Energy Union objectives fulfilment.

Keywords: Energy Union; energy poverty; public policy instruments; smart meter system

JEL Classification: K32; O13; Q4

1. Introduction

In the context of the natural concern for the energy evolution and global environment, marked by numerous constraints on world energy balance (currently, the oil and gas component is the biggest challenge), many countries have managed to quickly adopt strategies and action programs and alternative energy measures, such as shale gas or renewable energies⁴, equally trying to ensure the sustainability maximization of these operations.

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⁴ See for example the US emphasis on amplifying shale gas, Germany’s wishes to reduce its dependence on nuclear power and switch to renewable energy sources by 2022, China’s effort for a fleet of vehicles fully electric.

Currently, the energy efficiency is considered as a new “clean” energy resource of the sustainable energy policy¹ understood as that policy that *maximizes the long-term welfare of citizens, while maintaining a reasonable, dynamic balance between food security, competitiveness of energy services and environmental protection, energy system in response to the energy system challenges* (IER, 2003, p. 23).

The challenges facing Europe in the energy field are numerous, such as for example: *increasing dependence on imports, high energy prices and their volatility, globally increased demand for energy, slow progress in energy efficiency* etc.

In view of these uncertainties, the European energy policy benefits from a core of a variety of measures that aim at achieving an integrated energy market and ensuring security of energy supply and sustainable energy sector.

When rising the question on how prepared is the EU to face these new challenges, our attention should be turned first to the current list of priority objectives of the central or local administrations of the EU Member States and found that one of the stringent topics pertains to the *energy efficiency*, its implementing measures at national level being a means of boosting the economic growth and, at EU level, a *means of promoting the competitiveness of European economies*².

This bold paradigm shift from traditional policy, centralist and monopolist, *production oriented*, to that oriented towards *energy saving*, was strongly supported by the EU institutions and the concerted action of the EU Member States. The transition has allowed the EU energy market remodelling, and has put under scrutiny the environmental costs and social externalities.

The EU right and competence to act with regard to energy efficiency and energy savings is established in the Treaty on the Functioning of the European Union (TFEU) by art. 194, Para. (1). under this article, some aspects of the energy policy are subject to *shared responsibility*, thus strengthening the effort towards a common energy policy.

Being assessed as the largest energy resource in Europe, the energy efficiency is a central element of the EU's Europe 2020 Strategy for a Smart, Sustainable and Inclusive growth, disconnected from the energy consumption.

For the environmental protection, the current EU policy agenda has set wide-ranging objectives, grouped under the target “20-20-20” (a set of three key-objectives for 2020), for: 20% reduction of greenhouse gas emissions in the EU compared with 1999 levels; 20% increase in the share of energy produced from renewable sources in the EU; 20% improvement in energy efficiency in the EU.

Complementary, on a deeper perspective, the EU has established a set of long term goals within Roadmap 2050³, the Energy Roadmap 2050 aiming at: reducing the greenhouse gas emissions (emissions GES) 80-95% by 2050 in comparison to the 1990 levels.

A common framework of measures to promote energy efficiency in the European Union is found established by the Directive 2012/27/EU of the European Parliament and of the Council of 25 October 2012 on Energy Efficiency (EED)¹.

¹ Energy efficiency needs to be considered as an energy source in its own right, representing the amount in Nw (negawatts) of the energy saved, as demonstrated beyond any doubt by recent world and European history. See more in *European Parliament Resolution of 23 June 2016 on the implementation report on the Energy Efficiency Directive (2012/27/UE) (2015/2232(INI))*.

² See Fact Sheets on the European Union–Energy efficiency.

³ COM (2011) 112 final, A roadmap for moving to a competitive low carbon economy in 2050. This means the effective reduction of EU emissions internally, and not their compensation through carbon market.

In trying to remove the existing barriers on the energy market and overcome the market failures the EED rules set down for Member States the national indicative targets for energy efficiency for the 2020 horizon. Thus, art. 3 provides that each Member State shall establish a national indicative energy efficiency objective, based either on the primary energy consumption or on the final energy consumption, either on the primary or final energy savings, or on the energy intensity.

The mix of policy instruments that can be used by national states includes the *regulatory instruments* (e.g. energy taxes or CO₂; regulations that allow the application of the energy efficient technology or techniques; standards and rules aimed at improving the energy efficiency of products and services, including buildings and vehicles), *stimulative instruments* (e.g. financing systems and instruments or fiscal incentives that lead to the implementation of the energy efficient technology or techniques), *persuasive instruments* (e.g. energy labelling systems), *instruments for providing administrative goods and services* (e.g. education and training, including programs on energy consultancy).

EED includes, among others, requirements on introducing smart networks and smart meters, as well as providing accurate information on the energy bills for empowering consumers and encouraging a more efficient energy use.

When there is no conditionality of technical, financial and proportionality compliance, the Member States should ensure that final consumers of electricity, gas, heating, cooling and domestic hot water the upgrade of these individual meters at competitive prices, which accurately reflect actual energy consumption and provide information on actual time of use.

If and to the extent that Member States implement smart metering systems and introduce smart meters for gas and/or electricity in accordance with Directives 2009/72/EC and 2009/73/EC they must meet a number of requirements on the reliability and security of smart meters, data protection and privacy, transparency, accuracy in communication with the end users, access to information on energy bills, imposing behavior of market participants to take into account the objectives of energy efficiency and final customer benefits etc.

To ensure transparency and fairness in measuring the individual consumption, should buildings with several apartments be fed either centralized or supersede common systems for heating or cooling such buildings, the Member States may introduce transparent rules for allocating costs for heat or hot water consumption in these buildings.

The conclusions of the European Parliament resolution of June 23, 2016 on the report on the implementation of the Energy Efficiency Directive (2012/27/EU) emphasize that until that time Member States have not properly implemented the EED nor the Directive on buildings of 2010 and recall that the deadline for EED transposition expired on June 5, 2014.

Following these conclusions, on 30 November 2016 the Commission proposed an update to the Energy Efficiency Directive including a new 30% energy efficiency target for 2030, and measures to update the Directive to make sure the new target is met².

2. Provisions Enforceable in a Number of Member States of the European Union

Judging by the resolution's conclusions and considering the fact that the deadline for the EED implementation was 2016 and that during its implementation a number of Member States have

¹ Amending Directives 2009/125/EC and 2010/30/EU and repealing Directives 2004/8/EC and 2006/32/EC.

² See more <https://ec.europa.eu/energy/en/topics/energy-efficiency>.

encountered difficulties, of which we mention two relevant moments in 2014 when the European Commission has launched infringement procedures for failure to transpose the DEE against the 27 EU Member States (all except Malta) and 2016 when the European Commission has asked Denmark, through a reasoned opinion to ensure translation of the EED in the national legislation, we consider as appropriate for the proposed analysis of this paper to present through a comparative approach the applicable provisions in a number of EU Member States that adopted them so to implement the EED.

For the comparative analysis the paper takes into account 14 EU Member States that have adopted a number of provisions for reaching the national energy efficiency targets in 2020, some countries stood out as they registered a progress, others just worrying delays. The provisions are summarized in Table 1.

Table 1. Provisions enforceable for the energy efficiency improvement in a number of Member States

EU member state	Legal provisions
Czech Republic	2014 – start-up of a vast program of expanding the heating network, for implementing new connections with clients in residential, commercial or industrial areas; technology upgrades to improve security of supply and the quality of the network, improving efficiency, and replacing pipes when necessary, with the purpose of updating the heating system to the newest technical standards ¹ . The Czech Republic is one of the EU States that have fulfilled the minimum requirements specified by the Directive. Each operator has its own heating rate for its products, which is updated regularly and is currently subject to recent changes in the energy law of this country.
Croatia	It has achieved a partial regulation of the heating domain. Heat cost allocators are subject to individual agreements between service companies and customers (they are able to access their own Internet data, only for splitters), the district heating operators are not involved in this process.
Denmark	There is no special regulation for heat meters, for the district heating system was initiated a broad framework for action: large-scale investment; strong support from central and local authorities; efficient financing; diversification of simple technical solutions; citizens are shareholders of heating companies; detailed planning and monitoring. Heat metering has no impact on actual energy savings, but makes consumers more aware of the amount of their consumption. In Copenhagen, district heating benefit from high technology that allows remote reading, so every consumer is paying as much as he is consuming ² .
Estonia	District heating law adopted in 2003 and amended in 2014 ³ provides that the metering process and the installation metering systems allow that quantities of heat entering or leaving a network are counted and data read from the user counters are collected and processed. Network operators have the right to collect justified connection fees, including a fee that may be justified for any changes in the technical conditions of heat consumption at the initiative of the customer. A company which sells heat to customers or to a network operator (which sells heat to customers) or produces heat in the process of generating combined heat and power, must obtain for each network area separately approval of the Competition Council on the maximum sale price of heat.
Finland	The thermal energy consumed in the housing is counted based on the flow sensor, temperature sensor and thermal energy, and the temperature sensor measures the water temperature in a constant way at the entry and exit of the building ⁴ . The measuring equipment is provided by the heat supplier that is required to provide customers a monitoring report on heat consumption at least

¹ <http://ecoheat4.eu/en/Country-by-country-db/Czech-Republic/DHC-Benefits/>.

² <http://dbdh.dk/>.

³ <https://www.riigiteataja.ee/en/eli/530102013083/consolide>.

⁴ <http://energia.fi/en/home-and-heating/district-heating/price-district-heating>.

	<p>once a year, including adjustments for weather conditions for which are frequently used the S17 system, using an average difference of + 17 ° C between the inside and outside temperature¹. The price depends on the heat of the thermal energy consumption for each customer, the cost of heating is shared between the inhabitants of buildings, usually on the living space. Charges include energy fee and power fee, in connection with the contractual capacity or the water flow contracted.</p> <p>Control heating regulating activities in Finland is based mainly on competition law and partly on the <i>Law on the electricity market</i>. The consumers' position is also protected by the Consumer Protection Act. According to the Competition Authority from Finland, a supplier of heat holds a dominant position on the market in terms of customers connected to the district heating network.</p> <p>Twice a year (on the 1st of January and the 1st of July), Finnish Energy Industries² collect information from district heating companies on the heating prices to three residential buildings of different sizes. Approximately 29% of the district heating price is made up of taxes and vary from one region to another. In big cities, district heating is produced in compliance with the energy efficiency in cogeneration with electricity, what is the solution to a favourable price.</p>
France	<p>In 2012 has been regulated by decree the allocation of costs for heating in apartment buildings for a primarily residential use, which has led to stopping the boom in energy prices and reducing the heating bills.</p> <p>The obligation of the cost individualization for heating is imposed after the assessment of the property and shall be made in accordance with the article R131-3 of the <i>Construction and Housing Code</i>³.</p>
Germany	<p>Invoicing the consumption of the hot water and heating was regulated in 2009 by a normative act (ordinance)⁴, establishing the distribution of costs for heating and hot water in buildings with at least two apartments, connected to a central network⁵. Buildings/living spaces consisting of only two apartments, one of which is occupied by the owner, are not subject to the provisions of the ordinance.</p> <p>The German federal government has appreciated that in compliance with the obligations of EED Directive implementation is not necessary to develop separate legislation to the ordinance on the costs of heating and has prepared a study on energy saving through the regular gathering of information, over the course of a year, consumption and bills on cooling, heating and the use of domestic hot water.</p> <p>In general, the provisions on cost efficiency are contained in the <i>Law on energy saving</i> (of transposition of the European directive provisions on the energy performance of the buildings⁶). In addition, the <i>National Action Plan on energy</i>⁷ efficiency contains the variants of regulations improvement in the field of the thermal energy costs.</p>
Latvia	<p>The procedures by which the apartments' owners of the residential buildings pay for the services related to the use of real property are regulated by Regulation no.1013/2008. Thus, if an individual property has an autonomous heating system or the hot water from the central heating is not used in the individual property, the owner will pay for the thermal energy consumed for his personal needs, on the basis of the calculation carried out by an authorised specialist, in agreement with the administrator. To facilitate payments, the apartment owners may elect a representative who will monitor the thermal energy, will read the meters and will have other duties, according to the contract.</p>
Lithuania	<p>The implementation of the energy efficiency principles are faced with some key obstacles:</p>

¹ http://energia.fi/sites/default/files/correct_use_of_districtheat_0.pdf.

² Order of 27 August 2012 on the apportionment of heating costs in multi-dwelling buildings for main occupancy.

³ Order of 27 August 2012 on the apportionment of heating costs in multi-dwelling buildings for main occupancy.

⁴ http://www.bbsr-energieeinsparung.de/EnEVPortal/DE/Regelungen/HeizkostenV/Download/HeizkostenV2009.pdf?__blob=publicationFile&v=1.

⁵ <http://www.bmwi.de/EN/Topics/Energy/Buildings/energy-saving-legislation.html>.

⁶ <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2010:153:0013:0035:EN:PDF>.

⁷ <http://www.bmwi.de/EN/Topics/Energy/Energy-Efficiency/nape.html>.

	<p><i>measuring the amount of heat used</i> (maximum 10% of the buildings having individual heat meters or heat cost allocators heat installed in the apartments); in the system of heating of a block of apartments built during the soviet period, the radiators are connected in series (not in parallel), and a circuit serves several apartments, which makes it impossible to individual metering, without the consent of all owners of the apartments in a building; the problem of financing; the issue of the population income.</p> <p>For solving the problem of energy efficiency of buildings a standardized system of financing has been released, the period of the loan being determined provisionally between 10 and 20 years.</p>
Holland	<p>For the assurance of equitable conditions and equally comparative prices to consumers a <i>Law on district heating</i> was adopted, which entered into force in 2010. Supervision of compliance with legislation in the field is carried out by the Competition Council through its Office of Energy Regulation.</p> <p>The main heat sources for the national networks are cogeneration plants and conventional ones, only a small part deriving from the renewable sources of energy. The main cost factors are the size and age of the heating network of the heat scale.</p>
Romania ¹	<p>In the field of <i>liberalisation of energy markets</i>: The law of electricity and natural gas no.123/2012, as amended and supplemented by the Law no. 127/2014 and Law no. 160/2012 for the approval of GEO no. 33/2007 on the organization and functioning of ANRE, transposing the Directive 72/2009/EC concerning common rules for the common market in electricity and Directive 73/2009/EC concerning common rules for the common market of gas.</p> <p>In the field of <i>energy efficiency</i>: Law no. 121/2014 on energy efficiency transposes <i>Directive 2012/27/EU on energy efficiency</i>, amended and completed by Law no. 160/2016.</p> <p>In the field of <i>renewable sources of energy</i>: Law no. 220/2008 for establishing the promotion system of energy production from renewable energy sources), with subsequent amendments and additions (Law no. 122/2015).</p> <p>In the field of <i>high-efficiency cogeneration</i>: H.G. no. 494/2014 for the modification of H.G. no. 1215/2009 establishing the criteria and necessary conditions for the support scheme implementation for the promotion of high efficiency cogeneration based on useful-effective heat demand in 2011.</p> <p>In the field of <i>smart metering</i> ² In accordance with the provisions of ANRE Order no. 145/2014, on the implementation of smart metering systems of the electrical energy, the concessionaire operators of the distribution have submitted to ANRE proposals for the realization of pilot projects, in 2015, whose results provide the information necessary to establish the conditions and the elements regarding the elaboration of the implementation national calendar of the smart measurement systems, as well as of the <i>National Plan for the implementation of smart metering systems</i>. ANRE has approved, in 2015, the 18 pilot projects in the amount of 69.639.770 lei (approx. 15475 euro), on the implementation of smart metering systems of the electrical energy.</p> <p>The support scheme for the promotion of high efficiency cogeneration has been introduced in Romania by HG nr. 219/2007 on the cogeneration promotion based on useful heat (the national transposition of the EC Directive no. 8/2004 on the promotion of cogeneration based on useful heat in the internal energy market that starting June 5th, 2014 has been replaced with the provisions of Directive 27/2012) and implemented by the HG no. 1215/2009 on establishing the criteria and necessary conditions for the support scheme implementation for the promotion of high efficiency cogeneration based on useful heat demand.</p>

¹ ANRE Report, Department for Energy Efficiency, Energy Efficiency-Priority for Romania, presented at Romanian Energy Efficiency Forum 2016, Bucharest, 13 October 2016.

² ANRE Report on progress towards meeting national energy efficiency targets– 2016.

	<p>In 2015 the European Commission has adopted a decision on the dismissal of infringement actions brought against Romania, of which the data subjects have been: the Cause 2014/2238 having as their object the infringement of the notification of the National Action Plan for energy efficiency (NEEAPS) according to article 24 paragraph 2 of Directive 2012/27/EU.</p> <p>Directive 2012/27/EU of the European Parliament and of the Council of 25 October 2012 on energy efficiency, amending Directives 2009/125/EC and 2010/30/EU and repeal of Directives 2004/8/EC and 2006/32/EC, has been transposed <i>in full</i> into national law by <i>Law no. 121/2014 on energy efficiency</i>, with subsequent amendments and additions.</p>
Slovakia	<p>Currently, the district heating system have to cope with the competition between heating based on natural gas, electric heating and the one on coal¹. District heating accounts for 40% of the market of thermal energy distribution. Over 90% of the apartments in the blocks are heated through the centralized public system. A number of approximately 500 heating companies are serving nearly two million inhabitants. In the pre-accession period to the EU, the Slovak government has transformed all state-owned companies into joint stock companies, in order to start the process of privatization (since 2005). Considering the energy sector as a strategic area, the government has limited the participation of foreign investors in the energy companies to 49% of the shares.</p>
Sweden	<p>Law on district heating (2008) requires that the district heating to ensure the transparency and accessibility of information to the general public on the prices applied for heating or for connection to the district heating network². The government or the regulatory authority may issue decisions on compulsory information related to the prices and principles of working in the field.</p>
Hungary	<p>The development and operation of district heating systems is established by the <i>Law on district heating</i> (no. XVIII/2005). The operator shall cover the costs of development of the networks on which they operate, it is obliged to maintain, operate, develop and to bear the necessary costs. Municipalities may require the operator of the district heating extension of heating networks on the basis of local development plans and does not cover the charges made by the operators of district heating, or by their affiliates.</p> <p>The fees provided for the consumption of heat must be in accordance with the actual consumption of the subscriber, data on the amount of heat used being verified by a representative of the local body.</p> <p>Payment obligations and other expenses relating to the condominium shall not be borne jointly. There may be parts of the building for which they charge a user fee for individual taxpayers, as well as other fees for which no owners are responsible, but the local body.</p>

4. Conclusions

The imbalances of the world energy scale, marked by the increasing number of the global population and lower accessibility to primary energy resources whose reserves are quickly diminishing, also affected the citizens of the EU, more than 54 million people affected by energy price increases, low-income and housing with reduced energy performance being identified, as shown by the study of the European Commission in 2015 on energy poverty at the European level. In this context, the issue of energy efficiency, a main pillar of the Energy Union, it becomes more acute, especially for states that are found in a situation of major addiction to the energy resources of other states. The comparative analysis presented by the paper reveals that the Member States, despite the progress made in achieving the objective of 20% increase in energy efficiency by the year 2020, as well as in the implementation of the Directive 2012/27/EU on Energy Efficiency, need to step up the efforts on energy efficiency, which requires the full implementation of the European legislative framework for energy efficiency.

¹ <https://www.kpmg.com/SK/en/IssuesAndInsights/ArticlesPublications/Publicationseries/Documents/Central%20and%20Eastern%20European%20District%20Heating%20Outlook.pdf>.

² http://ei.se/Documents/Publikationer/lagar_pa_engelska/District_Heating_Act.pdf.

Measures to increase energy efficiency become the red thread of the Energy Union Strategy, through which the EU wants to ensure European energy consumers, a sustainable, competitive and accessible energy, placing household and non-household consumers' energy in the centre of the Energy Union.

Even if all Member States have implemented a number of energy efficiency measures, in particular in terms of protecting vulnerable consumers or those affected by energy poverty, we consider it necessary to continue their concerted steps, especially in the direction of the development of markets for energy services and increased investment and programmes for energy efficiency.

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THE 12TH EDITION OF THE INTERNATIONAL CONFERENCE
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REALITIES AND PERSPECTIVES**

**The Effect of Tourism on the Environment.
Case of Study in the District of Pogradec, Albania**

Denada Olli¹

Abstract: Nowadays tourism is considered as a quality development of the tourist industry related both to the goods and to the services being offered and also to the organization and to the leading of the tourism itself. The increasing trend of the touristic flow and also the development of many tourist attractions have made it necessary the need of the use of the touristic tools in order to be successful. Therefore, tourism obtains a lot of meanings: it is a summary of relationships and occurrences of two different characters: the social and also the economical one; the last gets the priority. Regardless the aspect, tourism brings benefits. Nowadays it is closely connected to the environment where it operates. Even though they are closely related, tourism and the environment seem to be controversial to each other. The quality of the environment is an important part of the product that the tourism offers, but at the same time many activities which are related to this industry might bring undesirable effects on the environment. In this way the development should not be considered as something independent but as closely related to the environment. Tourism has the potential to increase the public awareness to the importance of the environment. This may lead to many activities done to protect the environment and to the consciousness needed on its benefits. In this way, tourism may contribute to the protection of the environment and also to the right use of the natural resources.

Key words: natural resources; quality of the environment; nature protection; environment; tourism

JEL classification: Z32

Based on a study the aim of this paper is to:

- Identify the impacts and the affect of the tourism on the environment by minimizing the negative impacts and by maximizing the positive ones.
- Identify the economical benefits of the tourism, the way they contribute to the protection of the environment and also the role it plays in the awareness that the society should obtain in order to keep the environment safe.
- Show that the uncontrolled tourism brings the environmental degradation.

The Methodology of the Research

The research was based on the information gathered from the primary and secondary data. The primary data was obtained by the questionnaire, by interviewing the residents, the businessmen and also the tourists who visit these destinations, in order to understand the importance of the environment and tourism in their community. 100 questionnaires were used on the behalf of this study. It was an

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easy questionnaire adapted to the average tourist. The secondary data was gathered from the statistics of the public institutions like the General Tourism Office in Pogradec and international institutions in the field of tourism.

The Connection Tourism-Environment

Through the changes that the industrialized and developed societies have undergone, the problem of the tourism as a main effect on the environment is already considered as one of the first place. Nowadays the development is seen from different angles by considering different elements on which it consists and the relationships that derive from them. In this way we can say that the development is not a purpose on its own. It should be considered as one being deeply connected to the environment and as a result their relationship should be modified continuously. It appears that the tourism and the environment contradict each other. Every kind of development such as economical, social or political cannot be fulfilled out of a certain environment, which means that all kinds of developments have to do with the consumption of the environment where they operate. The main environmental sources play a direct role on life itself whereas the economical development plays a role on the natural, financial, and human resources which are only being found within a certain environment.

The quality of the environment, whether the natural or the manmade one, is an important part of the tourist product, as a result there are many industrial activities that might have undesired effects on the environment. These effects are mostly connected to the management of the tourist enterprises, including hotels, restaurants, shops, and malls. Other effects related to the tourism have to do with the increase in the use of electricity, waste disposals and air pollution.

Tourism as one of the biggest industries in the world, affects not only the social and economical development of a country but also exerts a pressure on the environment where it takes place. One of the definition of tourism is “ a stay of one or more nights away from home for holidays, visitors to friends or relatives, business conferences or any other purpose except such things as boarding education” (Chris Rayan, 1991). If the rights policies are being followed, tourism not only does not damage the environment, but it serves as a tool for the conservation of the natural and cultural heritage of a place. Investments done in the infrastructure, the safety of the water resources, and other factors like the quality of the standard of living, the quality of food etc, have created the needed ground for a quick development of the tourism.

Tourism exerts pressure on the environment where it operates, not only through the huge demands for the natural resources like water, electricity, food, and other first-hand materials by increasing the population and also by the pressure on the eco system, seas, lakes etc.

A stable tourism is an industry that tries to have an insignificant effect on the environment. The activities of this kind of tourism have a minimal effect on the environment and also on the culture of the host community. A stable tourism is the one that manages all the resources in such a way that all the economical, social and esthetic needs to be fulfilled by keeping the cultural integrity and the ecological processes safe. The aim of the stable tourism is to keep economical and social advantages of the tourism by reducing the negative effects on the natural, historical, and cultural environment. The ones that should profit from a successful tourism are the locals by giving them the chance to keep safe the natural resources which ensure attractions.

In recent years, increasing attention has been paid to the effects of tourism and related developments upon the environment of ‘destination areas’. The increasing popularity of the concept of sustainable

development has resulted in tourism being viewed as an activity which could easily be developed along those appropriate lines. It is argued, however, that such a viewpoint is often simplistic and naïve, because of a lack of understanding of the complex nature of tourism. While tourism is dependent upon the environment for much of its well-being, the prevailing lack of knowledge, responsibility, and long-term planning, has often resulted in development which is neither environmentally nor culturally sympathetic to the host area and community.

A broad definition of environment is necessary in this context, encompassing both the physical and human realms and also Nature's, as is an equally wide view of human leisure activities, which needs to include far more than tourism. It is necessary to take a critical view of some alternative approaches to mass-tourism, which have been suggested as appropriate for environmentally significant areas; for at least some of the problems resulting from tourism-related developments are more profound, and less easily solved, than has often been suggested. Solutions are inevitably a combination of compromise and positive planning and management, and successful examples are difficult to find. Improved understanding of the complex nature of tourism, and of its linkages to the environment, is crucial if a symbiotic relationship is to be attained and maintained.

It is necessary to appreciate that tourist destination areas evolve and change over time, both responding to, and being altered by, changes in tourism. They are not static environments, and need responsible and pro-active planning and management. Reliance upon local initiatives, uncoordinated planning, and self-regulation in a situation of ill-defined responsibility, will not result in a secure long-term future for either the tourist industry or the environment of the destination area. Coordination of policies, pro-active planning, acceptance of limitations on growth, education of all parties involved, and commitment to a long-term viewpoint, are prerequisites to the successful linking of tourism and sustainable development.

The Impact of the Environment on the Tourism

1. The values of the environment, both the natural and the artificial ones, are important for the tourism.
2. However, the relationship of the environment to the tourism is very complex, many activities might have negative effects on the environment.
3. The negative impacts of the tourism can gradually destroy the natural sources on which they rely.
4. On the other side, tourism possess the potential of creating necessary effects for the environment by contributing on the preserving and safety of the environment.
5. The negative impact of the tourism take place when the level of the users, visitors is higher than the ability of the environment to face all of them within the acceptable limits of change.
6. The uncontrolled traditional tourism brings forth a potential danger for many areas throughout the world.

How can tourism contribute on the protection of the environment

The industry of tourism can contribute on the protection of the environment through:

1. Financial contributes:

Tourism can contribute directly to the prevention of the environmental areas which are in danger. The income from the entrance to these areas can be shared for the safety and the management of these areas.

2. Governmental contributes:

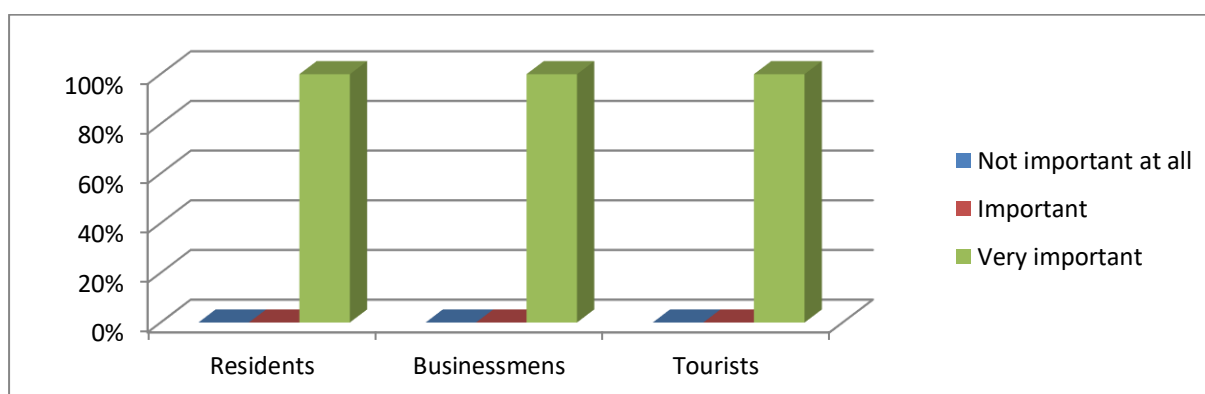
The fees, the taxes over the income, the taxes over the sales and other taxes (hunting, fishing) can raise funds needed to manage the natural resources.

3. The improvements of the environmental management and planning

A good management of the tourism objects especially of the hotels, can bring high profits for the natural districts. But all of this requires a careful planning based on a detailed analysis of the natural resources of the region. Such a planning helps on the solution of the conflicts. A planning in advance on the development of tourism would avoid the dangerous steps toward the environment.

Tourism and Environment in Pogradec

Pogradec is a lovely modern city, being located in the SouthEast of Albania, it is a wonderful destination for the tourists. As a crossway for other places of Balkan, it is close to Macedonia and Greece. On the height of 1000-1300 m, its climate is mostly Mediterranean. The winter is cold and the summer is warm. The precipitation is mostly in the form of the snow in winter and the rest as rain during the autumn and spring. In the East of Pogradec, 5 km from the town, it is found the tourist attraction called Driloni, situated on the clean and cold waters of the lake. The lake is of environmental and economical importance. It is one of the richest biological reserves of Europe. The natural environment of the town has to be seen as a set of many factors, not just topographical and geographical ones, but all the components that are part of it. The perspective of the development of this region is closely related to the state of the environment that surrounds it and the impacts created by people as a result of the development.

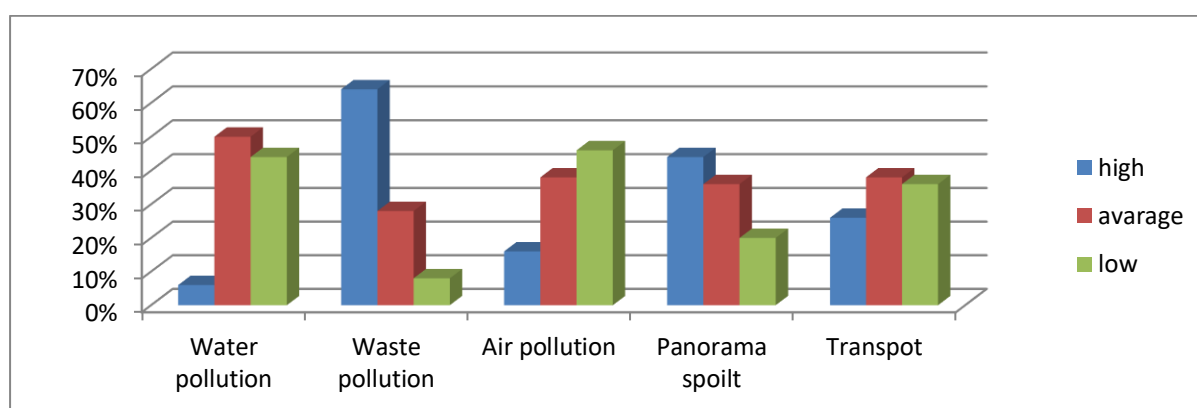


Graphic 1. How important is the protection of the environment of the town?

In this graphic, we notice that the environment is very important not only to the residents and businessmen who live and work in that region, but also for the tourists who visit Pogradec.

What is the Impact of the Environmental Factors in the Town?

Due to the fact that Pogradec is a touristic town, there has been shown a special attention to the elimination of the waste created from the construction sites and other enterprises that deal with manufacturing and production, by paying attention especially to the lake shore, parks and to the three rivers that cross the town. Thus, in this town the environmental balance has been kept properly. Many parks, playing grounds have been built to give a quality time to the residents and also to the tourists who visit this town.

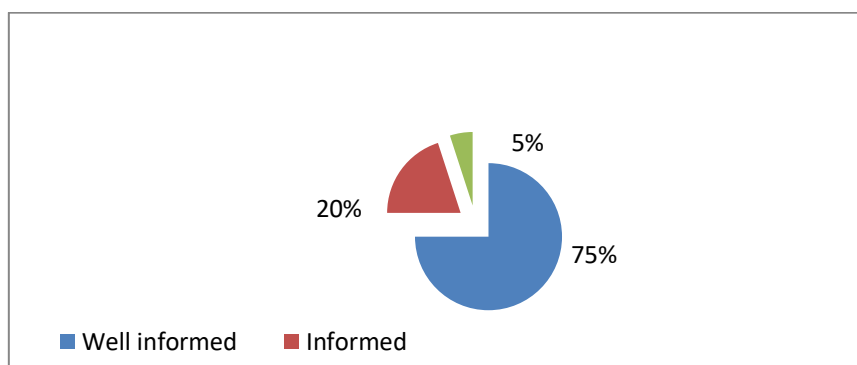


Graphic 2

In graphic nr 2, it is obvious that the residents have valued the rate of the effect of these environmental factors on the town. These factors have different effects depending on the development they have had and also on the improvements. As it is seen in the graphic the environmental factor of pollution has the greatest effect, 64 %.

The Role of the Tourism in Raising the Awareness of the Society in Protecting the Environment

Tourism has a great potential to increase the public awareness in protecting the environment and dealing with the environmental problems, especially when bringing people closer to nature and to the environment. This confrontation might raise the awareness of the public and might create conscious behaviors and also actions to be taken for the welfare of the environment. The tourism industry plays an important role in preparing the tourists to be more environmental conscious. Tourism can contribute deeply in the environment protection and also in the protection and the stability of the natural resources.



Graphic 3. What's the percentage of the well informed residents on environmental matters?

The information of the public on environmental matters is very important and also very useful, because its degradation affects directly the health and the wealth of the residents. That is the reason why most of them are well informed on the environmental matters, 70% of them. While 20% are informed and 5% not informed at all.

Economic Importance of Tourism

Tourism is now considered as one of the largest and fastest growing industries in the world. This industry has potential economic impacts on the destination countries. Most often tourism is considered as the single largest industry in the world and both the developed and developing countries have started to realize the economic importance of this sector and striving to maximizing the benefit from this sector as much as possible. Frechtling (1994), described that an economic benefit is best understood as a gross increase in the wealth or income, measured in monetary terms, of people located in an area over and above the levels that would prevail in the absence of the activity under study. Goeldner et al (2000), described that tourism contributes to gross domestic product (GDP), capital investment, employment, foreign exchange, and export earnings; the job creation capacity of tourism is its most significant feature. The role of tourism as a positive instrument for the alleviation of poverty and the improvement of the quality of life for all people, its potential to make a contribution to economic and social development, especially of the developing countries, and its emergence as a vital force for the promotion of international understanding, peace and prosperity (Morena, 2004, p.1). Tourism is considered as an important economic sector not only from national perspective but also from an international perspective. Tourism is no doubt exception from this. Because the internationalization of services is at the core of today's economic globalization and tourism has become one of the most important industries in the world, and its economic impacts are vital for many countries. Tourism not only helps the national development but also contribute to regional development. As a result, tourism is increasingly seen as a catalyst for regional development, and a number of studies and projects have investigated how tourism could support development in peripheral regions. Tourism helps in the process of generating foreign exchange, creation of employment and encouragement of local economics especially nature tourism which occurs in rural areas, it can lead to localized economic development in these often neglected areas. The tourism provides values to the tourists it has some social and cultural significance. Tourism is the temporary movement of people to destinations and during their stay in the destination, tourists act together with local people which provide the opportunity to have an understanding to the host individuals' and host community's quality of life, value systems, labour division, family relationships, attitudes, behavioural patterns, ceremonies and creative expressions and return home with some new outlooks on life, habits and added experiences. At the same time, the local community or individuals can also get some knowledge and ideas from the tourist which may help to enrich their cultural values. Tourism industry has a great importance not only as a generator of income but also for creating employment opportunities. Tourism which is now most often considered as the more labour-incentive sector than any other industry and has emerged as the world's largest generator of jobs. Tourism is a labour-incentive industry provides the scope of creating direct and indirect employment opportunities for a large number of skilled and unskilled persons.

Recommendations

- Strategies should be promoted to support the stable tourism and to ensure an increase on the quality of tourism so that the environment will be protected.
- Not only the negative effects on the environment should be reduced, but also the economical benefits of tourism should contribute on the protection and the planned usage of the natural resources.
- Tourism can play an important role in creating the awareness not only of the tourists but also of the residents in environmental protection.
- Tourism has a potential to increase the public appreciation of the environment and also to bring awareness as far as the environmental problems are concerned, as it brings people in contact with the nature and the environment.
- Tourism can contribute to the protection of the environment and the restore of the biological diversity and also to the proper use of the natural sources. Because of the attraction, the natural places and the unspoiled ones have been identified as worth to keep alive the attraction by creating natural parks which will take care of the wildlife.
- Taking into consideration the measures that should be taken for the protection of the environment by the businesses can decrease the negative impacts on the environment.

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The Reform of the Public Administration and of the Socio-Economic System within the Association Process of the Republic of Moldova to the European Union: Theoretical and Practical Aspects; Problems; Solutions

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Abstract: Pseudo-reforms of the public administration and of the social-economic system in Moldova conducted to deprivation of the legal and operational capacities of the state institutions to react at the increasing level of corruption in the country. More than that, these conditions provided a stimulus for increasing economic disequilibrium, social vulnerabilities and constraints. In this sense, the current article is analyzing the conflicting social-economic policies with the basic economic theories and practices and the negative consequences for Moldova in the process of the EU Association. The scope of the present article is to identify necessary measures to strengthen the capacities of the public administration institutions in facing current problems related to corruption, economic development, socio-economic equilibrium and Moldova's faster integration in the EU system of values and mechanisms. In this sense, the idea is to elaborate a new Strategy containing combined measures for balanced economic development and increase of the quality and efficient implementation of reforms in the field of administration, legislation, prevention and control of economic and political disequilibrium as well as combatting the corruption. The current article is using a research method of interactions and close relationship between development ways (balanced and misbalanced) of the socio-economic systems and the administrative, legal and institutional capacity to implement the European aquis and standards. The European standards meaning economic equilibrium, increase of the national economic potential and diminishing the corruption and oligarchy levels. The Strategy and measures for a balanced development represents the main result of the article. The aim of implementing this kind of policies is to achieve the creation of a legal institutional framework for public administration in order to support the core values of a democracy as it follows. An independent justice from political injuries, guarantee of the private ownership, free economic competition in a free market, reduction of state regulations, adaptation of the socio-economic system to the modern and functional market economy.

Keywords. Public administration reform; geopolitical vector; socio-economic equilibrium and disequilibrium; corruption; economic development

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1. Introduction

Practical and theoretical background of the public administration reform policies and strategies, social-economic development and EU integration is the concept of pseudo-reform of public administration and socio-economic pseudo-development. These concepts include: dualism in the activity of public administration in terms of the socio-economic development vector, different models and ways of creation of the mixed market economic system and integration.

In the unique hierarchic system of the public administration authorities and in the process of its reformation, there are implemented two policies and concepts diametrically opposed in terms of democratic model, development of the socio-economic system and creation and operation of the free mixed market economy, namely: an European administrative model, based on democratic principles, immovable private ownership, fair competition of the markets, guarantee of fundamental human rights, free initiative, and the other unitary model, administratively centralized, so-called euro-asian, with destructive implication of the state in socio-economic relations and affairs.

In fact, public administration in its activity, under the cover of different models of development and pseudo-reformation, led to the establishment of an economic structure that is primarily monopolist, ignoring private economic interest, distorting and harassing socio-economic and legal elements and relations and constraining the freedom of business, monopolizing media (70% of mass-media is controlled by oligarchy) and establishing anti-loyal market economic structure.

At the same time, the following processes are occurring: distortion of the economic system as a result of smallholders and family households failure, oligarchization of the financial system (70% of the monetary mass is controlled by owners of 3 banks), total control of economic, political and informational flows. Pseudo-reform of administration and pseudo-increase of economy based not on the concentration of investments for renovation of some consecutive priorities, but on final consumption, stimulation of demand and consumption fueled by remittances, have considerably extended sectoral, socio-economic imbalances, stimulated the involvement of public administration structures in the system and shadow social and economic relations; advanced destructive role of administration at all levels by direct intervention in business activity. Furthermore, public administration authorities implemented mechanisms of inefficient redistribution of income and bribery of human resources and small and medium business, took possession over bank capital and the real one through monopolization as the result of the “raider” attacks, distorted private economic interest, disordered the system of social and economic relations, caused an overall poverty and irreversible pauperism.

The corruption among different parties and governing administrative structures increased, creating so-called “Alliance for European Government” that during 5 years had continuously negotiated and traded sectorial administration (ministries, state agencies, departments, etc.) and shared spheres of influence in state’s external and internal policy and in conducting general public administration, through which they stole and laundered money from the banking system, extorted diverse extra-budgetary funds (road fund, subsidy funds, grants, etc.), bankrupted and symbolically privatized state property.

One can imagine the level of responsibility, coordination, monitoring, transparency, honesty and integrity of the public administration, if to take into consideration that the Minister and, also, leader of the party that performed administrative functions in state for years had been convicted to 9 years of prison for corruption when the billion was stolen and laundered, financial system and real capital was monopolized, and everything was taken under control of an oligarchic administration. More than that,

the level of corruption increased in the structures of public administration, through the sectorial administration procurement system, through establishment of free zones based on political criteria for the companies affiliated to the central public administration, creation of different systems of facilities, administrative value of the salaries and bonuses of the public employees in relation to growth of labor productivity. Usually, salaries and bonuses in the structures of public administration are dozen times higher than the socially necessary work. Through these and other methods, corrupt public administration got into all elements and socio-economic relations and at all levels.

As corruption, economic frauds, theft and money laundering done by sectorial public administration advanced, the process of monopolization and joining potential and corrupt economic flow with the political one sped up, macroeconomic indicators, investments and accumulations in the real economic sector decreased, obtained income depleted, disproportions and socio-economic crises deepened. At the same time, as a result of the conversion in euro under the cover of central administrative groups of billions of lei lent from NBM under the government guarantee and their laundering to off-shore (a question can be posed where was the responsibility, coordination, monitoring and control of the high level institutions on the frauds done in full view of the public administration) prices for essential goods increased, national currency depreciated and, respectively, the purchasing and investment power of the accumulations of the economic agents and population decreased. The problem even worsened because the considerable reduction of the GDP in the result of the extensive development policy conducted by central public administration and “erosion” of capital resources (in 2000-2016 amortization fund was around 50 billions lei) and overall economic potential and all these created preconditions for significant migration of the active workforce and honest and efficient foreign capital, as well as the local one. All these contributed to significant advancement of the imbalances and instability in the economic, financial and social systems, decreasing the volume of investment in innovation priorities, increasing the rate of unemployment and massive migration of the workforce.

The problem gets even more complicated, as the concept, policy, principles and solving mechanism of this and other problems are not stipulated in the Strategy on central public administration reform in Moldova of 2005, nor in the Strategy on central public administration reform for 2016-2020.

A new Strategy on reforming public administration and socio-economic system and association to the EU reiterates the timeliness of implementation and promotion of such public administration reform based on the international institutional and legal framework aiming to be not just a reform for the sake of reform, but to create a socio-economic system according to the principles developed by modern economic theories applicable to the current national conditions, that should ensure at the end of reform the following: economic growth and stable and sustainable development; real guarantee of the ownership and economic freedom; growth of the population’s wellbeing and poverty eradication; technological upgrade of the economic system and transition to an economy based on primarily intensive development; relaunch of the structural changes and creation of an modern economic structure, based on diffusion (action) of private property; establishment of a free market system, transparent with a fair competition; demonopolization of economy and abolishment of oligarchy and escaping state institutions from captivity; depoliticization of the sectorial administration and ensuring functional independence; balanced development of the socio-economic system by financial, monetary, fiscal of the current account stabilization according to the equilibrium model IE-LM. Institutional system and national judicial framework and sectorial public administration are corrupt, contradictory, politicized, fragmented, implemented by government in a selective manner, have proved in time their inefficiency, as these have not been based on the principles of the law theory and models of

equilibrium and real separation of the power branches in state, values of the economic equilibrium theory, including principles developed and promoted by the EU institutions.

Given the vicious socio-economic and political disequilibrium and a pseudo-reforming public administration, caused by penetration of corruption in all relations and elements of the economic system, the growing role of the modern economic theories and international and EU institutional framework becomes more emphasized for efficient implementation of reform measures, separation of power branches in state for addressing strategic problems of socio-economic development, prevention and counteracting corruption.

At the same time, an obstacle in implementation of the strategy on stabilization and public administration reform on medium term, is addressing the current problem in institutional, legal, judiciary, structural and financial domains.

Balanced development in the process of public administration reform based on the principles developed by economic theories and international law theories, values of real separation of the power branches in state and the EU association, is the only chance of survival of the country as a state.

Unfortunately, policies and decisions of pseudo-development and pseudo-reform of public administration that have already been implemented in the national economy, led to socio-economic instability resulted from the theft of the billions from the banking system, monopolization and further stagnation of innovation and technical progress in the real economy, that distressed political and social contradictions, increased instability between economic and social domain, caused economic sanctions of political nature imposed by Russia, as well as some limits of the international structures, including IMF and EU. As a result, the level of state dependency of geopolitical factors increased, corruption continuously deepened, decreasing administrative and judicial capacities for the implementation of economic reforms appropriate to the EU standards, rehabilitation of socio-economic potential and maintaining European development vector.

The above-mentioned problems that are currently faced by the public administration ascertain the timeliness of implementation of the new Strategy on socio-economic stabilization through radical reform of the existing public administration system and fulfilment of the Copenhagen and Madrid criteria for adjustment to the modern economic, political, social and administrative standards. In order to recover situation of balanced and sustainable economic development, to consolidate capacities of performing sectorial public administration reform which shall be compliant to the European administration standards and free market economy, depoliticization of institutions, real separation of the power in state and keeping European vector requires political will and urgent and radical measures from all the structures and authorities of public administration. Concurrently, it is necessary to perform real monitoring over these processes by the EU and create a Moldovan-European structure of coordination and supervision of the efficient implementation of reform measures.

Basic content. The development of a Strategy for public administration reform and socio-economic stabilization according to the European standards under circumstances of an overall fraud, oligarchy and capture of the state institutions will be difficult as it implies adjustment and forecasting of economic imbalances caused by corrupt oligarchic system to ensure dismantling of this system. Only in such conditions, we can consider the possibilities of implementation of reform measures for socio-economic stability, separation, equilibrium and depoliticization of state institutions. Eradication of social-economic instabilities caused by corruption in public administration, under auspices of oligarchy is very complicated and lengthy, due to the fact that economic frauds largely affect all the elements of economic system, including real economic system, small and medium business, financial-

banking system, etc. The problem worsens because it is very hard to eliminate economic imbalances and corruption as these occurrences, caused by an overall poverty, have a continuous nature and are replicated in political, legal, socio-economic and credit-monetary relations between business and sectorial administration structures at all levels, pose a social risk that threatens national interest and state security. Expansion of money laundering, penetration of corruption in all structures of sectorial administration, justice, media, legal domain and others represent the financial and juridical essence of oligarchy in capturing, controlling and maintaining in their claws of sectorial public administration structures, justice and legislative power.

Development of the Strategy on economic stabilization through public administration reform and EU integration requires highlighting and addressing the most serious problems and obstacles in the way of development, reform and association. Identification of necessary solutions to overcome these problems requires professional analysis and implementation of the principles of the modern theories and models of economic equilibrium and values of the international law and Copenhagen and Madrid criteria for adjustment to modern economic, social and administrative standards. Practical implementation of the requirements of the general theory and models of economic equilibrium, different specific types of equilibrium, including: equilibrium of monetary market, inputs market, goods market, labor market and others according to the European Commission's criteria will mean that results of the administration reform are compliant to the national and European requirements.

Strategy on public administration reform through economic stabilization and sustainable development will take into consideration the neoclassical and neoconservative doctrines, economic nationalism doctrine of F. List, general equilibrium model of J. Keynes, and monetary model of M. Fridman and S. Fiser, equilibrium models of Walras-Wald and Arrow-Debreu-McKenzi and others.

At the same time, development of the Strategy will be based on the theory of law and European and international legal framework on public administration reform according to the European standards. In the Strategy on public administration reform, stabilization and socio-economic renovation and integration to the EU, it is necessary to highlight and implement the constituent parts of these theories, principles of the Institutional Framework, such as recommendations of the European Councils from Copenhagen, Madrid and Luxemburg; European Court of Justice; Decision no. 91/308 of 10.06.1991 of the European Economic Council of the EU, Directive 2001/97/CE of the European Parliament and Council of 4.12.2001.

In the framework of the new Strategy on public administration reform for socio-economic stabilization and sustainable development, renovation and association, it is necessary to remark and achieve objectives and requirements imposed by IMF and take into consideration the measures of equilibrium of the economic-financial system, accepting principles such as: multiplicity of equilibrium and equilibrium problems, elimination of limiting hypothesis, strategic interaction between agents, game theory, etc. and limits set by the Basel Supervision Committee to financial policy, budgetary deficit, international standards in the field of supervision.

The policies for public administration reform of the new Strategy will take into account particularities and nature of the socio-economic disequilibrium and current financial disparities and will undertake measures to balance aggregated supply and demand, GDP and monetary mass of national currency and foreign exchange reserves of the state.

Medium and long term implementation of the Strategy requires improvement and clarification of the main functions of the National Commission for European Integration (NCEI), National Council for Public Administration Reform and Center for Reform Implementation (CRI). The core functions of

CRI and Management Board shall include: implementation of reform in public administration for renovation and economic growth and intensive development, provision of jobs and decreasing the level of migration, economic and financial stabilization with empowerment in supervision of macroeconomic equilibrium, control and assessment of budgetary and banking system equilibrium, monitoring of tenders and privatization transparency, economic and financial transactions, supervision and improvement the quality of structural reforms; development of criteria and principles of economic and financial policies; propose legislation for accomplishment of reforms, coordination and cooperation of CRI with international institutions for expertise and external assistance aiming to reform implementation; assessment of the implementation capacity, so as the results of the reforms to be compliant to European economic, social and administrative standards.

The Center for Reform Implementation and Management Board will have responsibilities for monitoring, coordination and correction of macroeconomic evolution. Structure and functions of the Center for Reform Implementation are shown in figure 1. The functions of CRI involve also monitoring of macroeconomic disequilibrium and development of proposals for their adjustment, implementation of measures in order to avoid disequilibrium, promotion and implementation of European standards for balancing socio-economic system and sustainable development.

Rapid and asynchronous changes of the structure and functions of local economy and the European one, lack of synchronicity in the Moldovan-European relations will create barriers in: public administration reform, stabilization, intensive and sustainable economic development, timely avoidance of disequilibrium and association, prevention and coordination of fight against corruption, etc. In Moldova, during transition period the performance of National Development Strategy, Public Administration Reform Strategy and Center for Reform Implementation was insufficient because these had not functioned and are not functioning as Administrative Body detached from politics, to avoid traditional cleaning connected to changes in the government and to ensure continuity of the general interest projects. Moreover, Public Administration (and not only it) is totally dependent on oligarchy and obviously does not have competencies from political power to supervise economic stability, combat corruption in economic, financial and social domains with real control responsibilities. Subordination of reforms to Governmental Commission for public administration reform, led to increase of instability and corruption of the governing party headed by former prime minister that is currently convicted. Dependency on political factors of the first administrative level, subordination of administration and expression of political group's will at the highest level, allegedly to continue reforms, has led to oligarchy and capturing of the state institutions.

In Moldova's theory and practice there are different, diametrically opposed concepts addressing the problem on the relationship between politics and administration – one relates to detachment of administration from politics, at the highest level aiming to provide a continuity of actions for implementation of economic reforms and European vector; - the second relates to dependency of the first administrative level on political factors while providing the second level the very much desired stability of position. Unfortunately, in Moldova all levels of administration have been divided according to political principles and totally subordinated to it (they were dividing guards and maids on political principles, only to stimulate them to join the party).

In the national practice detachment of administration from politics have not existed, that's why reforms were done according to the principle one step forward, two steps back. Lack of political will to not interfere and offer administration freedom in actions led to a total disorder and damage in society that was done by politics. For instance, first progressive parliament put the basis of independency and opened European direction and reforms and provided a significant stimulation for

change (1990-1994), the second political parliament (1994-1998) stopped administrative reforms and the concept of socio-economic development, following euro-asian vector, the third (1998-2001) returned to the European vector of development, implementing so-called “shock therapy”, destroying over night the agro-industrial potential, offering nothing in return, the fourth (2001-2009) subordinated administration in a dictatorial manner and maneuvered one step to European vector and two to CIS, increasing economic instability and tensioned social contradictions up to antagonist apogee and forcedly changed the power, the fifth (2009-2017) overtook administration in its hands, miming reforms, monopolizing spheres of influence, merging politics with administration and creating a corrupt oligarchy that captured administrative institutions.

Inefficient results of reforms, subordination of administration to politics involves considerable decrease of economic potential, increased migration of workforce, rise of poverty, stimulation of monopolization process of the economic and financial flows, consolidation of oligarchy in theft and money laundering, allocation of funds to those areas where parties were in charge. In order to do so, oligarchy cancelled the law on establishment of Counties, returning to rayon structures of parties and their illegal financing. Reform was done according to the interest of governing clans that led to deepening of macroeconomic instability and local markets, „legalizing” corruption to the interest of monopolists and oligarchy.

Lack of a Center of Reform Implementation for socio-economic stabilization, combatting corruption, independent with control responsibilities similar to Constitutional Court and a developed civil society, allowed government to “tailor” legislation as they preferred (in Romania under the pressure of society the Ordinance no.13 on amnesty of the corrupt persons was repealed), “untied hands” of corrupt government to be not liable for committed crimes, including theft of billions by oligarchic power. It is easy to imagine the chaos and blockage that would have occurred in the political system of the country if an independent Court of Justice would not have functioned.

The absence of an independent Center for administrative reforms with conclusive decisions, led to penetration of oligarchy in socio-economic and political system, capture of state institutions. This resulted in an unbearable situation, disaster and a total disorder in the society. Most of the population is below the poverty line and leave the country in which they cannot survive because economic potential is in a state of „coma” and does not ensure proper employment opportunities and does not address critical social problems. In the country, there is no structure with authority and immediate and fixed mechanism to combat heavily corrupt oligarchy efficiently, to dismantle oligarchic structures and stop instability, disequilibrium, ending the theft of billions and refunding it, to escape state institution from economic and political captivity.

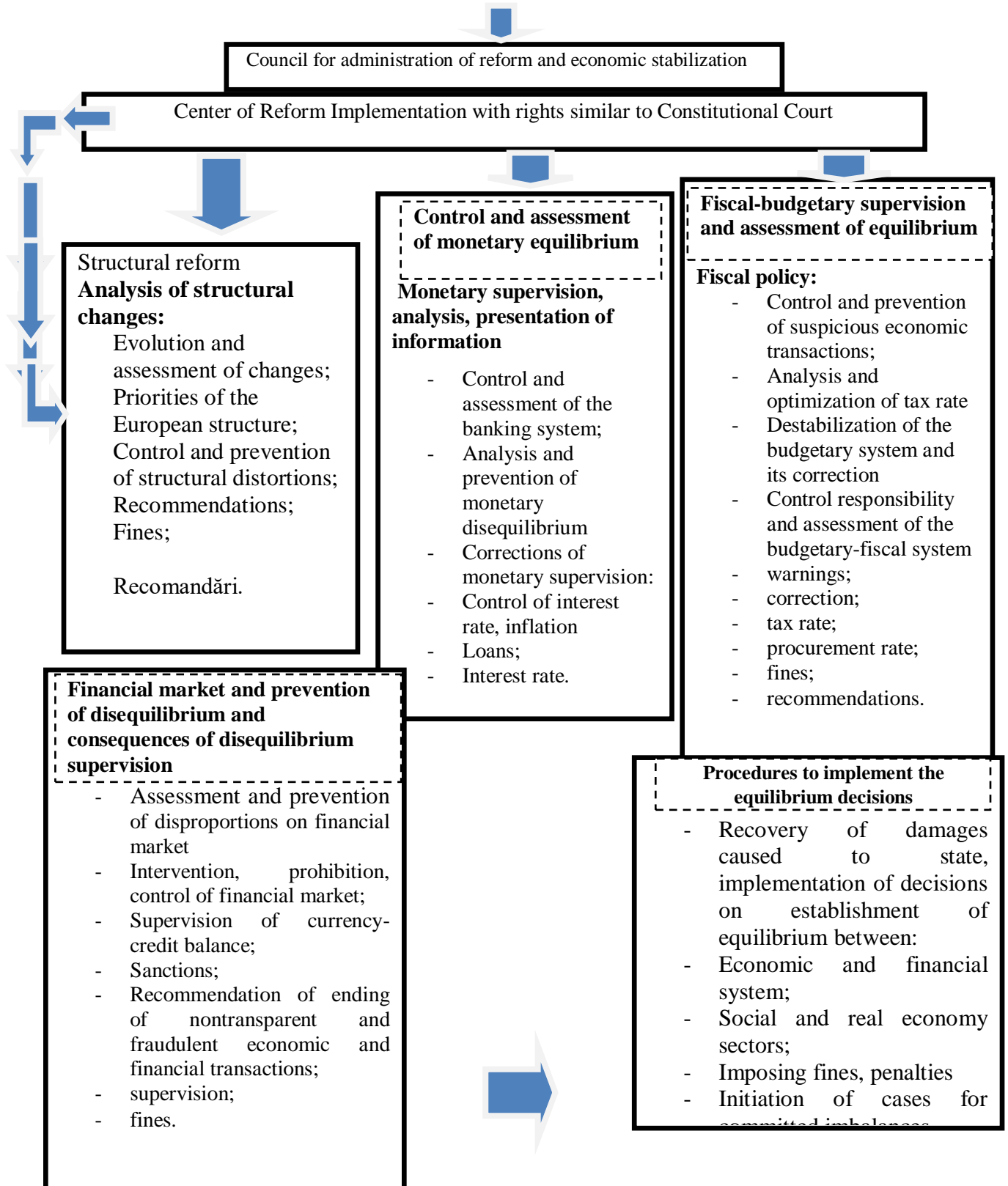


Figure 1.

Source: Created by authors

In order to avoid these and other processes and anti-national and fatal actions for Moldova, caused by comprador oligarchy, Center for Reform Implementation and economic stabilization must be established as an independent institution with responsibilities of control, supervision, prevention, correction and counteracting corruption and sustainable development of economy and society. Increase of real efficiency of CRI in combatting corruption and economic equilibration involves providing this Center immunity and rights similar to Constitutional Court, as in case state power deviates from legal framework and principles of theories and economic equilibrium models and causes social-economic instability, to urgently stop and counteract illegal actions. It is important that those responsible for corruption, including the theft of the billion and creation of disequilibrium and economic, financial and social instability to be accountable to justice and restore caused damages.

The absence of a Center for Reform Implementation, politically detached, for development, stabilization, supervision and prevention of disequilibrium caused by political clans in charge, led to the increase of the level of corruption in the monopolist system and its expansion among oligarchic clans and penetration in all state structures and levels. These negative structures undermined state's security, deepened socio-economic, political and institutional disproportions, caused a disorder, total chaos and uncertainty regarding the future in society, differentiated society in pauperism and wealthy, corrupt oligarchy, led country into an "abyss", "eroded" economic potential, bringing it to "coma" state, maximally tensioned contradictions between oligarchic clans and civil society, compromised European development vector, divided the society in terms of geopolitical orientation between West and East (in 2009 about 70% of population supported European vector, now only 30%). All these deepen even more tensions between political parties, that instead of joining efforts to overcome monopolism and corrupt oligarchy and escape state from captivity, plead for, i.e. Socialist headed by the President of the state, cancelling of the Association Agreement and joining euro-asian union, liberals plead for joining Romania, but oligarchic clans in charge maneuver among these forces, speculating with vector of development and miming reforms monitored by the EU. Not least, institutional instability increases, economic interests, socio-economic, property and management relations are more and more deformed, migration increases massively and all these generate and replicate macroeconomic disequilibrium and instability of financial markets, production factors, capital, consumer goods, local economic potential is irreversibly shrinking.

While performing these functions CRI will take into account obstacles and complications that will appear in relation to promotion of liberal policies that involve development of ownership, based on free competition on the market mechanism, supply policies, non-interference in private economic activity, supporting free initiative and namely: keeping oligarchic regulatory policies under mask of balanced policies, based on consumption demand, direct intervention of administration in business and focusing on global demand. Situation gets more complex as CRI will address the above-mentioned problems in confrontation with oligarchic and monopolist system.

Implementation of real reforms in public administration and achievement of strategy's objectives requires addressing problems of human resources, starting from organizational, structural and functional issues and ending with selection, recycling, recruiting and motivation of reforming staff, combating fluctuations and migration of specialists in administration, establishing strict assessment and control system for civil servants, radically reforming the Academy of Public Administration and transforming it into a Moldovan-European Center of administrative staff recycling.

Implementing the concepts of supervision and prevention of economic instabilities, overcoming disproportions, balanced development in the conditions of national economy with open markets and increasing competition, bringing closer to the EU of socio-economic system, CRI will take into

account exogenous factors, problems faced by EU, will associate and coordinate actions with EU Council.

Results. The particularities of public administration reform, economic development and association to the EU were focused on synthesis of anti-reform and pseudo-scientific policies of economic development, including: monetary, budgetary, investment and structural principles that have already been implemented and have not been based on modern theories of economic growth and stabilization, while actions and policies of the central public administration have been done fragmentarily and politically dependent, using international and national institutional and legal framework selectively. Overall result and particularities of the policies and actions for the public administration reform done in the transition period (1990-2016), involve implementation of structural reforms and transition to market economy and development based not on investments, but final consumption fueled by remittances and considerable increase of internal and external loans, grants and growth of budgetary deficit and state debts. In this period, different public administrations with opposite policies and methods obtained almost the same results and namely, extensive development expressed in more rapid growth of material and human resources efforts as compared to obtained results.

Reform processes of public administration that followed were contradictory, fragmentary and uneven. In transition period, we can mention several opposing policies and stages of public administration reform and economic development, including: inception of reform period (1990-1994); development of constitutional principles of public administration (1994-1998); active reform of public administration (1998-2000); fragmentary implementation of public administration reforms by left forces (2001-2008) with strong social policy and a corruption based on consumption; period of pseudo-reform and imitation of reforms and their ambiguous implementation (2009-2016), with massive advancement of corruption in governing forces, so-called pro-european.

Pseudo-reform of administration at all levels followed with changes “for the sake of changes”, carrying out reforms by adding or excluding ministries, agencies and departments, protecting those who were loyal to political power and continuance of incompetence, increasing conflicts of competence, with stressful supervision of administration by politics, with personal competition between the responsible leaders – all these led to unpredictable fluctuations of the administrative structure, creation of a negative image of population on any kind of public administration, and in general, compromised public administration and business environment at all levels.

For all stages of public administration reform the following results and actions are representative: birth, growth and dramatic failure of the small and medium business, a generally extensive and fraudulent development, massive bankruptcy of the state enterprises and their fraudulent privatization on an symbolic amount, an essential “erosion” of the socio-economic potential, and first of all, professional workforce (almost a million of people left the country), transformation of cheap loans and their “drain”, wasting amortization funds on investments for replacement of obsolete capital, inefficient growth (in 2000-2016 fixed productive capital increased 4 times, labor and capital productivity increased 3.7 times, average wages increased 4.6 times and nominal GDP increased at a slower rate and grew 3.3 times). The problem worsened even more, because of the fraudulent administration and theft of the billions from banks and economic crisis and increase of unemployment, (30% of young people don't have jobs), the process of “erosion” of workforce sped up resulting from unprofessional education and forced migration (annual average rate of migration is 2.5%). Administrative pseudo-reform deepened disproportions and social-economic instability that considerably influenced efficiency and direction of development and decreased possibilities and chances of economic growth and association of Moldova to the EU.

Promotion of the anti-scientific, inconsistent, inefficient, unattractive fiscal-budgetary reform by public administration (fiscal burden in transition period is two times higher than in the critical point, that should not exceed 25% of income), not only reduced fiscal area, but caused growth of economic frauds, about 2,5% of economic agents leave their business or go into the illegal sector. As a result of administrative methods of the fiscal-budgetary reform, direct taxes that reflect the efficiency of business decreased (rate of this taxes accounts for one third of all taxes), budgetary deficit significantly increased accounting about one third of all income in 2016.

Administrative reform policy, anti-scientific financial, ignoring the requirements of the economic equilibrium theories, including model IE-LM, not only transformed national economy into a market economy with significant deficit of financial resources (average share of bank loans in economy in 2001-2016 accounted about one third of GDP), with a considerable drop in national incomes, but also extended financial and speculative frauds resulting from the increase of the interest rate up to 22% annually, and caused a significant and unexpected decrease of the local investments in the real economy. At the same time, these and other fraudulent processes caused monopolization of the financial system (70% of the monetary mass is controlled by 3 banks). These financial monopolists control actions of the public administration and impose their will and narrow interests to the society. An oligarchic financial group was created that monopolized economic and financial flow through several commercial banks and NBM. The entry of oligarchy into financial system, theft of money, concealment of bank founders, contradicted Basel and IMF supervision requirements that blocked and sanctioned Moldova in 2013-2016 in terms of concluding a financial agreement with IMF and considerably reduced support of the national economy. In parallel, the area of fraudulent financial monopolist system extended, speculations with currency rate of 40% and interest rate up to 22% annually (monopolist banks defrauded hundreds of millions lei resulting from these speculations) increased. Oligarchy of the public administration and economic and financial-banking system unbalanced AD-AS ratio of money on financial market, increased demand of money caused by the theft of the billion from banks, speculations of money supply and insufficient demonetization of economy (monetary mass in circulation accounts for one third of the GDP).

Monopolization of the public administration institutions not according to professional criteria but the party one, theft and withdrawal of the billion of euro out of the country, increased the money deficit in the economy even more, reduced the purchasing power of the financial resources, considerably sped up inflation and as a result small business failures (in 2010-2016, 25% of enterprises failed) and, concurrently, shadow economy increased, economic frauds and corruption extended, creating favorable conditions for growth of economic instability and reduction of real sector.

New Strategy on public administration reform, stabilization and association on medium and long term is going to be implemented in conditions of a very threatening risk, especially in the case of economy strongly constrained by monopolism and national oligarchy and tough constraints imposed by IMF. It is meant that oligarchy will carry out public administration reform in the interest of governing groups. Constraints and financial, monetary and budgetary limits imposed by IMF, including: capping total cash deficit, net assets of NBM; minimal level of net international reserves stock of NBM; limitation of contracting or guaranteeing of non-concessional external debts by the Government of the Republic of Moldova; capping of accumulation arrears to external payments and monetary base; limitation of internal expenses on payroll funds, etc. will stimulate public administration reform, will create conditions for real promotion of radical and efficient reforms, will increase the amount of investment resources for renovation of priorities. At the same time, real reform of public administration will radically change financial policy in state, decrease tax rate and interest rate, stimulate investments,

radically reform business and institutional environments, dismantle oligarchy and strictly and toughly limit monopolism, create conditions for development, stabilization and economic association to EU. Otherwise, the state would not have a chance for survival.

Envisaged result of the recommendations proposed in the medium and long term Strategy on public administration reform is to restore state's security and avoid total bankruptcy and failure of the state, to stabilize and develop national economy, to dismantle oligarchic system, to reduce and limit functions of monopolism and to maintain flexible equilibrium using model IE-LM.

Conclusions. In transition years, implementation of pseudo-reform policies of public administration and pseudo-stabilization of economy that have not been based on principles developed and promoted by modern economic theories, ignoring the requirements of European standards, led to socio-economic destabilization, monopolization and oligarchy of the central and local public administration system, capturing of the state institutions, replication of total instability, constraint and "erosion" of socio-economic potential that is in the "coma" state, loss of a half of the active workforce of the country, decrease of the life quality, forced migration, pauperization of population, distortion of economic interest and property relations, penetration of corruption in all structures and economic relations, total economic defraud and massive money laundering.

Balanced and sustainable development of the socio-economic system, dismantling oligarchy, requires elaboration and implementation of a new Strategy on reforming public administration, socio-economic stabilization and association to the EU.

Efficient and comprehensive implementation of the Strategy on reform of public administration and balanced development and association, imply reformation of the Center for Implementation of Public Administration Reform (CIPAR) that should be politically detached with functions of supervision, prevention and correction of the socio-economic disequilibrium, with responsibilities of control and assessment of economic, financial and banking system, that would serve as a program to overcome oligarchy, strict limitation of the monopolism and the period socio-economic instability. Not least, CIPAR is responsible for control, prevention and combating economic and financial transactions, monitoring of Moldovan-European economic equilibrium.

This CIPAR must be politically independent and created through direct vote of the civil society, having immunity, with rights and responsibilities similar to Constitutional Court. Structure and functions of the Center for Implementation of Public Administration Reform for stabilization, control, supervision and forecast of disequilibrium could be created by reforming of the existent CRI.

Reforming the structure and functions of public administration, dismantling of comprador oligarchy and escaping state institutions from captivity, transition to mixed free market economy, strict limitation of monopolism activity under all forms, creation of stimulating and stable business environment, institutional environment necessary for a free market economy and development private ownership, including through diffusion and action, overcoming disproportions and socio-economic stabilization – all these will create real conditions for sustainable development and EU integration.

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**Policies on Combating Corruption, Economic Stabilization and Association
of Moldova to the EU: Theoretical Aspects, Problems, Solutions**

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Abstract: Elaborate a strategic approach and actions of balanced development combined with fight against corruption and economic frauds. These problems in the literature are studied mostly separately. Economists analyze practical deviations of the economic development policies from the requirements and principles of the modern and up-to-date economic theories and propose appropriate recommendations. In the article, a research of the interactions and close linkages between type of development (balanced or imbalanced) of the economic system and particularities of corruption is done, influence of these processes and occurrences one on another and vice versa are emphasized and recommendations for enhancing these linkages and interactions are proposed. Article proposes a new Strategy that combines the solutions of balanced economic development combined with increasing the quality of supervision and counteracting corruption. The analysis provided by the article will be useful for university students and researchers in performing their studies on corruption issues and the dynamics of the economic processes. Efficient fight against corruption in the process of radical change of the financial policy will create conditions for development, stabilization and economic association to the EU.

Keywords: money laundering; economic balances and imbalances; geopolitical threat

1. Introduction

Theoretical and practical basis of the strategies and policies of social-economic development and prevention of economic frauds during transition and association of Moldova to the EU is the concept of pseudo-fight against corruption and pseudo-balance of economy. These concepts include: maintaining a contradictory direction of development and integration to two unions, diametrically opposed in terms of democratization model and creation of the free mixed market economy, namely European one in combination with Eurasian, development of the market structure that is primarily monopolist, distortion of the social-economic and juridical relations, constraining economic, press and social freedom, decreasing small forms of property and management, restricting information and free access to the market, monopolization of the institutional relations and oligarchization of the economic, political and informational circuit, development of economic system based on stimulation

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of demand and final consumption fueled by remittances. These trends have considerably enlarged the volume of shadow economic and social relationships, that are not regulated by state, increased the destructive role of the direct state intervention in the business activity and implemented corruption mechanisms through inefficient redistribution of the GDP, through bribery of human resources of the family, small and medium business, theft of the capital through “raider” attacks, damaged private economic interest and production, exchange, redistribution and consumption relations in the activity of economic agents.

The above-mentioned problems that Moldova is currently facing, determine the timeliness of implementation of the new Strategy on social-economic stabilization on the basis of prevention, counteracting corruption, economic frauds, money laundering crimes and EU association. In order to recover the situation on balanced and sustainable economic development, fight against corruption and maintain the European vector, political will is necessary, as well as urgent and radical measures from all the structures and local authorities. At the same time, real monitoring of these processes by the EU is necessary and creation of Moldavian-European structures of coordination and supervision.

2. Basic Content

The development of a Strategy on social-economic stabilization thorough combating corruption according to the European standards under the conditions of the overall fraud of the social-economic system will be difficult as it entails adjustment and prediction of economic imbalanced caused by the corrupt oligarchic system, so as to create conditions for removal of this system. Only in this case we can speak about the possibilities of creating macroeconomic stability, separation of power branches in state and balance of these branches. Elimination of social and economic imbalances and disproportions caused by overall corruption is very complex and takes a lot of time, as economic frauds affect at a large scale the most sensitive and important elements of the economic system, including the real economic sector, entrepreneurship, small and medium enterprises, individual and family enterprise systems. The problem worsens, as it is very difficult to eliminate economic imbalances and corruption, because these occurrences, due to the overall poverty, have a permanent nature and are reproduced in the political, legal, social-economic, structural and credit-monetary relations between business and all state structures at all levels, being a social danger that threatens national interest and state security. Corruption, massive frauds in economy, expansion of money-laundering in all force structures, justice, media, legal and executive domains - all these represent the base and political, financial and legal mechanism of oligarchy to capture, control and maintain state institutions in their claws.

Development of the Strategy on political and economic stabilization through the fight against corruption and European integration needs highlighting and addressing the most serious problems and obstacles that stand in the way of development and association. Identification of the necessary solution to overcome these problems requires professional analysis and implementation of the principles and modern and up-to-date economic theories and values of international law for real separation of power branches in state. Practical implementation of the requirements of general theory and model of economic balance, different specific types of balance, including: balance of the monetary market, production factors market, goods market, labor market, etc. **will exclude administrative voluntarism in business and will reduce the base of corruption and economic frauds.**

The strategy on economic stabilization and fight against corruption will be based on the principles of neoclassic and neoconservative synthesis and models of general balance of J. Keynes and K. Arrow, monetary model of M. Fridman and S. Fiser, models of balance of Walras-Wald and Arrow-Debreu-

McKenzi and on the current „new macro-economy” and predictions of Buchanan, etc.

At the same time, development of the Strategy will be based on the law theory, international and EU institutional and legal framework on combating corruption and money laundering. In the Strategy on combating corruption, renovation and association to the EU, it is necessary to highlight and implement components of these theories, principles of the institutional framework, such as recommendations of the UN Conference adopted on 20.11.1988 at Vienna against illicit traffic in narcotic drugs and psychotropic substances; Strasbourg Convention of 08.11.1990, Convention on organized transnational crime in Palermo, December 2000; Decision no. 91/308 of 10.06.1991 of the European Economic Council; Directive 2001/97/CE of the European Parliament and the Council of 4.12.2001.

Special consideration will be given in the process of development of the Strategy on principles and recommendation related to fight against corruption of the Organization FATF (Financial action task force on money laundering) established in Paris in 1989 at the G7 Summit.

In the new Strategy on combating corruption, renovation and association, it is necessary to emphasize and implement the objectives of IMF, that include exchange of information, promoting standards and policies of prevention and combating economic frauds. Through the Financial Sector Assessment Program (FSAP) and IMF Offshore Financial Centers Program, it is necessary to perform a complete reevaluation of the viability and vulnerability of the financial sector and jurisdictions on the issue of combating money laundering in Moldova. In addition, for the development of the Strategy, it is necessary to use technical assistance of IMF and World Bank to balance the financial system and consolidate the legal framework in terms of regulation and financial supervision in combating money laundering.

In the process of Strategy development, it is important to take into account balance measures of the economic-financial system, accepting principles, such as: multiplicity of balances and problems of balance, exclusion of the restrictive assumptions, strategic interaction between agents, game theory, etc. and limits established by the supervision Committee in Basel for financial policy, budgetary deficit, international standards in supervision.

Policies on economy and fight against corruption of the new Strategy will take into account particularities and nature of the present economic-financial imbalance and will undertake measures of prevention of money laundering in the process of enhancing the ratio between the aggregated supply and demand, between national produce and monetary mass, between the amount of currency and needed amount of foreign exchange reserves of the state. The new Strategy will enhance the quality of financial supervision and counteracting economic-financial frauds and speculations in the process of revaluation of Moldovan Leu (it is necessary to sanctions illegal gains from the speculative operations in the process of Leu depreciation), gradually increasing its purchasing power, supporting production and extending the real sector, reducing inflation, and consequently, reducing the price for local consumer goods.

Implementation of the medium and long term Strategy envisages establishment of a Committee on combating corruption, economic and financial stabilization with mandates of supervision of macroeconomic balance, control and evaluation of the budgetary and banking system, monitoring of transparency in auctions and privatization, economic and financial transactions, supervision and enhancement of the structural reforms' quality, etc. The Committee on Combating Corruption and Economic Stabilization (CCCES) will have responsibilities of monitoring, coordination and adjustment of macroeconomic development. The structure and functions of the Committee are shown in the scheme 1. This Committee can be created based on reformation of the Center on Combating

Economic Crimes and Corruption (CCECC) that is specialized in supervision and counteracting of economic-fiscal crimes and corruption. The functions of the Committee are much larger and imply monitoring and correction of macroeconomic imbalances, implementation of measure on combating, revision and reporting of orientation and counteractions on combating corruption, promotion and implementation of the international standards for combating economic frauds.

Fast and asynchronous changes of the structure and function of the national and European economies, lack of synchrony in Moldavian-European relations, will create barriers in the process of fighting against economic frauds, timely avoidance of imbalances and association, that needs increasing quality of supervision and responsibilities of the Committee on prevention and coordination of corruption in the processes of integration. During transition period in Moldova, the performance of the CCECC was insufficient, as this Center has not functioned as a politically independent body for supervision of stability and combating corruption in economic, financial and social domain with real control responsibilities. Subordination of the CCECC to the Government has led to the growth of corruption of the governing party headed by former prime minister that currently is convicted. As a result of the inefficiency of the fight against corruption, monopolization of the economic and financial circuit boosted, that led to consolidation of oligarchy that had borrowed and stolen a billion of euro from the NBM, changing the procedure of forming and execution of the budget to allocate the funds to those regions where ruling parties were in power. In this view, oligarchy cancelled the law on establishment of Counties and return to rayon party structure and their illegal financing. A series of orders were adopted to the benefit of governing clans that led to the deepening of macroeconomic and local market instability. Corruption became „legal” as a result from monopolization of economic circuit and several domains and services, and concentration of all payments, utilities, taxes, pensions, government loans, grants through the Economy Bank of Moldova, putting in this way other banks in unequal conditions in terms of fair competition.

The absence of an independent Committee on combating corruption and stabilization, supervision and prevention of imbalances caused by ruling political clans, have led to increase on the level of corruption, economic frauds and money laundering in monopolist system, expansion of corruption in oligarchic clans and its penetration in all structures and levels of the state. These negative processes have undermined state security, deepened social-economic, political and institutional disproportions, caused disorder, an overall chaos and mistrust in society regarding the future, differentiated the society in pauperism and wealthy corrupt oligarchy, pushing the country in „ravine” and economic potential in „coma” and maximally tensioned the contradictions between oligarchic clans and civil society, compromised European direction of development, divided society in terms of geopolitical orientation between East and West. All these deepened even more tensions between political parties, that instead of joining efforts to abolish monopoly and corrupt oligarchy and escape state from captivity, advocate, for example the Socialists headed by the President of the state, for cancelling the Association Agreement and joining euro-Asian union, liberals – for rejoining Romania, and the governing oligarchic clans manipulate with these forces, speculating with the direction of development, miming reforms monitored by EU. Not least, during this period, institutional instability increases, economic interests, social-economic, property, management relations are more and more distorted, migration increases massively and all these generate and multiply macroeconomic imbalance and instability of the financial market, production factors, capital, consumer goods, potential of domestic economy is irreversibly constrained.

Committee shall fight against: crimes in the process of forming cartels; fraudulent practices and abuses committed by the international companies, fraudulent attainment of national or international funds;

crimes in the IT domain and creation of fake companies; frauds related to creditors; offences against consumers; unfair competition; fiscal, stock exchange and banking crimes, crimes related to currency exchange and environmental damage. While executing this and other functions, committee will take into account barriers and complications that will appear in promotion of liberal policies that imply development of private property, based on free competition on the market, supply policies, non-involvement in private economic activity., supporting free initiative: guiding or balancing policies, based on actual demands, involving indirect state intervention and focusing on global demand. Situation became more complicated because the Committee will address the above-mentioned problems in confrontation with monopolist and oligarchic system.

Implementation of the concepts of supervision, prevention and counteracting economic frauds, overcoming disproportions, balanced development in the conditions of the national economy with open markets and increasing competition, intensifying the process of bringing the social-economic system closer to the EU, the Committee will take into consideration exogenous factors, problems that EU is facing and will coordinate and adjoin its actions with the EU Committee on the Prevention of Money Laundering and Terrorist Financing of 2006, including management of the issues on regulation, collection of information from the national systems of the EU, supervision of the issues related to combating economic frauds, adjustment of national actions on combating crimes to the EU economy standards and to the EU level of values.

3. Results

New strategy of supervision and combating corruption, stabilization and association on medium and long term is going to be implemented under a very threatening risk – especially when economic situation undergoes serious constraint because of the monopolism and national oligarchy and harsh constraints imposed by IMF. When considering that oligarchy will not cease in the fight against corruption and abolishment of corrupt system will be almost impossible without coordination and direct involvement of Committee on the Prevention of Money Laundering and Terrorist Financing (CPMLTF) of the EU Commission. The need of involvement of CPMLTF in fight against corruption in Moldova comes from the fact that national corruption and money-laundering process has acquired an international character.

The problem of fight against corruption became more complicated because of the fact that oligarchy will use new methods of defrauding economy caused by rough requirements imposed to country by IMF. This means, financial, monetary and budgetary limits imposed by IMF, including limiting total cash deficit of the net assets of the NBM, minimal level of net international reserves of NBM. At the same time, IMF limited the Government of Moldova in contracting or guaranteeing non-concessional external debts, capped accumulations of arrears to the external payments and monetary base. Another threatening risk in combating corruption is increasing resistance of oligarchy because of the diminishing area of frauds caused by IMF limitations of the internal expenses to payroll funds, level of social expenses, budgetary deficit and level of inflation. Fighting corruption in these extremely tough conditions and long-term compliance to the requirements of the IMF Memorandum will create real conditions for promotion of radical and efficient reforms and will increase the amount of investment resources for renovation of priorities and accession to the EU.

Efficient fight against corruption in the process of radical change of the financial policy, reduction of the tax rate and interest rate and growth of the volume of finances in economy, stimulation of investments, radical reform of the business environment and the institutional one and their

improvement through abolishment of oligarchism and strict limitation of monopolism – all these will create conditions for development, stabilization and economic association to the EU.

Expected result of the recommendations proposed in the medium and long term Strategy are to combat corruption, dismantle oligarchic system, reduce and limit functions of monopolism and maintain flexible balance of the IE-LM model, IMF envisaged indicators and implementation of the Association Agreement to the EU.

4. Conclusions

Implementation in 2000-2016 of the pseudo-combating corruption policies and pseudo-stabilization of economy policies, based on the principles developed and promoted by the modern economic theories and ignoring the requirements of the international and European legal and institutional framework, led to monopolization and oligarchization of the social-economic system, capture of the state institutions, multiplication of total instability, constraint of the economic potential, that is in „coma” state, pauperization of population, distortion of economic interest and property relations, penetration of corruption in all structures and economic relations, total economic defrauding and massive money laundering.

Real fight against corruption and balanced development of the social-economic system needs development and implementation of new Strategy on combating corruption, social-economic stabilization **and association to the EU.**

Efficient and comprehensive implementation of the Strategy on combating corruption, balanced economic development and association, envisages establishment of the Committee on Combating Corruption and Economic Stabilization (CCCES) with functions of supervision, prevention and combating of corruption, adjustment of social-economic imbalances, with responsibilities of control and assessment of economic, financial and banking system stability, that would serve as a program to overcome oligarchism, to limit monopolism and the period of social-economic instability. Not least, CCCES is responsible for control, prevention and fight against suspicious economic and financial transactions, monitoring of Moldavian-European economic balances.

CCCES should be politically independent and established by a direct vote of the civil society, having immunity, with responsibilities similar to Constitutional Court. Structure and functions of Committee on stabilization, control, supervision and forecast of imbalances could be created through reformation of existing CCECC on the principles and model of the EU Committee on the Prevention of Money Laundering and Terrorist Financing.

Reforming state functions and structure, abolishment of the oligarchy and escaping state institutions from capture, the shift to a mixed free market economy, strict limitation of monopolist activity, in all its forms, and creation of stimulating and stable business and institutional environment necessary for free market economy and development of private property, including through diffusion and action, overcoming disproportions and social-economic stabilization – all these will create conditions for real development and EU integration.

We would like to propose Conference Board to address European Commission to support our recommendation on establishment, under the auspices and supervision of the EU Committee on the Prevention of Money Laundering and Terrorist Financing, of a Committee on Combating Corruption and Economic Stabilization in Moldova with mandates, responsibilities and functions described in the article.

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International and EU legal and institutional framework.



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REALITIES AND PERSPECTIVES

Road Traffic in Romania in European Context - an Economic and Social Approach. Part 1

Florin-Dan Pușcaci¹, Rose-Marie Pușcaci²

Abstract: This article is a further detail of the other one on the demographic crisis of Romania. (Pușcaci et al., 2016). The big gap with the EU average conceals a real crisis that affects the entire economic development and generates profound negative social effects. The lack of adequate road transport infrastructure deprives Romania of applying modern methods of just-in-time management and determines that comparative advantages - such as the relatively cheap and qualified labor force - are annihilated and ultimately derives a lack of attractiveness for external investors. But the most serious consequence is the large number of deaths, caused by road accidents, the direct consequence of the lack of a network of highways, and even of some traditional roads. For the positioning of Romania in a European context in terms of quantity, but also in terms of chronological evolution, we consider it is useful to analyze some indicators that commensurate the situation of Romania. We propose that these aspects be studied with the help of the statistical-mathematical instrumentation using the graphic method, for which we used the R Studio software.

Keywords: road infrastructure; highways; road accidents; fatality; corruption

JEL Code: O350; R1; R2; R3; R4; R5

1. Content

Although the importance of road infrastructure on society has become an axiom since the ancient period, see the roads or bridges built by the Romans, we will still look at some contemporary aspects related to the lack and benefits of an appropriate infrastructure in contemporary Romania.

We illustrate the importance of the transport infrastructure in terms of the largest producer and exporter of cars in Romania, that is Dacia-Renault respectively. The company's chief operating Renault conditioning operation uses firm capacity mentioned that: "Romanian state has to improve road infrastructure and sea". Failure of important transport infrastructure has led the company Renault not to develop the platform at Pitești, due to high transport costs to the borders of Romania, so that the French will not invest in Romania, and conclusively they will invest in the factory in Morocco. According to the same sources, the plant has an installed capacity of 350,000 cars annually and in 2013 produced a total of 342,620 units.

The Vice President of Dacia-Renault mentioned that: the lack of a freeway between Pitești and Sibiu generates additional costs of 166 euros for each car produced in Pitești compared with that produced in Morocco, which directly affects the competitiveness of the product. "While transporting a car from Pitești to Constanța costs 98 euros, and a similar car produced in Tangier-Morocco to a port over a distance of 29 kilometers costs 14 euros. By the highway construction to facilitate transport by car

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from Nădlac border, thus increasing the cost of a car only with 68 euros. Another problem encountered by the French management of the company is the average speed of the current transport on the roads which is 45 km per hour, and the highway will be increased to 80 km per hour. It is clearly a poor infrastructure that is affecting competitiveness, thus generating additional costs of 166 euros per piece.

Recently, the same manager - seeing that no concrete steps to achieve the highway are taken, he concludes: "It is a national basque. Its lack will have incalculable consequences". The lack of highway was perceived as an attack on the workplaces by the trade unionists of the plant, giving up their immediate claims, working conditions, better wages, etc. in favor of strikes and protest movements aimed at sensitizing the governors to the necessity to build a highway.

We have presented the direct and immediate effect of the lack of a highway, exactly by this example, and now, we will present the beneficial consequences for the development of an area in the country following the construction of a motorway. Thus, Ziarul Financiar estimates that: "The Gross Domestic Product of Constanta County has increased at a double speed, compared to that of the rest of the economy, since the opening of the Bucharest - Constanța highway in November 2012 and up to day, according to an analysis published by Ziarul Financiar. The nominal GDP of Constanța had an increase of 56% in the period 2012-2016, compared to a 29% nominal increase of Romania's GDP, an evolution that the publication puts also on the development of the infrastructure in the area".

For an assessment of road traffic density in Romania, in comparison with the other countries in the European Union, we present in Table no. 1 the data regarding the highways as well as the other roads. As it can be seen, although the data provided by Eurostat does not cover all 28 EU countries, they are still able to present large discrepancies/gaps in road density, arguing this with the very high values of coefficients of variation on the two categories of roads. At the same time, it can be noticed that the values recorded by Romania are close to the minimum values, which proves the precarious level of the road infrastructure in our country. But this data reflects only the quantitative side of the infrastructure as in Romania and the quality of roads is far inferior to that in other European countries.

Table 1. The Density of the roads in European Union in 2014

Statistics	Unit of measurement	N	Mean	St. Dev	Min	Max	Coefficient variation	Romania
motorway	motorway / 1.0000 km ²	23	21,1	20,900	0	79	99,11%	3
other type of road	meters per sq km	19	1178,6	774,684	122	3117	65,73%	357

Source of data: Eurostat

The density of roads in the EU countries for which we have data is also shown in Figure no. 1:

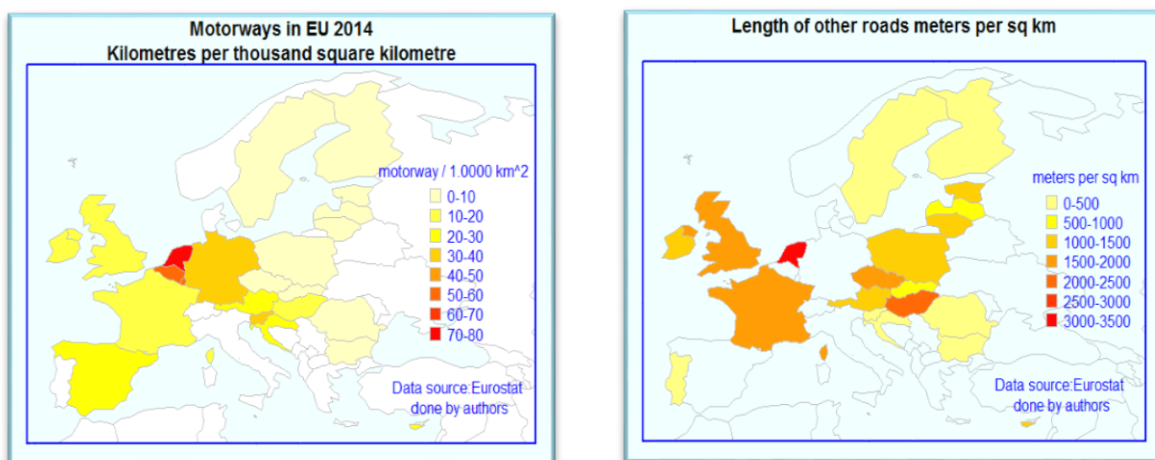


Figure 1. Density of roads in EU countries in 2014

This road situation -both in terms of quantity and quality - is unfortunately reflected directly on the number of road accidents. Thus, if at EU level, as a result of the preventive measures in the period 1991-2015, the average annual road traffic accident rate was -1,204%, in other words it was reduced by 1,204% each year, in Romania increased by 5,01%, registering the highest growth. We mention that at EU level - on average - has a reduction rate of -1.179%. The rates for changing road accident levels for EU countries between 1991 and 2015 are shown in Figure no. 2.

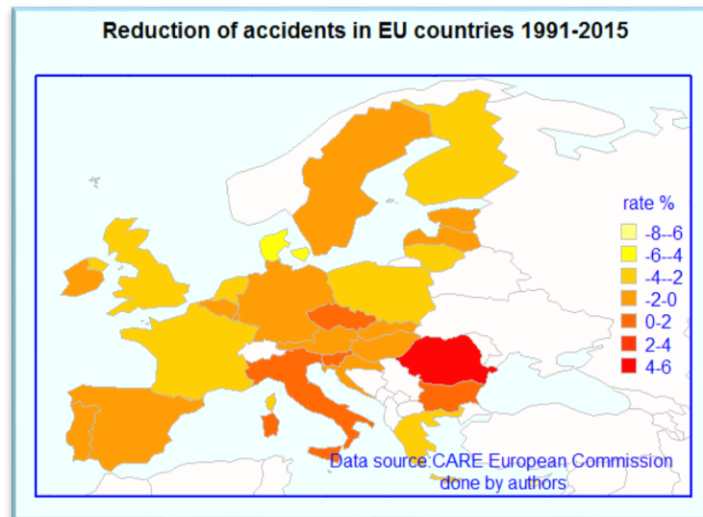


Figure 2. Reduction of accidents in EU countries between 1991-2015

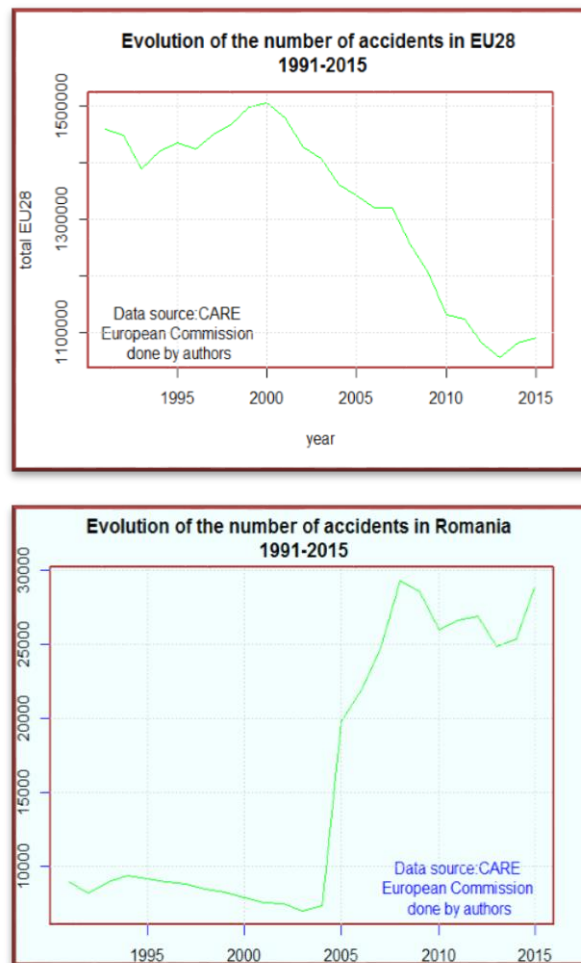


Figure 3. Evolution of the number of accidents in EU28 versus Romania

The contradictory evolution of the number of road accidents in Romania compared to those registered in total at EU level, as can be seen from the two areas of Figure no. 2, determines that the share of accidents in Romania compared to total EU28 will increase substantially. Thus, if in 1991 the number of accidents in Romania compared to the total EU accounted for 0.614%, in the year 2015 they reached 2,655%, in other words, an increase of more than four times.

The evolution of road traffic accidents in Romania vs total EU28 is presented in Figure no. 4, which shows a significant increase in the share of accidents in Romania compared to the total EU. If in 1991 Romania recorded about 0.5%, in 2015 it reached 2.5%.

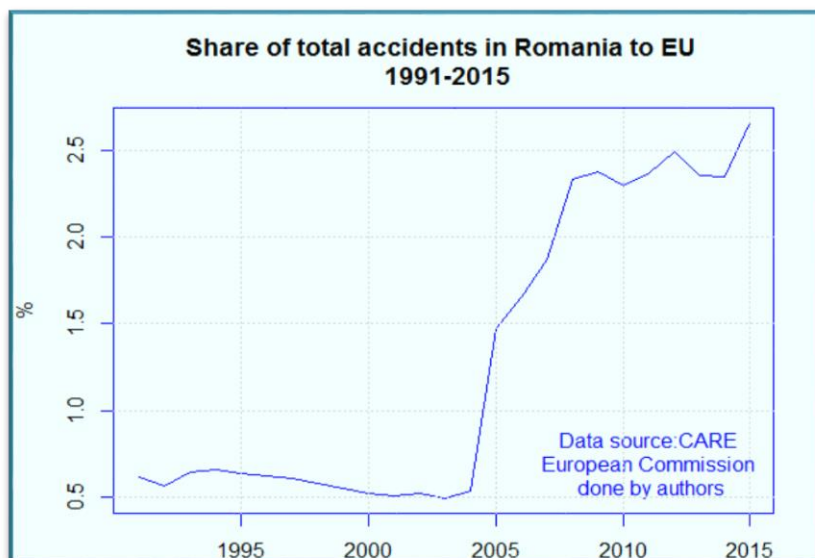


Figure 4. Share of total accidents in Romania to EU between 1991-2015

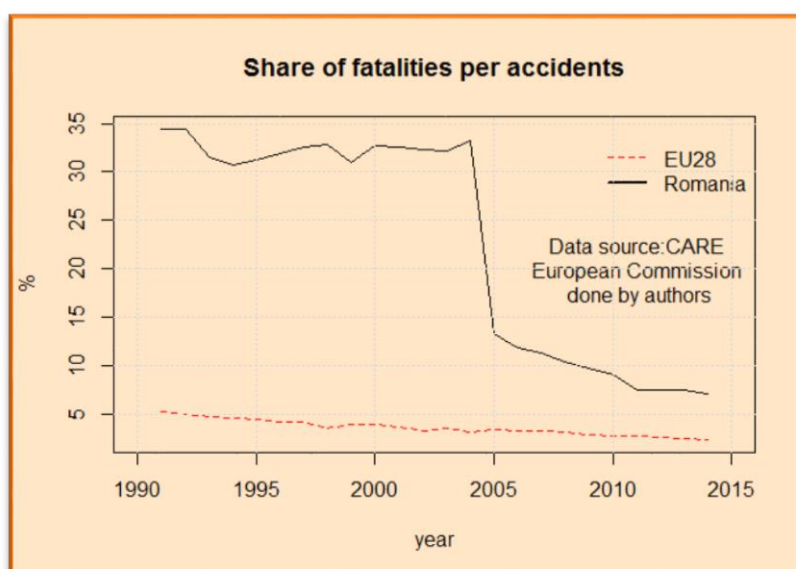


Figure 5. Share of fatalities per accidents in Romania versus EU between 1991-2015

A negative phenomenon is related to the fact that road accidents in Romania continue to record deaths, in other words, serious accidents. For the period 1991-2015, the average road fatalities in Romania were 22.8%, so from 100 traffic events 22.8 were fatalities. At the EU28 level, this indicator recorded only 3,623%. The evolution of fatalities related to road accidents is shown in Figure no 5. It can be said that the downward trend is both the road traffic prevention measures, but also the implementation of SMURD first aid service.

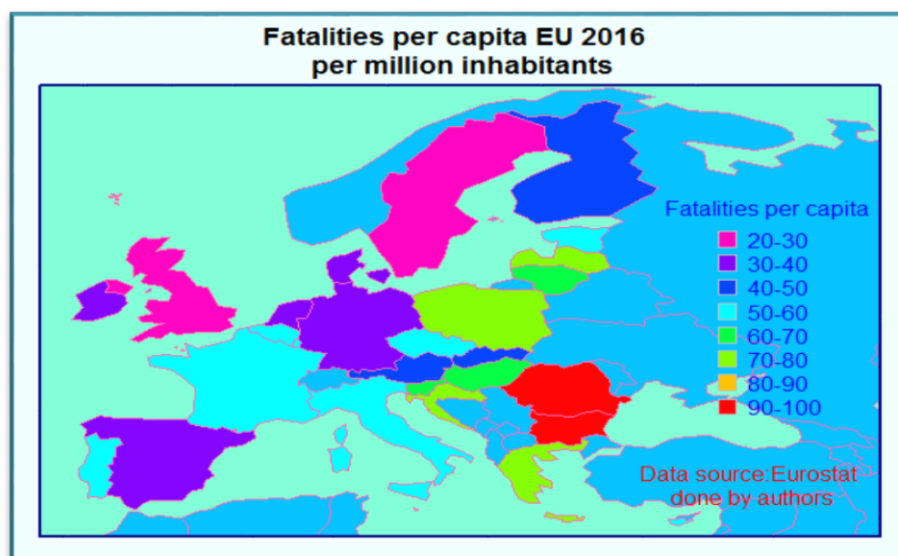


Figure 6. Fatalities per capita at million inhabitants in EU 2016

The gap between Romania and the EU countries and their average in terms of fatalities caused by road accidents can be highlighted by the fatalities related to the total population. Thus, Figure no. 6 depicts the large gaps in EU countries in 2016, from 20-30 to 90-100 deaths from road accidents per million inhabitants.

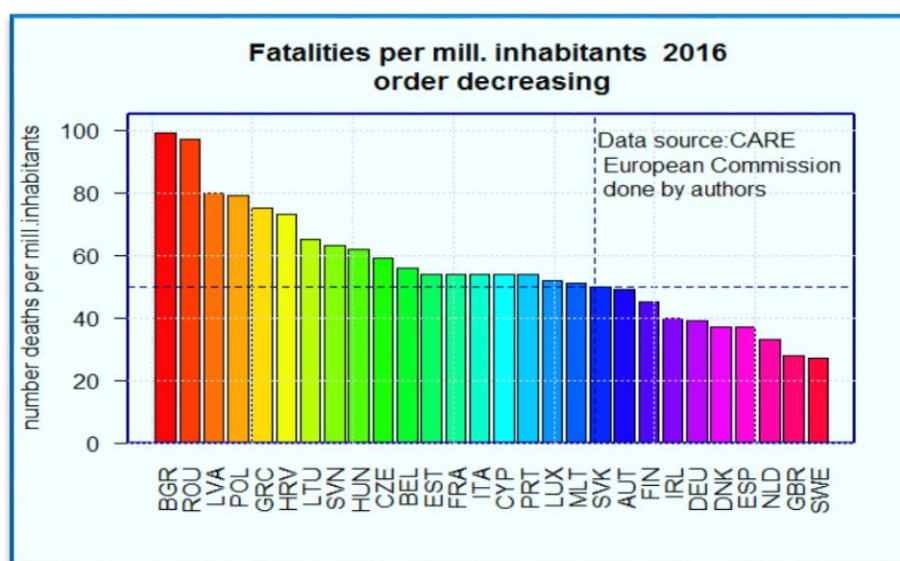


Figure 7. Fatalities per million inhabitants in 2016

The ranking of EU countries according to the number of deaths (fatalities) per million inhabitants is shown in Figure no. 7. As you can see, Romania records 97 deaths from road accidents to one million inhabitants and is situated alongside Bulgaria with 99 deaths per one million inhabitants, at the highest level of this indicator. It should be noted, as can be seen from Figure no. 7, that Romania is registering a level twice higher than the EU average, not to mention that some countries have this indicator three times smaller. The dotted lines in the figure indicate the average EU and country levels below and above this average.

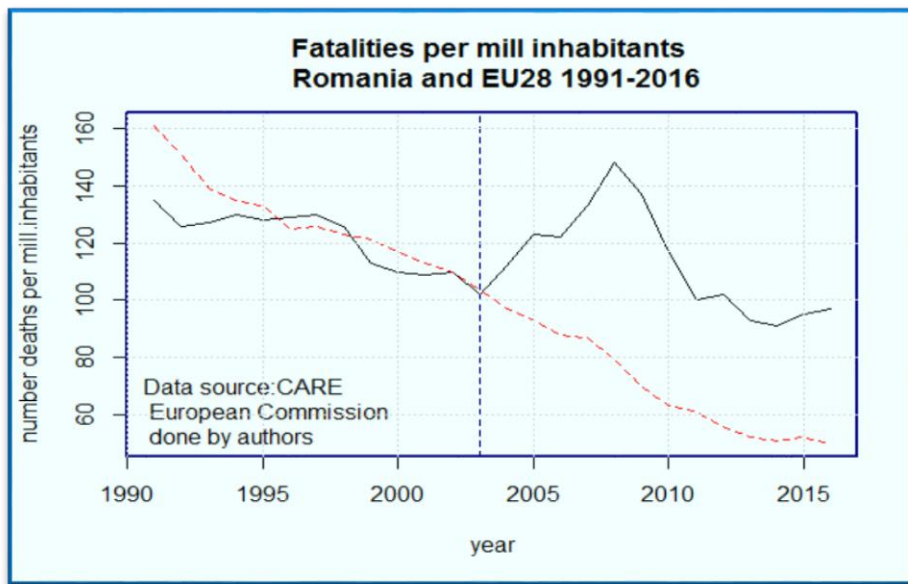


Figure 8. Fatalities per million inhabitants in Romania versus EU28 between 1991-2016

The evolution of the fatalities related to the number of the population at the level of Romania and the EU during the period 1991-2016, presented in Figure no. 8, reveals that until 2003 this indicator was higher in the EU, and after this year it became superior in Romania. This trend is due to the different, much higher, reduction rates in the EU compared to those registered by Romania. Also, the oscillating evolution on a downward trend registered by Romania, compared to a continuously descending trend of the EU, determines these contradictory developments of the number of fatalities reported to the population.

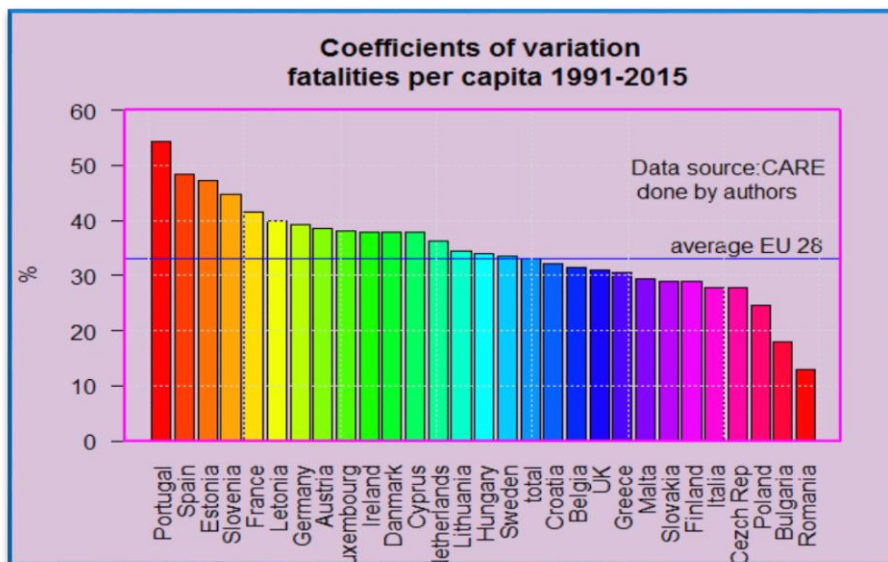


Figure 9. Coefficients of variation fatalities per capita between 1991-2015

The reductions in fatalities per inhabitant can also be assessed on the basis of the coefficients of variance calculated as the ratio between dispersion and average, which are shown in Figure no. 9. Romania is the last one on this indicator, whose coefficient of fatality variation per inhabitant was only 12.87%, while the European average of the period 1991-2015 was 33.17%. In other words, Romania records the lowest level of dispersion/variation in fatalities per capita between 1991 and 2015.

The evolution of fatalities per capita in the EU member states, as well as the EU as a whole, can be seen in Figure no. 10, which shows the downward trend of the indicator.

Different country variations as well as yearly variations are expressed in Figure no. 11, in which the changes to EU countries are shown on the left side and changes are made to the right. The continuous right represents the averages recorded either by countries or by years, and by the blue segments are the variation ranges of these mean sizes, with a probability of 95%.

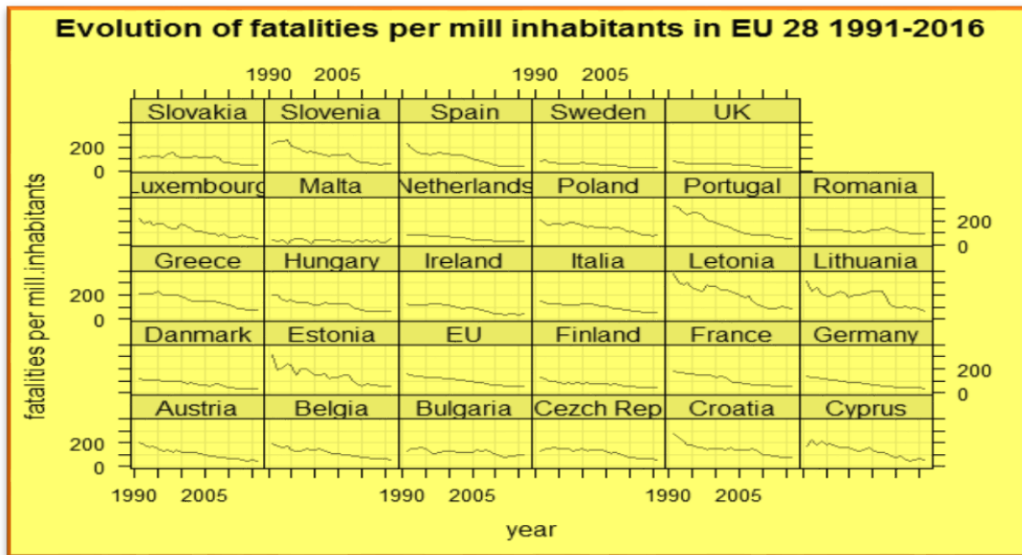


Figure 10. Evolution of fatalities per million inhabitants in EU28 between 1991-2016

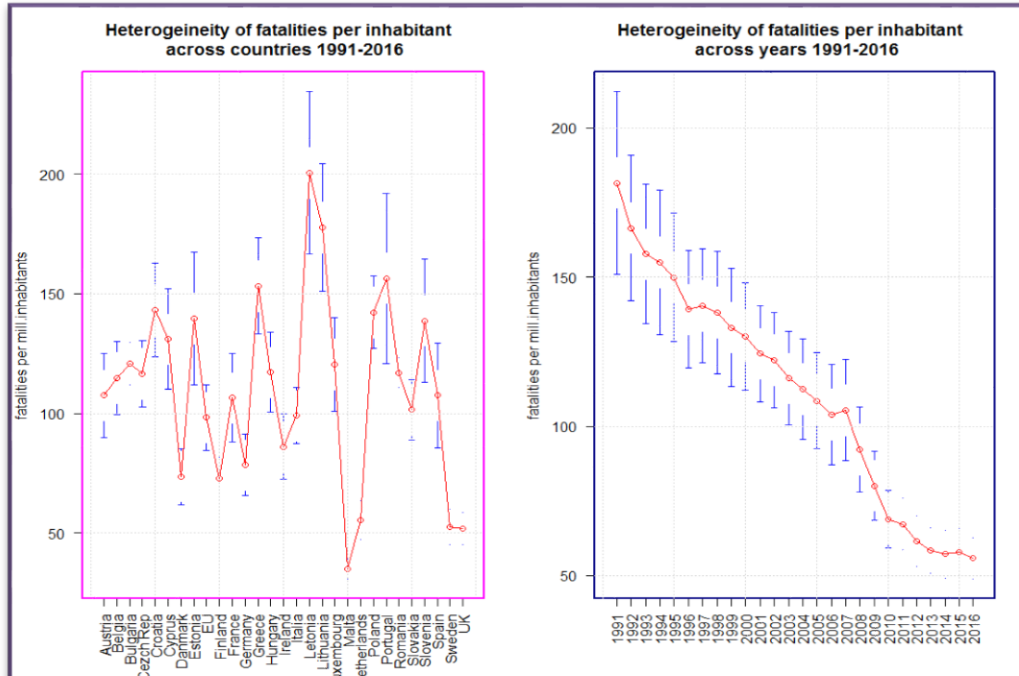


Figure 11. Heterogeneity of fatalities per inhabitants across countries and years between 1991-2016

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THE 12TH EDITION OF THE INTERNATIONAL CONFERENCE
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**Road Traffic in Romania in European Context - an Economic and Social
Approach. Part 2**

Florin-Dan Pușcaci¹, Rose-Marie Pușcaci²

Abstract: This article is a further detail of the other one on the demographic crisis of Romania (Pușcaci et al., 2016). The big gap with the EU average conceals a real crisis that affects the entire economic development and generates profound negative social effects. The lack of adequate road transport infrastructure deprives Romania of applying modern methods of just-in-time management and determines that comparative advantages - such as the relatively cheap and qualified labor force - are annihilated and ultimately derives a lack of attractiveness for external investors. But the most serious consequence is the large number of deaths, caused by road accidents, the direct consequence of the lack of a network of highways, and even of some traditional roads. For the positioning of Romania in a European context in terms of quantity, but also in terms of chronological evolution, we consider it is useful to analyze some indicators that commensurate the situation of Romania. We propose that these aspects be studied with the help of the statistical-mathematical instrumentation using the graphic method, for which we used the R Studio software.

Keywords: road infrastructure; highways; road accidents; fatality; corruption

JEL Classification: O350; R1; R2; R3; R4; R5

Given these large discrepancies in the record of fatalities per capita, it is necessary to analyze some of the alleged causes that influence this indicator, such as: country level of development, level of corruption, and the degree of endowment with cars. It is a non exhaustive choice because besides the above-mentioned factors, we could also consider: the size of the roads and especially their quality, the size of the highways, the level of education and civilization of the inhabitants, the consumption of alcohol per capita, issues pertaining to obtaining a car license in each country, etc.

The dependence of fatalities per capita vs GDP per capita for the period 1995-2016 in EU countries is shown in Figure 12.

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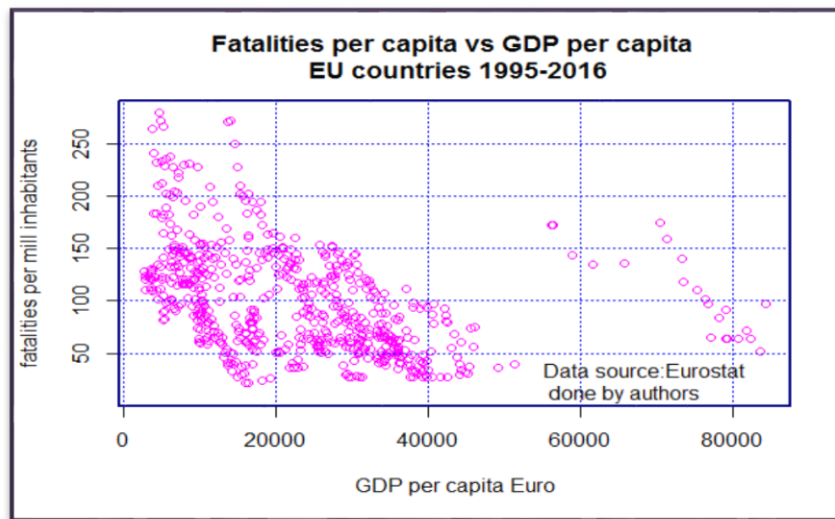


Figure 12. Fatalities per capita vs GDP per capita in EU countries between 1995-2016

The figure suggests an inverse dependence in the sense that the higher is GDP per capita, the fatalities per capita will be lower. From a statistical point of view, this addition has been studied on the basis of panel-indexed data on countries and years. The data in Table no. 4 highlights that at EU level, in the period 1995-2016, the increase of GDP by 1.000 euros per inhabitant generated the reduction of the number of fatalities per inhabitant by 7.4 persons. Also, we can see the close correlation between the GDP per inhabitant, which expresses the level of development and the fatalities per inhabitant.

It can be concluded that the level of development of a country influences the fatalities, which is obvious from an intuitive point of view, as development involves better roads, more highways, better cars, and a higher level of education for drivers.

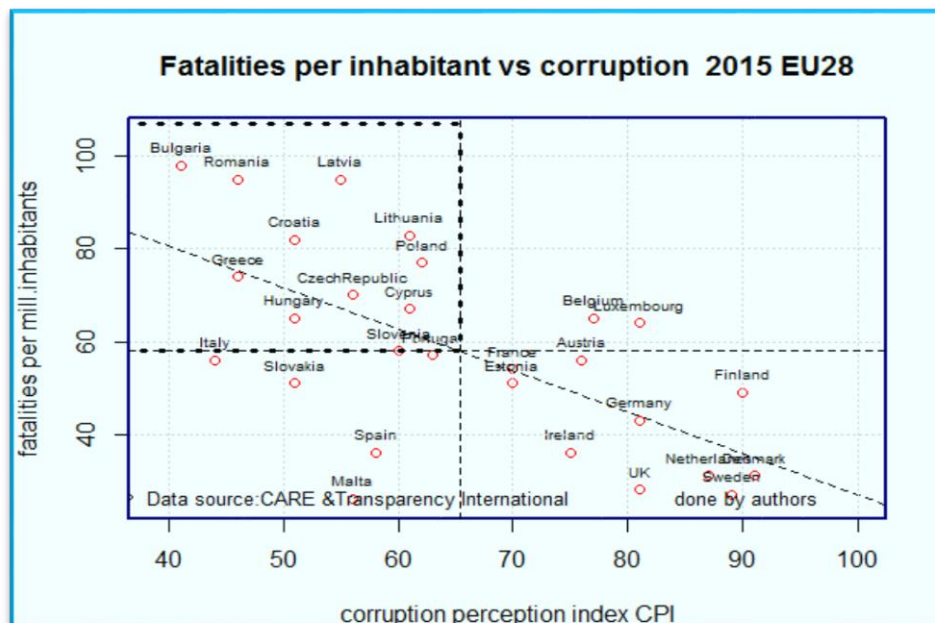


Figure 13. Fatalities per inhabitants vs corruption in EU28 in 2015

The dependence of fatalities on the level of corruption in the EU member states in 2015 is presented in Figure no. 13. The level of corruption is assessed through the Corruption Perception Index prepared by Transparency International. As it is built, a low level denotes high corruption, while a higher value index expresses less corruption. This index takes values between 0 and 100, in other words: 0 denotes the highest level of corruption, while 100 gives the lowest level of corruption. In 2015, at the level of the European Union, the average Corruption Perception Index was 65,357, while the average fatality rate per one million inhabitants was 58,036. These sizes are designated by the punctuated lines in Figure no. 13, thus obtaining four areas of the graph. Thus, the NW and SE, respectively upper and lower left, recording 23 of the 28 countries, confirm a dependence between the level of corruption and road fatalities. The NW region, which is populated by punctuated segments, is located at the extremity of Romania, grouping countries that record a high corruption index and fatalities over the EU average.

The number of cars per 100 inhabitants is shown in Figure no. 14, of which we note that despite the increase in the number of cars in circulation in Romania, our country is at the lowest endowment level, fact that justifies us not to say the number of cars themselves would be the cause of accidents, but the level and quality of the road infrastructure would contribute to these road events. We also take into account the size of roads, especially highways, and the lack of parking spaces in major cities, roads that pass through urban and rural areas. The high number of fatalities in terms of population, in terms of modest gear with cars reported to the population, causes Romania to record the highest level of fatalities in terms of number of cars, see Figure no. 15.

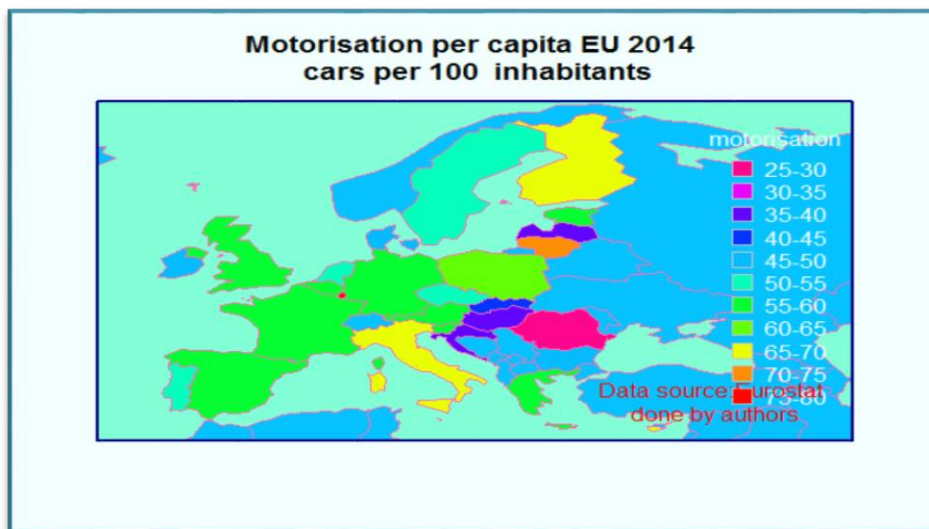


Figure 14. Motorisation cars per capita per 100 inhabitants in EU in 2014

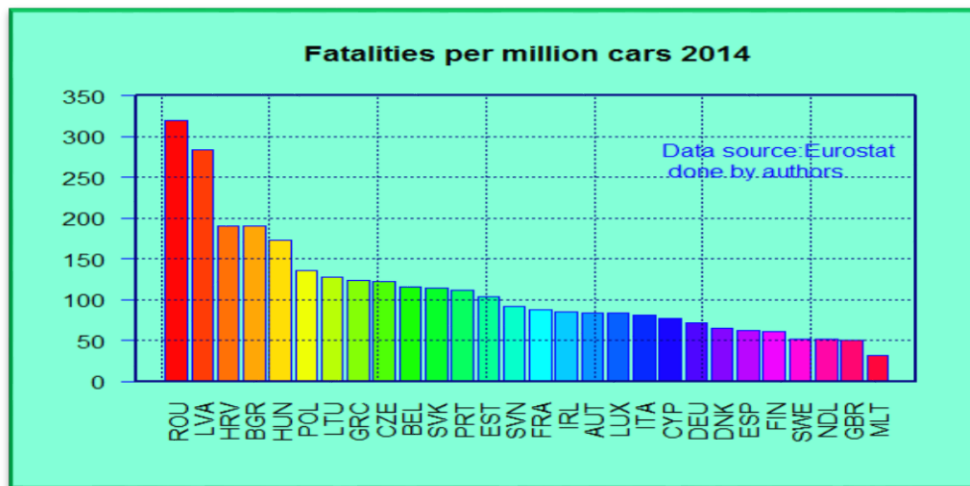


Figure 15. Fatalities per million cars in 2014

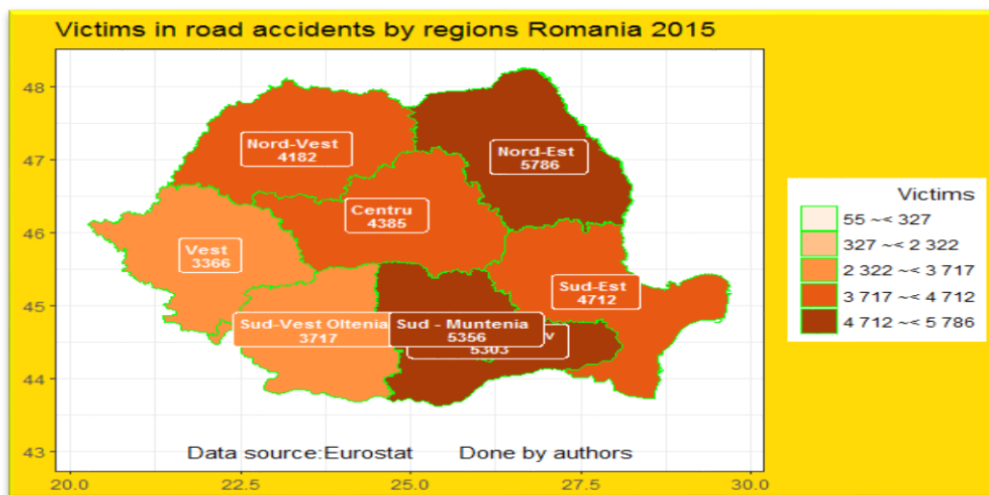


Figure 16. Victims in road accidents in Romania’s regions in 2015

We continue to present a situation of road accidents registered in Romania in a territorial profile, as well as by different criteria, such as: road users, age and seasonality registered. We consider this approach to be useful because it would contribute to a better understanding of the causes of these road accidents and would also help to establish concrete measures to reduce the number of accidents and to bring Romania at a medium level towards the EU.

In Figure no. 16 we have presented the number of road accident victims recorded on the level of Romania on the NATS II development regions for 2015. There are thus quite large variations between the regions of Romania, the average of the victims per region being 4600 and the coefficient of variation between regions 18.38%. Compared to the population of the regions, the average is 1864 victims per million inhabitants and the variance coefficient of 10.99%.

Among the injured victims of road accidents are the deaths (fatalities) that are in absolute value at the level of Romania for 2015, they are shown in Figure no. 17.

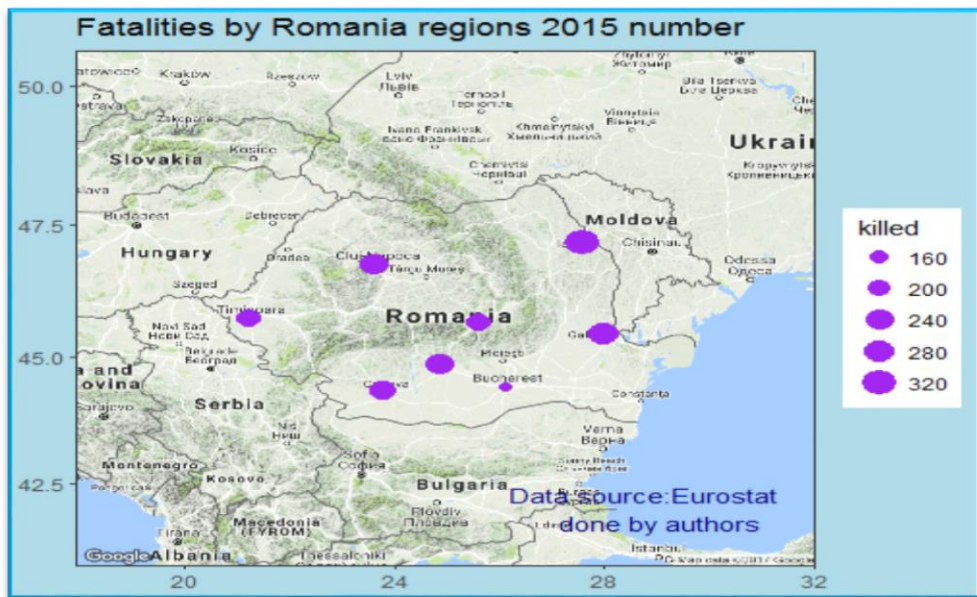


Figure 17. Fatalities by Romania's regions in 2015

Thus, at the level of the regions there is an average of 237 fatalities and a coefficient of variation that confines the spread between these regions of 24.56%. In other words, the spread of serious accidents resulting in deaths is much higher than road accidents. The gap between Romania and the EU average, presented in Figure no. 5, expresses a reduction trend and, on the other hand, Romania is still reporting a large proportion of deaths and hundreds of road accidents, 6,54% compared to only 2.39% as the EU average. This gap is a consequence of both the severity of the accidents themselves and of the health-care system in these situations. The structure of road fatalities on the main subjects: passengers, pedestrians and drivers for Romania during the period 1991-2015 is presented in Figure no. 18. By comparing the level between 1999 and 2015, we see a change in the majority weight, so if in 1999 the pedestrians had 47,73% of the structure preponderance, in 2015 it was taken by the drivers with 42,26%. In other words, there is a reversal of weights between pedestrians and drivers in conditions where passenger weight remains approximately constant. Analyzing the period 1999-2015, pedestrians had the highest share of fatalities of 39.91%, followed by drivers 36.12%, while passengers were 23.96%.

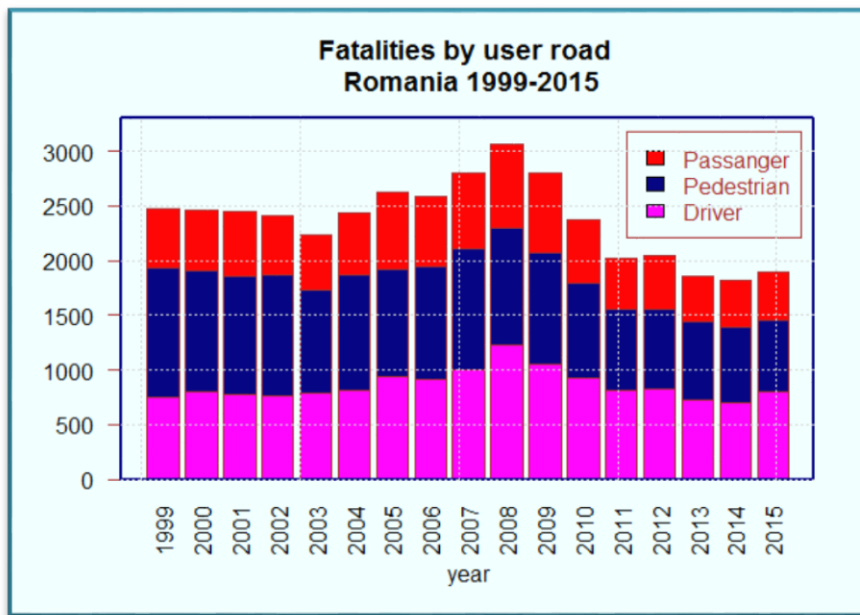


Figure 18. Fatalities by road users' in Romania between 1999-2015

Fatalities on the age groups are shown in Figures no. 19 and 20. Figure no. 19 shows the structures over the entire period between 1999-2015, while Figure no. 20 is presented for extreme periods. These figures show that fatalities are lower in younger age groups in favor of the older ones. In other words, an increase in the number of fatalities. This is due to better pedestrians' education for those people of scholar age, but also to increased attention for drivers carrying young people.

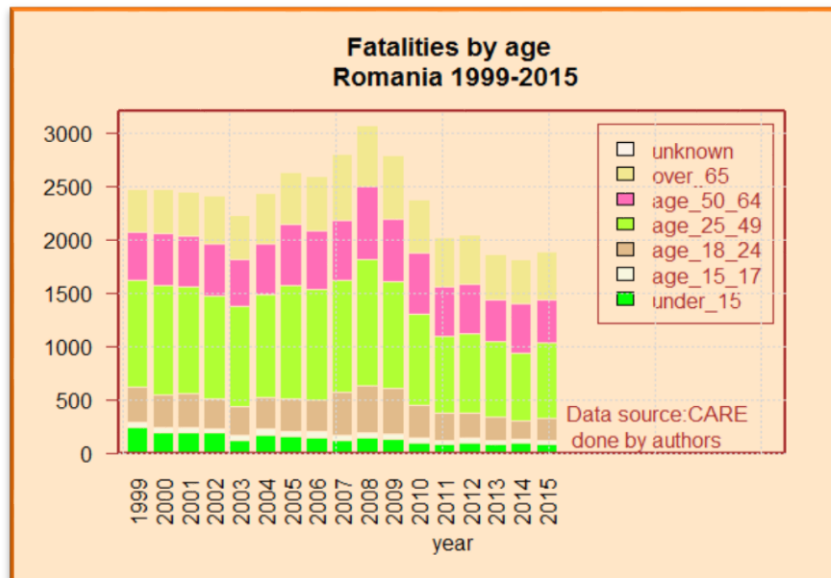


Figure 19. Fatalities by age in Romania between 1999-2015

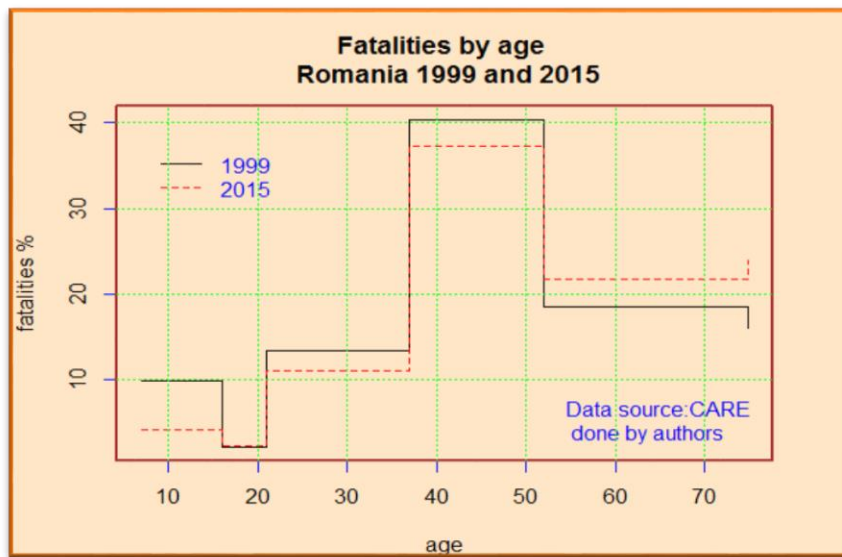


Figure 20. Fatalities by age in Romania between 1999-2015

A phenomenon related to road fatalities is represented by seasonality, that is the patchy distribution over a year. Thus, in the Figure no. 21 we represented the seasonal hints registered by our country for the period 2000-2015. There is a rather pronounced seasonality in which the coefficient of variation is 23.49%. The lowest level was recorded in February, and the highest in October.

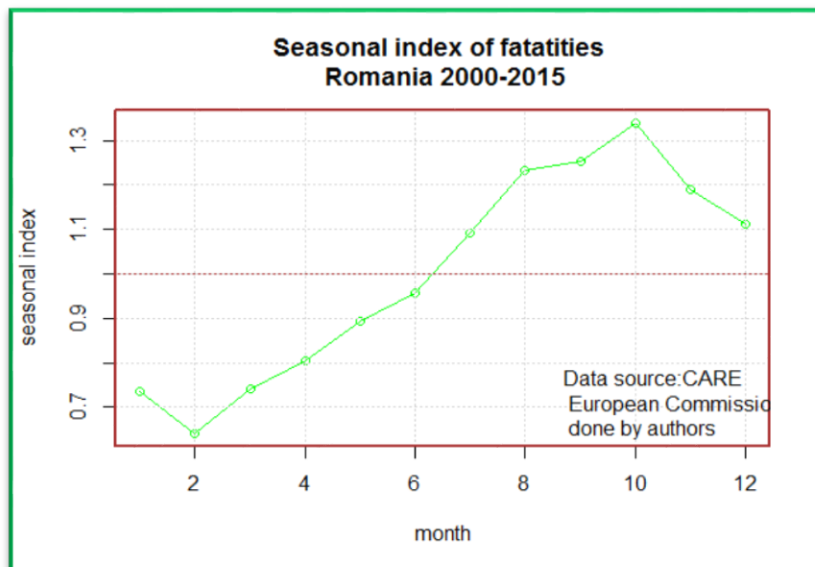


Figure 21. Seasonal index of fatalities in Romania between 2000-2015

This seasonality, although the tendency is unitary on the two urban and rural environments, shows different intensities, so that in the first part of the year the urban seasonality indexes are superior to the rural ones, in the second part of the year the situation reverses. The explanation is related to the harvest period in rural areas. See Figure no. 22.

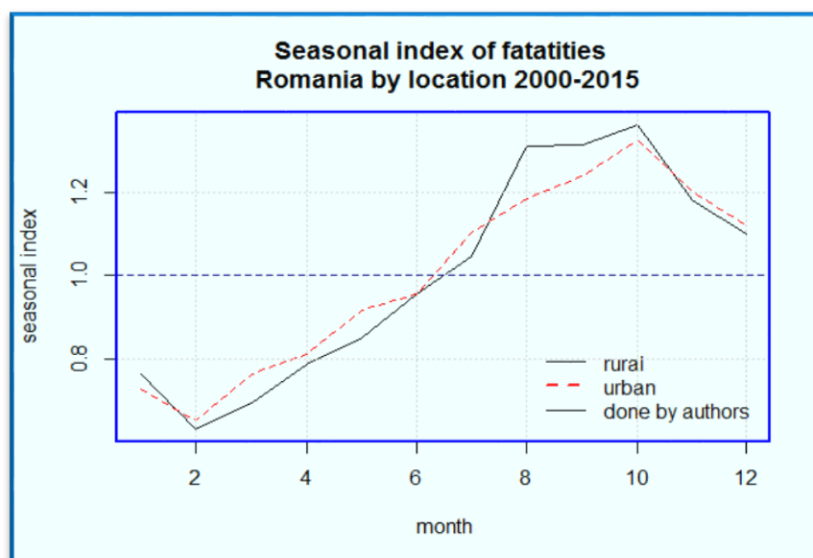


Figure 22. Seasonal index of fatalities by location in Romania between 2000-2015

Conclusion

Some of the problems that Romania faces with regard to road infrastructure, but also road traffic in general, have emerged from the above. Given the great gaps that separate our country from the EU countries, we propose a national strategy in this area, which will take into account the construction of a highway system as a priority, as well as the modernization of national roads. We consider it opportune to increase the education of the population in this field, especially among the pupils, by introducing some classes in the school curriculum.

Another aspect that should be addressed is the way of organizing driving schools, we are considering appropriate to increase the number of hours for obtaining a driving license and, at the same time, to increase the difficulty of the exam. Another solution might be involvement of local authorities in the liberation of public roads of end-of-life cars that strike on parking spaces. Also, we consider the obligation to build parking places by local authorities, but also by all commercial companies whose object of activity is to serve the population. We also propose conditioning of building permits for the construction of parking spaces.

We believe that an inventory of social innovation measures, domain specific and promotion of these measures is required. These are only a few aspects that should be considered in a future national strategy where specialists - both practitioners and theoreticians - should be attracted due to the complexity of the issues in this field.

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THE 12TH EDITION OF THE INTERNATIONAL CONFERENCE
EUROPEAN INTEGRATION
REALITIES AND PERSPECTIVES

Current Confrontations of Romanian Higher Education

Florin-Dan Pușcaci¹, Viorica Pușcaci²

Abstract: Romanian education has crossed a period framed after the Revolution of 1989, which had to adapt to the new demands of the market economy. The Romanian education transition had also to be reformed in conditions in which it passed from a strict higher education, limited in numerical terms, to one in which admission has often become a mere formality. The emergence of higher private education was also an element specific to the period. In the desire to adapt, update the legal framework, the Romanian education was most affected by the legislative changes. Thus, only the current law on education, in force from 2011, was amended 152 articles from 365, in other words, in a proportion of 41%³. Over these aspects, specific to Romania, it overlapped the requirements of adapting the education to the European requirements, by implementing the Bologna process. These problems specific to the domain overlapped the economic difficulties specific to the transition period to the market economy. The issue of higher education is the subject of the present paper, in which we sought to establish a few specific aspects of the domain and the period, in this sense we have recourse to comparisons with the European Union or with other countries. In the treatment of the topic we used the statistical tool as well as the graphic synthesis method of the evolution of analyzed phenomena. In this regard, we used the R Studio program.

Key words: financing of education, number of graduates, structure of graduates by forms of ownership and university centers

JEL Code: A20, A29, C1, C4, E 37.

Motto:

*"To be Educator means to be a poet of love.
Never forget that I will take a little of the being you, in my own being."
Augusto Cury*

1. Introduction

The structure of the Romanian education system includes: pre-school education, primary education, lower secondary education, general compulsory education, upper secondary education, arts and crafts schools, apprentice schools, post-high school education and higher education.

After 1989, Romanian education has made progress despite the difficult economic conditions and the changes that have occurred in the social life. After 1998 the reform of education was started as a result of gradual democratization and infusion of European and World Bank funds.

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³ See <http://www.ziare.com/pavel-nastase/education-minister-wednesday>, 15 March 2017

This paper is intended to be a continuation of the analysis of the fundamental problems facing the Romanian economy and society in the present moment.

2. Related Work

Even from Aristotel that said: "In modern times, people's views on education are shared and there is no shared opinion about what young people should learn, both in terms of moral virtues and success in life. Contemporary events have made the issue even more difficult and it is not certain whether education should be primarily professional, moral or cultural".

Petrus Alexandrescu (2009) presents the essential challenges currently facing the Romanian education system, analyzing both of the assessment of pre-university students based on their final graduation average marks for accepting in the universities and also the university teaching staff.

Monica Cuciureanu (2011) analyzes the evolution of educational alternatives over the last ten years, and also the associated threats, with the passing of a schooling period in the educational alternatives system, with an updated database in the Romanian education system.

Adrian Miroiu (coordinator, 1998) in his diagnosis study shows that the key issue today of education management is within the current legislative framework, existing institutional structures - which, even if they have achieved a lost balance - do not seem sufficient either in the long term or even for the next period.

Constantin Lomaca (2015) in his work precises that experience of reforms in countries such as Poland, South Korea, Finland, Singapore, Canada, Estonia or Australia and negative experiences here also need to be considered, shows that there are common traits of success that could be synthesized in a "decalogue" that Romania could follow in its legitimate desire to decide its own destiny for future generations.

3. Contents

We mention that this approach continues with the treatment of demographic crisis issues, as well as of road infrastructure Romanian education, like the other areas of economic and social life have undergone profound transformations. But, perhaps their intensity and meaning were much broader, only if we neglect that higher education has gone from a strongly restrictive education, less valiant for technical specializations in the context of a the demographic upward trend, to a liberalization in some areas almost totally waters a downward demographic trend.

On these aspects overlapped the labor market imperfections, as well as the costs of transition and, last but not least, the economic crisis. A major issue that has affected Romanian education is a chronic under-financing, given the fact that despite the National Education Law (see Law No. 1, January 5, 2011, art 8) and the National Education Pact, assumed by all political parties required a minimum allocation of 6% of GDP. This objective, which was unfortunately never reached, was an alignment of the Romanian education at European level. Thus, this indicator which expresses the investment in education has evolved in the EU countries as it can be seen in the figure no. 1, from which it results that it recorded values between 3 and 7,5%.

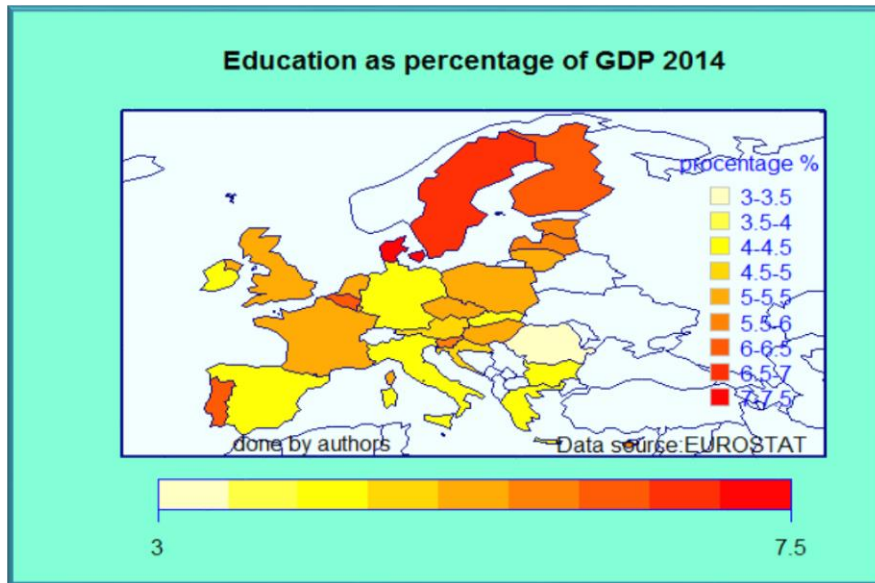


Figure 1

For a better understanding of Romania's position in the European context see figure no. 2, which shows a sad finding for our country, which occupies the last place regarding the weight of education in GDP¹. This result condemns the Romanian education, but even more sad future generations and not the whole of the Romanian society at an economic and social return.

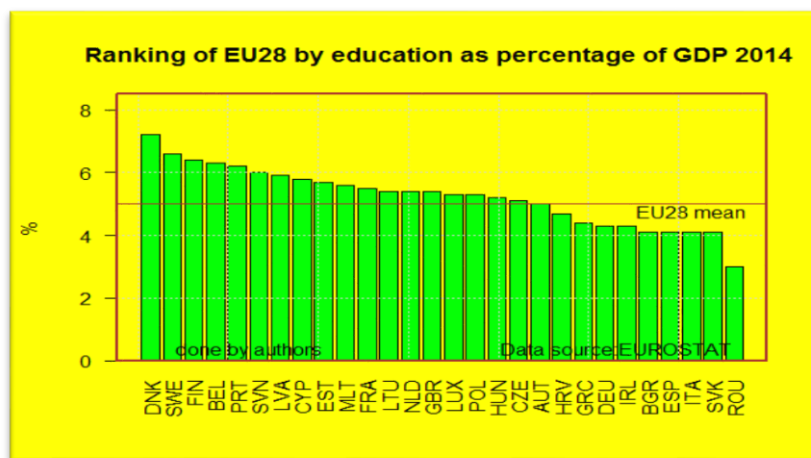


Figure 2

Besides this last of Romania's occupation of GDP is also the big differences compared to the other countries in the last places, about one percent. Following the dynamics of this indicator, expressed in comparison with the average of the 28 EU member states, see figure no. 3, it can be noticed that its trend is not an upward trend. In other words, following a growth trend, up to the level of 2008, which corresponds to the beginning of the financial crisis, with a rebound in 2011, the trend is a downward trend, which basically condemns Romanian education to a chronic under-financing towards a state that does not respect its own laws and which in the last moment will affect future generations. As the EU average, this indicator had an almost constant evolution, with the economic crisis not having a result in

¹ GDP = Gross Domestic Product

influencing the financing of education. We can conclude on this point that the executive of the member countries, conscious of the role of education on the economy and the society, generally, took measures to counteract the effects of the crisis, but did not affect education, considering it a sacrosanct domain.

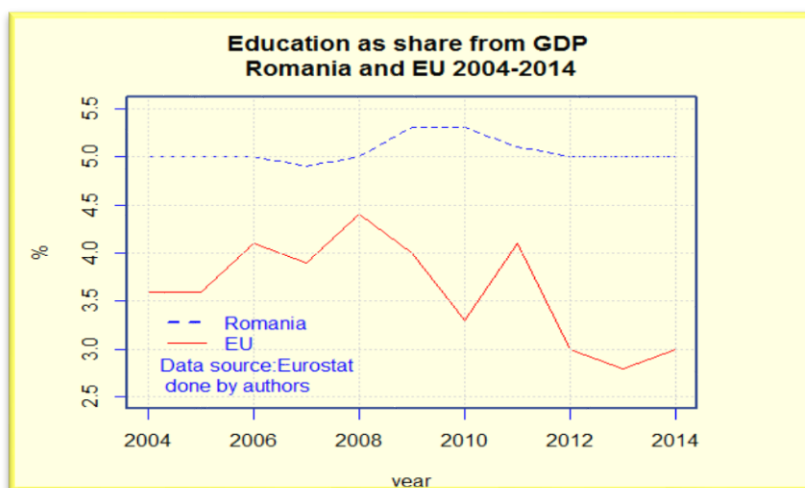


Figure 3

A factor that we consider to be significant in this low level of funding for Romanian education and, also, a source of attracting funds for education is corruption, a scourge on which it has been constantly acted but still far from an acceptable level. For a study of the level of corruption on the financing of education in the EU member states, see figure no. 4. The level of corruption is quantified by the Corruption Perceptions Index as it is done by Transparency International. It is mentioned that it takes values from 0 to 100, 0 representing the maximum level of corruption, while 100 is the lowest level of corruption. As shown in figure no. 4, Romania occupies the lowest level of education funding in 2014, subject to a maximum level of corruption. Through the dotted right we have identified the level of corruption on the weight of education in GDP in the EU countries. Ascending trend demonstrates a direct link between lower corruption over a higher share of education in GDP.

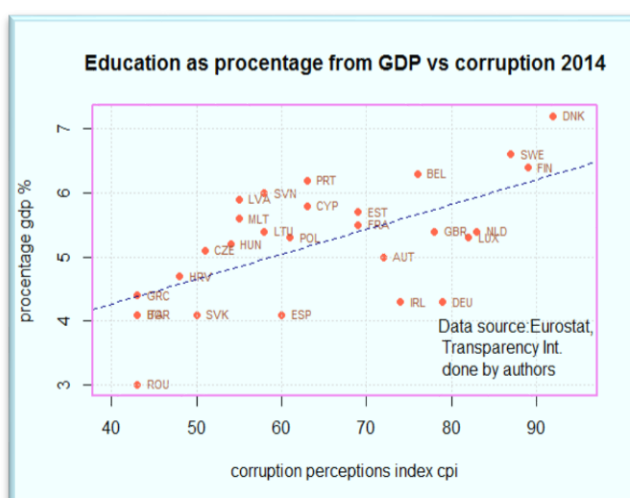


Figure 4

The opposite trend towards the EU member countries, compared to other Eastern European countries that have registered the same political conditions as Bulgaria is highlighted in figure no. 5.

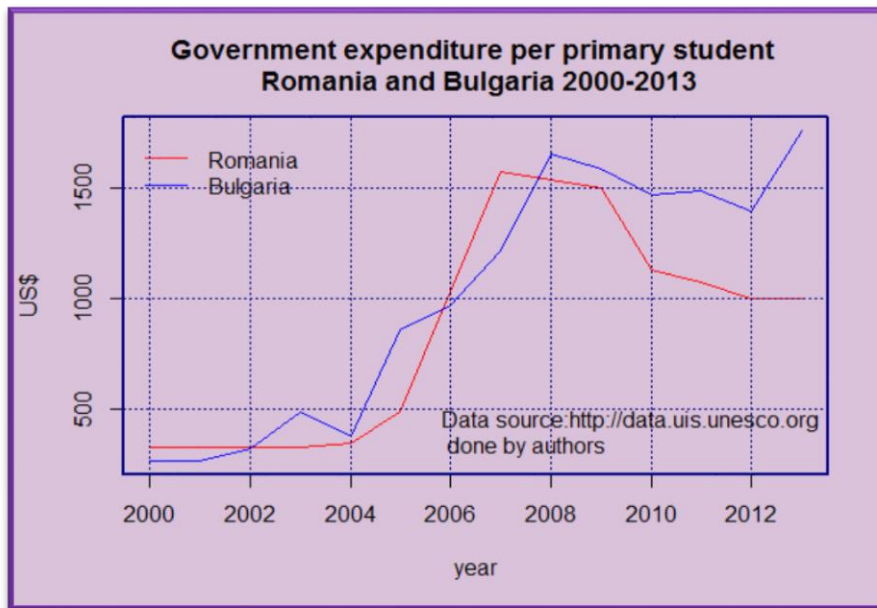


Figure 5

As it can be seen, the government expenditure per student for primary education - with an exception in 2006-2008 - was higher in Bulgaria compared to our country. It also results that after the financial crisis in Romania, government spending has dropped significantly, while in Bulgaria it continues to grow. It is thus demonstrating that despite the statements of the whole political class that "education is a national priority", in fact it was not supported by facts.

Under these conditions of chronic under-funding of education, the number of students who graduated from higher education increased exponentially in the period from December 1989 to 2007, after which it regressed, see figure no. 6.

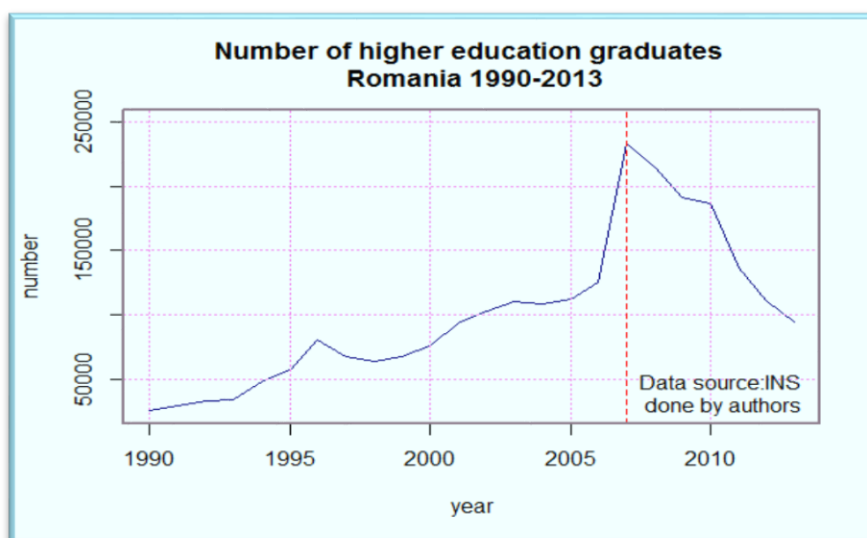


Figure 6

These contradictory developments are segmented in figure no. 7, in which on the left we have the exponential evolution of some of the graduates from 1990-2007 and on the right the descending evolution after 2008.

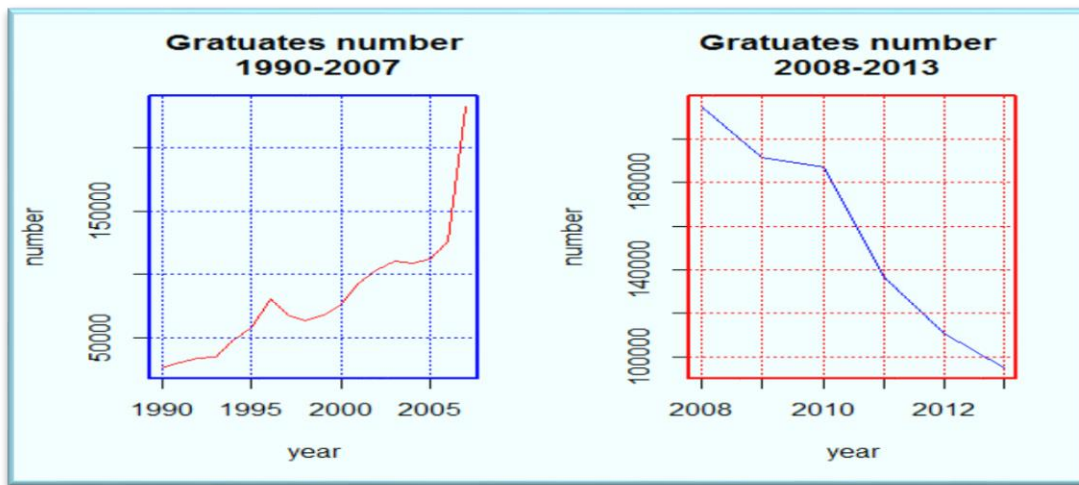


Figure 7

This contradictory evolution of the number of graduates in higher education can be attributed, on the one hand, to the liberalization of the number of places in higher education and to the emergence of private higher education and, on the other hand, to the poor demographic and economic crisis and last but not least of a much more transparent and objective bacalaureate.

After December '89, Romania faces a very low demographic crisis caused by the decline in birth rates whose effects have come to affect all levels of education. Figure no. 8 shows the age pyramid for the years 1992 and 2016. As can be seen, the age segments that have been influenced in the negative sense are those that are dependent on the education system.

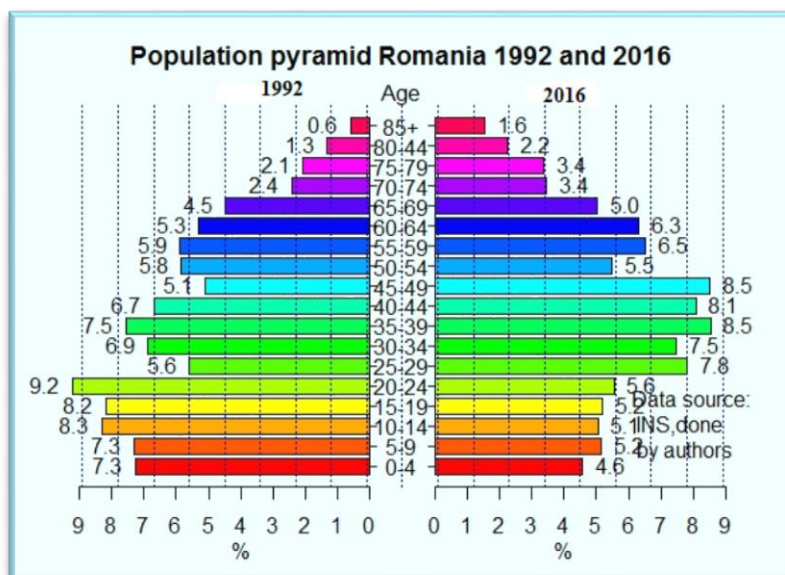


Figure 8

Changes in the absolute population size for the two periods are shown in figure no. 9. It is noted that the most significant decrease is recorded in the age group between 20-24 years, which coincides with the age of higher education. The trend and the intensity of the changes had a significant influence on the Romanian higher education, which had to cope initially with an exhibition increase, then with a crisis due to the significantly lower number of candidates. Thus, attracting candidates to higher education became a priority for most of the higher education units. Unfortunately, the demographic crisis has been amplified by the migration of the Romanian labor force to other countries, which has caused many families to settle in other countries, including potential candidates for higher education. The number Romanians abroad are estimated at over 4 million¹. This number adds the growing number and, unfortunately, of the most valuable bacalaureate graduates who choose to study abroad. It is estimated that about 45.000 Romanians are now studying abroad.

The introduction of surveillance cameras at the bacalaureate exam starting with 2011 also affected the reduction of the number of candidates. This evolution is presented in figure no. 10. Under these conditions, a number of decisions have been taken that definitely affected the quality the first measure targeted the admission system, from the exam to the one based on the file, respectively, be based on the bacalaureate note. But, unfortunately, educational units with a long tradition and a great reputation admitted exclusively on the basis of the bacalaureate average and as an even more aggravating fact that it was not imposed as a condition that the bacalaureate encompassed a discipline that is specific to those faculties. There were opinions, fortunately for this time they remained without effect, that admission to universities to be achieved even in the conditions of a non-promotion of the bacalaureate exam. In faculties with higher competition were often supplemented, often unjustifiably, the number of places, we take into account publicly taxed places. This phenomenon has been registered, despite the fact that the fundamental law stipulates that "the state education is free, according to the law".

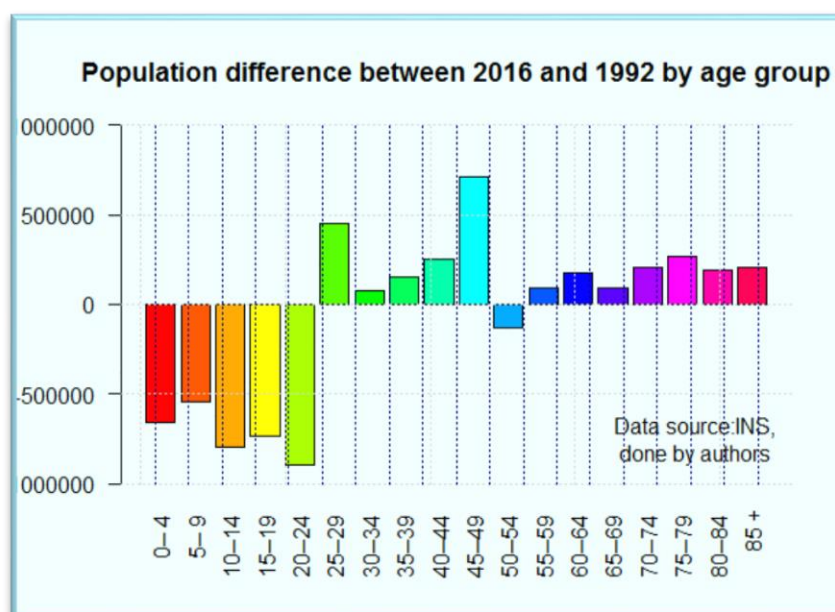


Figure 9

¹ https://ro.wikipedia.org/wiki/Diaspora_romana

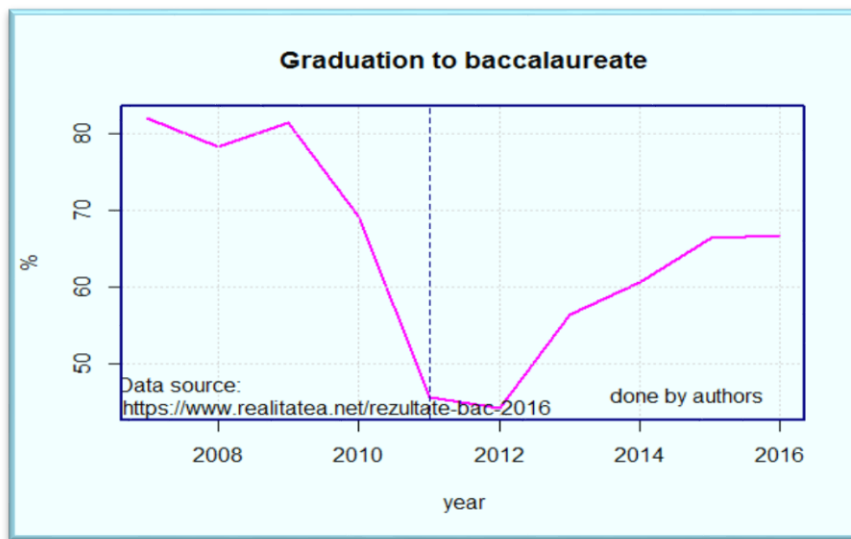


Figure 10

This trend tended to reduce the number of students and, implicitly, the graduates manifested themselves with different intensities on the forms of ownership of the higher education units. Thus, as can be seen from figure no. 11, the number of graduates on the two forms of property registered the same trends, respectively growth until the beginning of the economic crisis then decline. It can also be seen that, as a result of the different rhythms of change, the number of graduates in private education exceeded that of public education for 2009-2010. It can also be seen that private education is more affected by the drop in the number of graduates in the period after the economic crisis than public education.

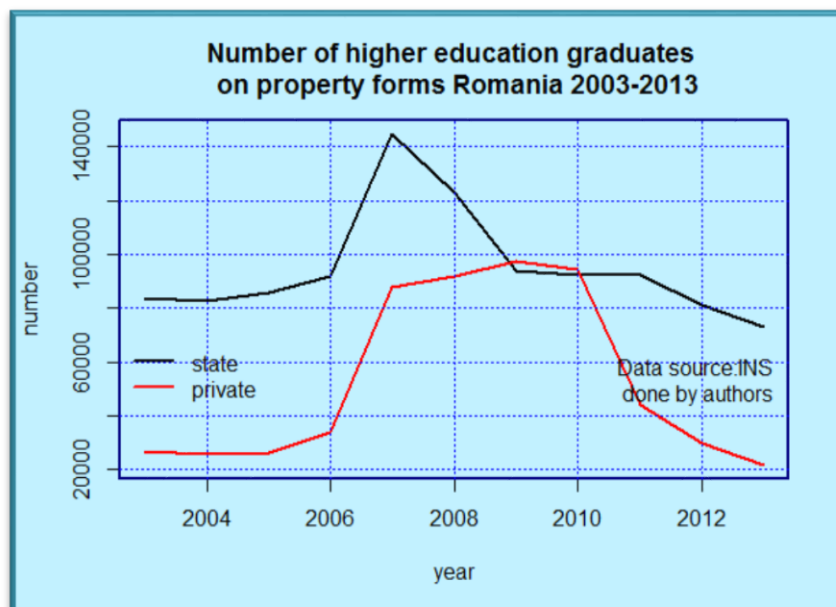


Figure 11

Regarding the evolution of the number of graduates of higher education in Romania, it has been stated that the number of graduates is very large, but if we tackle this issue by comparison with the EU countries, the results are not favorable. Thus, the percentage of graduates with higher education

compared to the population aged between 15 and 64, Romania ranks last in the EU. In figure no. 12 we present this indicator for the EU countries in 2016, while in figure no. 13 the country ranking is presented, based on the percentage of those with higher education, compared to the population aged between 15 and 64. Thus, while the European average is 27,92%, Romania's last position is only 15,10%, which is about 50% of the EU average.

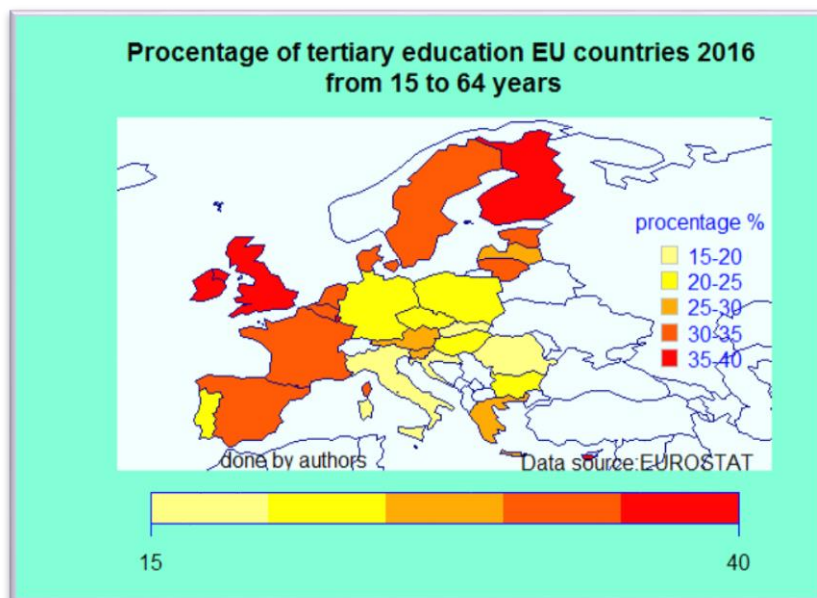


Figure 12

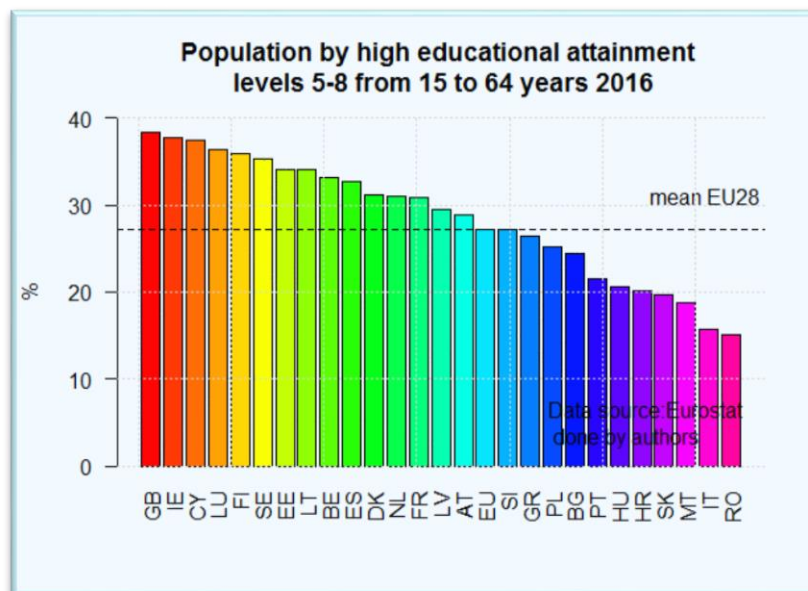


Figure 13

Another aspect mentioned in the current Romanian higher education compared to the one before 1989 was the modification in the structure of the graduates, respectively from an education with a majority weight of the technical one to the social one, especially understanding the economic and the right.

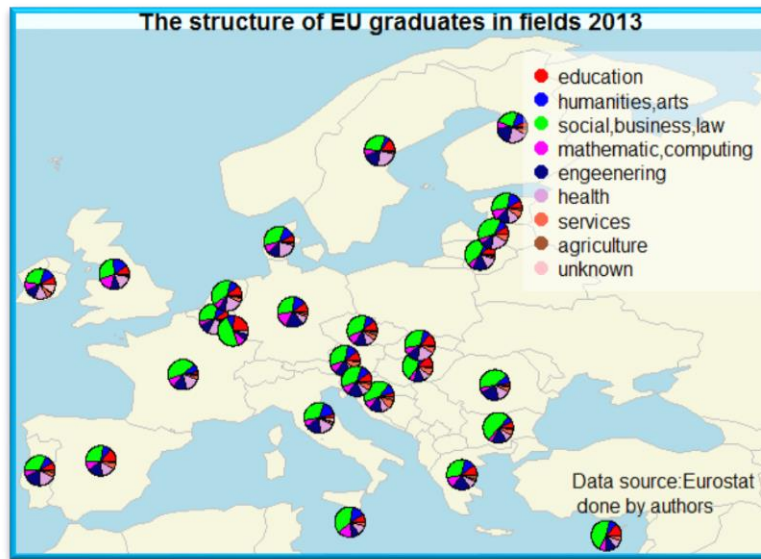


Figure 14

Figure no. 14 shows the structure of graduates from EU dentistry, except for Poland for which we do not have data, which results, in relation to Romania, shows that about half of the graduates come from social specialties.

The differences between Romania and the EU average are presented in figure no. 15, which shows negative differences in education, mathematics - computing and services and positive differences in social sciences, engineering - construction and health. In terms of intensity, differences are recorded in education, social sciences and engineering-construction.

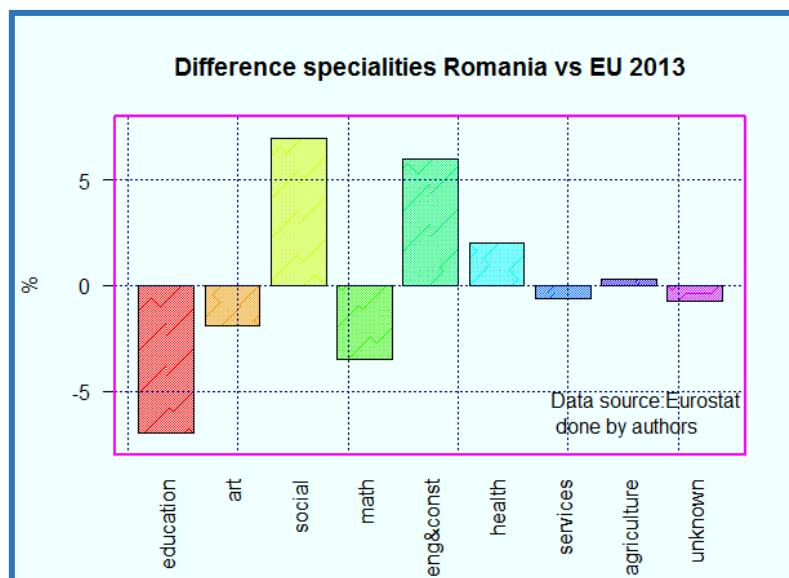


Figure 15

Another phenomenon faced by Romanian higher education after December 1989 is the strong dissipation from the territorial point of view. We remind that of the 41 counties of Romania, only two, namely Giurgiu and Tulcea, do not have university centers. In figure no. 16 we present the map of Romania with the university centers in which the number of graduates at the license level is registered in 2014.

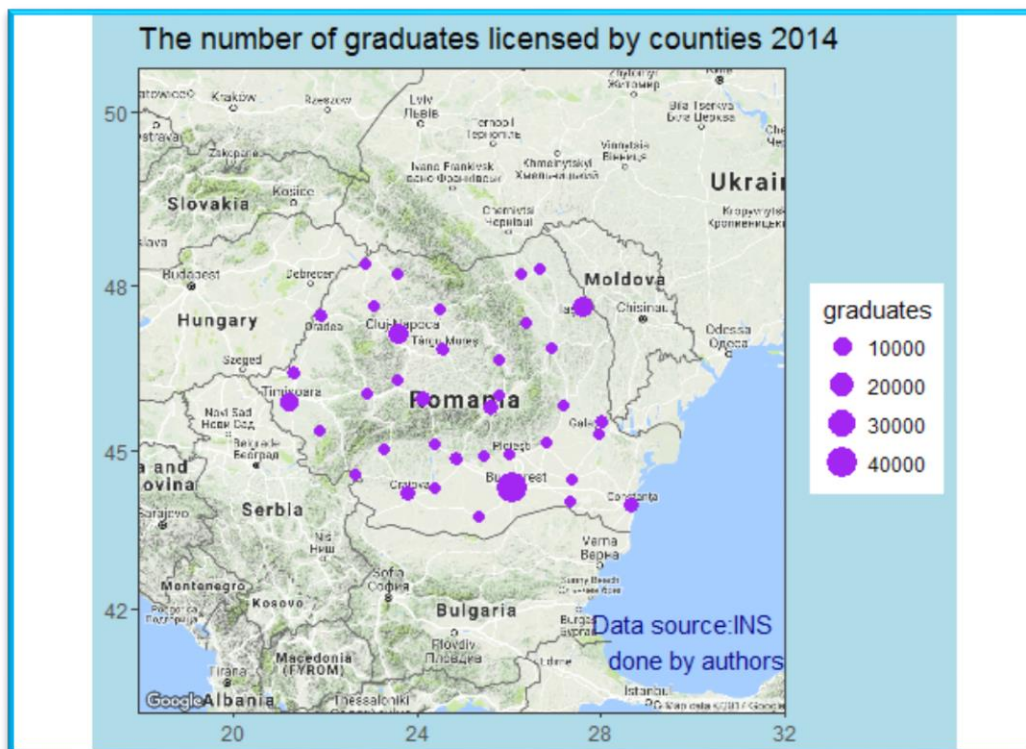


Figure 16

As you can see between the counties, there are great differences between the number of graduates, which ultimately reflects the size of the university centers. Thus, based on an ABC chart like the figure no. 17, we can see that only 5 counties concentrates 60% of the number of graduates and 10 counties 80% of them. We mention that these include the Bucharest Municipality, which is, in fact, the largest university center.

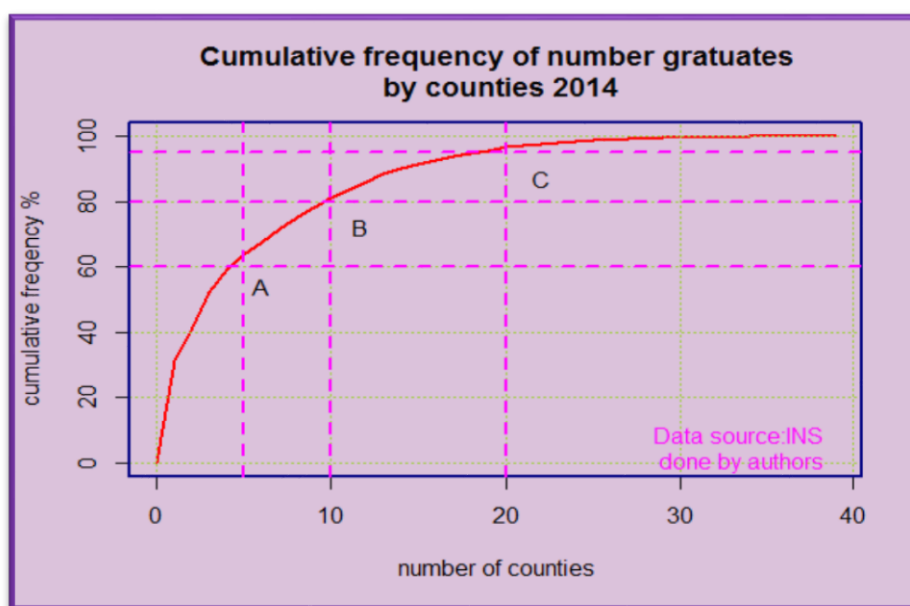


Figure 17

Conclusions

The study has resulted in a series of issues faced by the Romanian higher education. Chronic financing is a major deficiency that has put its mark on both the numerical and qualitative aspects of the selection of candidates. Also, the ratio between the number of students per teacher was influenced by such under-funding. The remuneration of teaching staff was not able to attract, especially among young people, the most competent teachers with didactic vocation. The importation of so-called Western education models, without to be correlated with the traditions of the Romanian education, have unfavorably infiltrated the field. The competition of the state and the private education was not able to register in the quality of the higher education. Although Romania has a number of educational institutions with tradition in the area, such as the Bucharest Academy of Economic Studies, which was the first in the Balkans, does not enroll the university lecturer Worldwide.

So, the role of universities would be to actively participate in future debates and discussions:

- to get involved directly in the writing of school curricula, both to content, skills and abilities
- to be the bridge between schools and the world after school, after college; the real world in which all graduates will end up
- establish partnerships with schools and high-schools whereby future teachers have the chance to get practice "in production"
- to help evaluate these classroom experiences and to help future teachers improve not only their specialist knowledge but also the teaching methods.
- to become not only nurseries of future teachers and teachers, but true "pedagogical laboratories".

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THE 12TH EDITION OF THE INTERNATIONAL CONFERENCE
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REALITIES AND PERSPECTIVES

Brexit's Influence on the FDI in the European Area

Sergiu-Lucian Sorcaru¹, Sergiu Vladescu²

Abstract: Being on a verge of a historic moment, the first country to leave the EU, we have as main objective the analysis on the impact in the media on the influence on Brexit's FDI across the union. Unlike previous studies, our research falls between two key moments, the decision of the UK to leave the EU, until signing documents. Our research is a qualitative study carried out by analyzing the content of a set of articles from the period 2016-2017 of the first publications in the UK, both in terms of readers and granted confidence according to the ATLAS workbench for data processing. The result lies in a better understanding of the effect that it has Brexit on the FDI both in the UK and in the entire union. The added value of this paper constitutes a forecast of the situation in the foreign investments medium term in the European space with a legislative support.

Keywords: Great Britain; EU; Greenfield investment; Trade union; Tariff policy

JEL Classification: F10; F16; F21; F23

1. Introduction

Brexit is a media, economic, social shock that has not yet really shown his teeth, considering that the period analyzed by us is from the moment when the result of the referendum was announced on 23 June 2016 until the signing of the act of exit of the United Kingdom from the European Union on March 29. Such a process can be carried out in years, so everything that has happened so far with foreign investments in the kingdom can only be called a result of the media, alongside the precautionary measures of foreign investors in fear of pound collapse.

The European Union meets for the first time with the desire of a member state to withdraw from this political and economic union that still includes 28 states. We can all say that we are taking part in a historical moment that we can observe and we can analyze how a state will withdraw but also the effects of this decision.

The European Union only in recital of the first world economic power, adding the increased interest of any country or trade union, let us not forget about the relations built in years, it can be broadly defined as a whole, but at the same time we must keep in mind that anything big can suffer greatly because of the details in terms of the fair treatment offered to both the Member States and the partners. We must not overlook the time factor, the negotiation speed and the tariff policy inside it. Of all these factors that are some of the most important, the UK and FDI will no longer benefit from in the future.

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Instead, it matters after leaving the European Union, how the UK manages to manage its trade relations individually, considering that North America, Canada and several Asian countries have shown interest in future collaborations. On the other hand, it really matters if the UK manages to continue to have access to the single market, this may be a plus in convincing foreign investors to remain in the kingdom.

Globalization is also a financial phenomenon and inevitably it influences international trade, numerous direct foreign investments, the expansion and growth of international financial transactions. (Iftode & Pirju, 2014, pp. 304-313)

One of the largest imported parts of globalization is direct foreign investment. More than 50% of what is on the international financial market, whether we refer to products or services, are made by subsidiaries of transnational companies. (Sorcaru, 2016, pp. 28-38)

Taking the two valences of the European Union and FDI, Brexit may be a blockage between them, suffering not only the FDI in the Kingdom but also those around the world, considering London's importance in the business market. Our study we want to be a qualitative one by analyzing some articles in the newspaper that is why we want all this to use it as a support for our research.

2. Literature

Even though we have as duration a very short period, less than a year, we have found many scientific articles that deal with the Brexit issue from various views. As I said earlier, the theme of Brexit is very diverse, it generates controversy and endless debates, an event of our day that we want to explore from a qualitative point of view, with the help of several articles from the British press, but especially about FDI that will be used for a better understanding of the phenomenon and how, and whether, and how, and in which way FDI will be affected after UK will have signed the papers of leaving EU.

In this respect, we have not found similar research to stop on newspaper articles, but in return we found a ton of articles debating the general issue of Brexit's influence on FDI.

In the paper "International Business and Entrepreneurship Implications of Brexit", the authors surprise in their research changes that may arise from Brexit on the financial market. North America wants to maintain its relations with both the European Union and the UK on trade relations, while remaining the main trading partners. They also want that even after Brexit to maintain these relationships, counting that after Brexit following negotiations between North America, Canada and the UK, tariffs will drop and at the same time they will not have to respect the barriers imposed by EU¹ which can be an advantage for the three. Instead, they see London's role declining still being considered a world leader in financial centers. At the same time, companies that provide financial services would in many cases be forced to move their headquarters to other cities in the European Union or New York. (Cumming & Zahra, 2016, pp. 687-692)

Continuing with the paper Brexit and foreign investment in the UK, where Nigel Driffield and Michail Karoglou saw that an impact on the fall of FDI in the kingdom may be based on the pound sterling variation, which in their view will suffer a long time of uncertainty. Another issue raised by them in their study is Great Britain's stay or leave the free trade zone, a determinant factor for direct foreign investment they believe. (Driffield & Karoglou, 2016)

¹ UE- European Union

Analyzing these two articles, which have been the basis for research on this topic, along with other articles that we will have as support, each dealing entirely or partially with the general question of our research, that is, the influence of Brexit on direct foreign investment.

3.1. Analytical Framework

Brexit was a financial, media and social shock, setting up an international fear on the stock market, London being well-known as the first power in the European stock market. Not being clear enough about the terms in which Britain's exit from the Union is being made and what treaty will be signed between these two parties, we can meet a phenomenon of stopping the FDI's involvement in the kingdom.

Knowing the situation in 2015 when UK FDI stocks reached £ 1.3 trillion, outpacing FDI stocks in Germany and France summed up according to the OECD. We continue to point out that the United Kingdom has managed to attract 40% of Greenfield capital investments of foreign investors into the EU, these figures bringing it to the top of European economies.¹

3.2. Data Source

In order to get quantitative data on the research problem and the effect of Brexit on FDI in the UK and the EU, we have created a database of 50 Brexit-themed articles from The Guardian. We chose the period from when the result of the referendum was public until the signing of the act by which Britain leaves the European Union.

3.3. Data Analysis

For this article, we used the ATLAS.ti workbench, a quality data analysis and processing software (CAQDAS), for a better understanding of this we used the work *More than just coding? Evaluating CAQDAS in a discourse analysis of news texts* of MacMillan. (MacMillan, 2005) To obtain qualitative and quantitative data from a set of 50 articles from The Guardian. Interpreting the results will help us get a closer response to “How does Brexit influence direct foreign investment in the UK and throughout the European Union?”

After importing 50 articles with the Brexit theme from The Guardian, we conducted a content analysis from June 2016 to March 2017.

To answer the research question “How does Brexit influence direct foreign investment in the UK and across the European Union?”, we chose keywords from a set of 50 articles to see the impact of the referendum of 23 June 2016 on local media in Britain in the period preceding the signing of the act by which Britain leaves the European Union.

In order to obtain quantitative data, we chose below the 8 codins key words with synonyms of words, partial synonyms or words that get close to the meaning used in Coding.

In order to see whether the articles are useful to our research and to the research question, we used the Word Cruncher function in the ATLAS.ti program applied to each individual article to see the frequency of the words needed for our research.

¹ <http://www.oecd.org/corporate/FDI-in-Figures-October-2016.pdf>

4. Results and Debates

In this part, we intended to evaluate how often the codes we chose in the 50 articles and the exact image at the moment were used. The frequencies of the chosen codes can also be seen in Figure 1, which is the result of our processing in Atlas.ti.

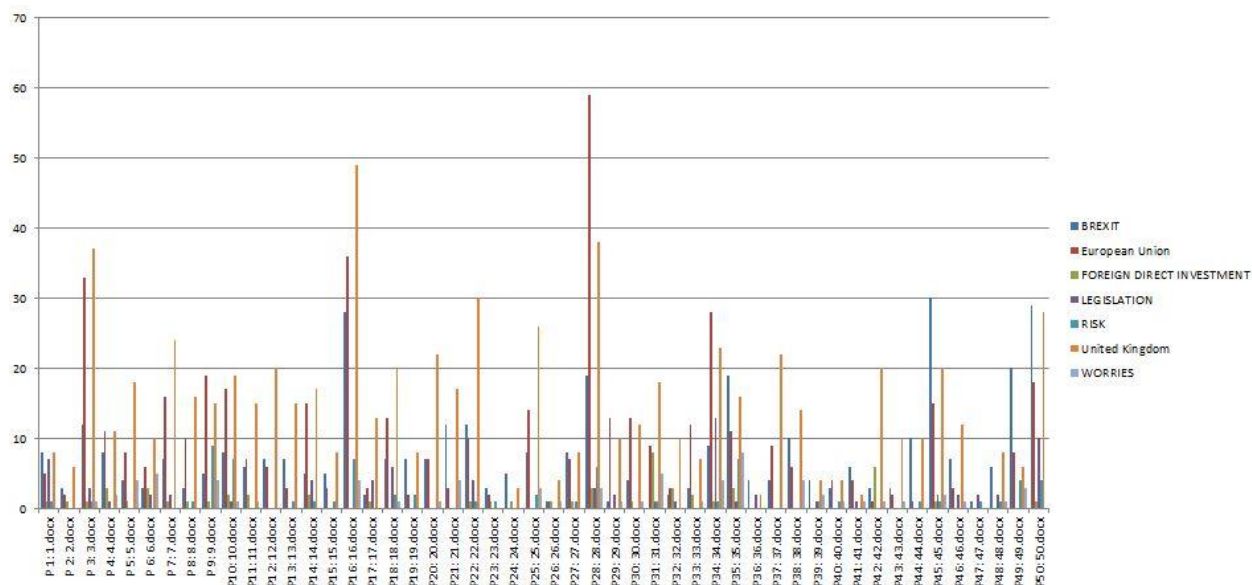


Figure 1. Code Frequency Analysis

(Frequency of the codes chosen from the 50 articles in The Guardian processed in Atlas.ti)

The first chosen code is “United Kingdom”, under which the coding is outside the chosen word also the “UK” abbreviation of the chosen word commonly used by the UK population and not only, but also in the media. Continuing with two more words “Great Britain” and “Britain” which in their turn can be translated as United Kingdom. The “United Kingdom” code, being the most often found in these articles at a frequency of $n=735$, shows the respect and trust of the publication to force and independence for a lengthy period of the United Kingdom, also shows positive thinking and support in decisions that will be taken after the amendment was signed.

The second code we chose is “European Union”, under this coding goes outside the chosen word also “UE” or “EU” abbreviations very common. Continuing with the city of “Brussels”, which in these articles represents km 0 on the map of the European Union. The “European Union” code has a frequency of $n=478$.

The third chosen code, “Brexit”, under this coding goes outside the chosen word also “BRITAIN EXIT”, “UK exit” and “British Exit” all leading to the same idea the origin of the word “Brexit” formed in English from two words “Britain” and “exit”, which is also the UK exit of the EU. This code has a frequency of.

The fourth chosen code, “Legislation”, under this coding goes outside the chosen word also the word “Law”, “Bill”, “Regulation”, “Constitution”, all leading to the same idea the origin of the word Legislation. This coding has a frequency of $n=77$.

The fifth chosen word is “Worries”, under this coding goes outside the chosen word also “Threat”, “Concern”, “Uncertainty” all leading to the same idea the origin of the word. We have also chosen the word “Fear” a basic feeling of the word worry. This coding has a frequency of $n=72$.

The sixth chosen word is “Risk”, under this coding goes outside the chosen word also the words “Disaster”, “Austerity”, “Damage” which also represent risk effects. This coding has a frequency of n=67.

The seventh chosen word “Foreign direct investment”, under this coding goes outside the chosen word also “Foreign investment”, “Foreign investor”, “Foreign capital” approaching partially or totally the basic sense of coding. This coding has a frequency of n=54.

At the same time, the “Brexit” code is present in each article unlike “Foreign direct investment” which does not even once appear in some articles, which may raise questions about our research, this being supported by the rather small total coding frequency. We mention that the articles have the general theme of Brexit and not FDI, the analyzed period is framed after finding out the results of the referendum until the signing of the official document of leaving the EU, helping us to have an overview over this period and our analysis not to be vitiated only by FDI articles in this period, but not directly related to Brexit.

We have resumed articles in which we have the frequency code of “Foreign Direct Investment” equal to 0 (articles 12, 13, 15, 16, 18, 19, 20, 21, 25, 29, 36, 37, 38, 39, 40, 41, 43, 44, 46, 47, 48, 49 according to the table), both the titles of the articles and most of the discussion topics in them are directed to FDI. By interpreting this situation we do not have a clear result in processing, but the general theme of the articles is the one analyzed, we can consider it a limitation of both the Atlas.ti software and ours in choosing appropriate encoding. Adding all 5 titles we consider to be representative of this segment of analysis: “Nissan demands Brexit compensation for new UK investment. Carmaker fears it could face tariffs to export UK-assembled cars to EU markets in the event of a ‘hard Brexit’”¹, “German poll finds one in three firms would leave UK after Brexit. Bertelsmann Foundation’s survey of 700 British and German firms finds 29% would cut capacity or relocate with 80% firmly behind UK staying in the EU”², “Ford considers closing factories and raising prices in Europe in wake of Brexit. Announcing disappointing results on Thursday, the motor company forecast EU referendum decision could cost the company \$1bn over the next two years”³, “Post-Brexit UK economy demands a new type of Robin Hood tax”⁴, “Google and Facebook back post-Brexit UK, but tech worries linger”⁵, we can see that only one shows a tendency to consolidate some FDI in the UK, the other more inclined to the desire to leave the kingdom by foreign investors than to new investments in this area or to consolidate those already present.

Responding to the question, “How does Brexit influence direct foreign investment in the UK and throughout the European Union?” according to the results of processing 50 articles, we can say first that the share of the frequency of the code “Foreign Direct Investment” is a small one with a percentage of 3% of the sum of code frequencies in all articles, even if the FDI idea is present in most articles, at this time it is not seen as a problem that can be major.

¹ <https://www.theguardian.com/business/2016/sep/30/nissan-hard-brexit-compensation-new-uk-investment-tariffs>

² <https://www.theguardian.com/politics/2016/feb/14/eu-referendum-poll-1-in-3-firms-leave-uk-brexit>

³ <https://www.theguardian.com/business/2016/jul/28/ford-considers-closing-factories-raising-prices-europe-brexit>

⁴ <https://www.theguardian.com/business/economics-blog/2017/feb/18/post-brexit-uk-economy-demands-a-new-type-of-robin-hood-tax>

⁵ <https://www.theguardian.com/business/2016/nov/21/google-facebook-brexit-uk-technology-sector-skills>

5. Conclusions

We wanted to capture through our research this phenomenon called Brexit in an important period, from finding out the results of the referendum to the signing of the papers of leaving European Union passports in the light of some articles in a newspaper. I chose *The Guardian*, because it has both high editions and a lot of trust in the content of articles given by most readers in the kingdom and not only.

The originality of the paper is given by the qualitative research using the Atlas.ti workbench to analyze the frequency of some words in 50 articles of *The Guardian*, knowing that a newspaper article cannot be very long, and by repeating some words we want to emphasize certain aspects.

Knowing the increased importance of FDI in the economy of each state, reading both several scientific papers debating this topic, which predicted Brexit's impact on FDI, in the kingdom, the EU and even the whole world, we expect our attention to be higher on this phenomenon also in the articles of the publication. Especially since the titles of many articles referred to them through certain decisions that took them some multinationals immediately after the result of the referendum.

To answer the question of our research, "How does Brexit influence direct foreign investment in the UK and throughout the European Union?", we must take into account that our research is a qualitative one in which we analyze the frequency of some coding in 50 articles from *The Guardian*. Looking at the percent of 3% of the Foreign Direct Investment Code, it appears that in general this time the media attention was not directed directly to FDI or how it will evolve when the UK leaves the European Union. Instead, reading the titles and the content of the articles, in which the frequency of coding "Foreign Direct Investment" is equal to 0, we notice that in over 50% of their content attention is drawn to the presence of foreign renowned investors, and, more importantly, the problems that arise in their negotiation with the British state. By putting the issue of direct negotiation with the British state of some international groups, we can capture their increased importance for the UK.

If the intent to negotiate of some multinationals with the British state is known at the press, we believe that the period before the actual exit from the union will be defining for the UK in its relationship with the big foreign investors, the guarantees must be fructified in a rather short time, less than two years, and this must be facilitated by a preferential tariff policy for this type of investment, and for a period of time all these can be added to subventions to support foreign investors.

The possibility of relocating the stock exchange that is currently operating in London will be a major asset for attracting FDI into the kingdom over the next period, considering that this is the most important stock exchange in Europe. Instead, if it moves its activity outside the Union, this can have a major impact for the entire European Union.

Brexit is an ongoing phenomenon that we want to analyze as it develops, focusing our attention on new elements that will appear. Our qualitative research will be expanded both by creating a new database with the help of several media sources and by presenting new events that will be reported in the media, thus, by quantifying the obtained results, we will be able to launch new forecasts on the FDI situation both in the UK and in the European Union.

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THE 12TH EDITION OF THE INTERNATIONAL CONFERENCE
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Economic Efficiency and Social Services

Anca Turtureanu¹

Abstract: The author of this paper aims at highlighting the theoretical aspects related to both economic efficiency and with the social services. Economic and social reality in which we live and operate daily, either as individuals or as economic entities, increases the emphasis on efficiency. The article analyzes the necessity of studying efficiency within services. At the same time, the analysis focuses on the main perspectives of efficiency in this area: classical perspective and systemic perspective. The beginning of the millennium is marked by a series of developments that will surely be amplified in the coming years and it will generate the reactions triggered by the permanent desire of changing the lifestyle in human society. Continuous improvement of the living standards of individual and economic development entail a new perspective on services. The place and role of services in modern society is emerging. Services, although part of the economy, it is a separate branch of it through their related benefits instead of a bridge between the other economic sectors. Services, like any other human and economic activity are, on the one hand consumers of resources, on the other hand producing effects.

Keywords: services, economic efficiency, social efficiency

1. Introduction

In a broad sense, *efficiency* means obtaining the most favorable effects from an activity. Any human activity is, at the same time, resource-consuming and produces effects. In this sense, the notion of efficiency becomes applicable to the most varied concerns of man.

In another sense, more restrictively, efficiency compares the results of an action with the resources consumed to produce it.

Economic efficiency is expressed by the relationship between the results obtained in a particular economic activity and the expenses incurred in the respective activity.

Services, as any other human and economic activity, are on the one hand resource-intensive and on the other hand productive.

In the sphere of services, the useful effects are complex, so that economic efficiency is closely linked to the social one.

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2. Efficiency in Services

Efficiency for services also includes other aspects linked to the opportunity and efficiency of investments, the degree of satisfaction of consumers' needs, the extent to which the services meet the needs of the beneficiaries, the extent to which they can be purchased and used with maximum efficiency

Economic efficiency responds to how and how much resources are used. Comparing the effects with the efforts they have made is, in fact, only one aspect of economic efficiency; other elements such as: the structure of resources and results, time, quality of the effects must be kept in mind.

In order to assess the efficiency of an economic activity, it is necessary to compare the effort with the effect, given the permanent influence of the time and space factors also requiring each effort to be attributed only to its effect and to each effect being recognized the made effort.

The issue of efficiency lies everywhere where social work is spent, material, human and financial resources are consumed. It is known that any economic activity must correspond to concrete demands of society, to meet real requirements of the material and spiritual life of the people.

To this end, there are multiple tasks in the field of economic and social efficiency. But the heterogeneity and complexity of the “product” of services renders efficiency a much wider scope of coverage and difficult to assess.

Efficiency in service activities is complex because it expresses the result of a set of activities specific to each service. The results of the service activity simultaneously coincide with two mutually interrelated aspects: economic efficiency and social efficiency. Each of these components of service efficiency has both direct and indirect effects.

Chart of Efforts and Economic Effects

<u>efect</u>		eforturi (rezultate) B ₁ ... B _j ... B _m	<u>efect</u>	
efort			efect	
eforturi A ₁ ... A _j ... A _n			efecte B ₁ ... B _j ... B _m	
<u>efort</u>		eforturi (resurse) A ₁ ... A _j ... A _n	<u>efort</u>	
efort			efect	

Starting from the unitary structure of effects and efforts, the relationship of effect-effort, effort-effect, effort-effort, effect-effect is built to measure economic efficiency.

Effect-effort or effort-effect indicators are partial indicators that reflect the effectiveness of using the different components of the effort.

Effect-effect indicators provide information on the profitability of benefits and the proportions that have formed between the different components of the results.

The effort-effort indicators reflect the proportions of the effort components.

Because the products of service activities are the results of specific assemblies, the system of indicators and the methodology for calculating and analyzing economic efficiency are differentiated according to the nature of the benefit.

We can also talk about the two components of efficiency: technical and allocation.

Technical efficiency takes into account the amount of production factors that enter and are consumed (inputs) for an optimum production (level) output level and IT can be calculated as the ratio between output and input. Within the technical efficiency one can distinguish: partial or global productivity.

Partial productivity corresponds to a single production factor and IT is easier to estimate compared to the overall productivity that expresses the aggregate efficiency of all production factors and is more difficult to appreciate.

Allocation efficiency refers to the combination of factors of production. The optimum combination of factors of production is determined by their relative prices, with the aim of minimizing production costs.

In a generally accepted definition, efficiency is the expression of the relationship between useful effect, the results (output) and expense, the effort (input) made in order to obtain it:

$$E = \frac{Q}{C}$$

E = economic efficiency;

Q = annual volume of the obtained production (value);

C = annual volume of production costs.

An economic activity is effective when the proceeds obtained by selling the results on the market exceed the expenses that have been made. This can be expressed in two forms:

- in the form of outturn of production factors, in which case the economic efficiency is determined as a ratio between the achieved revenues and the consumed production factors:

$$E_c = \frac{V_r}{C_{Fp}}$$

E_c = economic efficiency;

V_r = achieved earnings;

C_{Fp} = consumption of production factors.

and it expresses the incomes obtained at the unit of production factor consumed. The higher they are, the higher the efficiency of the activity is. In the case of competition on the market it will be more efficient the activity that obtains at the unit of consumed production factors the highest revenues (receipts).

- under the form of *consumption* of production factors and it is determined as a ratio between the consumed production factors and the obtained income:

$$E_c = \frac{C_{Fp}}{V_r}$$

and it expresses the efforts made by spending the production factors for obtaining an income activity. The lower the expenses or efforts are, the higher is the efficiency of that activity. This form of efficiency highlights the economy of production factors.

The efficiency of economic activities is both the result of forming conditions of the offer (*materialized in the production costs and in quality*) and the ration of the demand compared to market demand (*materialized in the level and evolution of sales prices and consumer incomes*).

Efficiency assessment can be done on the basis of: cost-effectiveness, level of costs, but also through the expression of the efficiency of the use of production factors, the investment efficiency and social efficiency.

Efficiency implies for each activity to correspond to real needs, to ensure social spending, to be *profitable* and to contribute to a *profit*.

In the service sector, taking into account their characteristics (*immateriality, instability, intangibility*) and the fact that many of them are public services, the determination is more difficult than in industry or agriculture. However, based on some material and qualitative elements, the formulas applied to determine the efficiency of services are the classical ones used in all economic activities.

In the field of services, the determination of economic efficiency has certain peculiarities such as the fact that, although the material efforts consumed for providing facilities or to finance activities are comparable to those in other sectors, the effects cannot be, in all cases, quantifiable (education, social-cultural, sanitary activities, etc.).

Under these conditions, alongside with economic efficiency, the social one also stands out. The two sides of efficiency embrace, in these cases, intertwined forms, the results of which, in most cases, simultaneously embrace a double aspect: economic efficiency (net income) and social efficiency (*level of service, degree of satisfaction*).

Social effects are harder to appreciate and quantify, yet the most suggestive are the satisfaction indicators of service demand:

$$I_c = \frac{C_m}{C_T} \times 100$$

where:

I_c = **the number index of consumed** services whose consumer motivation has been satisfied;

C_m = the demand whose consumer motivation was satisfied;

C_T = total demand

or **Loyalty Indicator** (I_F) for certain services:

$$I_F = \frac{C_R + C_I}{C}$$

where:

C_R = consumers returning to a particular service;

C_I = consumers who intend to return to a particular service;

C = consumers of a particular service.

On the other hand, the quality of services was approached by economist L.S. Simon by the indicator that defines the level of service:

$$Y = \sum_{i=1}^n y_i f_i$$

where:

Y = service level;

y_i = customer satisfaction level in relation to criterion "i";

f_i = shares expressing the relative importance of the "i" criterion in different specific situations.

L.S. Simon proposes 5 criteria to measure customer satisfaction (Simon, 1965):

1. *the degree of anticipation of the client's needs* (the percentage of services not granted because they were not taken into account by the service provider, although the customer expects to be offered);
2. *the degree of precision in defining the content of the service* (the average number of "rounds" of talks between the supplier and the beneficiary of the service until an agreement is reached on defining the content of the service);
3. *the degree of satisfaction of the demand for services* (calculated as a percentage of all service requests that cannot be satisfied due to the lack of specialists or the necessary material basis);
4. *the degree of flexibility (promptness) that responds to emergency situations* (it is assessed by the average time from receiving the customer's request until the service has been provided);
5. The degree of efficiency in solving service problems (calculated as a percentage of all issues for which the promised service cannot be offered within the initially set time frame).

In addition to direct economic, social and direct effects, services also produce indirect effects by driving the other branches and sectors of the economy (industry, agriculture, transport and even other services) into the so-called multiplier effect.

The multiplier measures the incidence of extra spending within an economy.

3. Conclusions

In order to achieve better performance of the economic efficiency of services, it is necessary to consider the increase in revenues, which is made possible by increasing the turnover, the revenues, the added value of the services, the increase of production, the increase of the tariffs justified by quality) which would implicitly lead to profit growth. On the other hand, it is necessary to rationalize the different categories of expenditures, which can be achieved by increasing the productivity of the production factors and optimizing the combination of the factors of production.

These two pathways imply, in parallel, the modification of the structure of the activity through diversification and specialization in order to cope with other competing firms and improve the training and qualification of the labor force, the introduction of new technologies (computer science, modern telecommunications), the improvement of the relations with the clients, services, etc.

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REALITIES AND PERSPECTIVES**

**The Competitiveness of Commodity Chains in Albania toward the EU
Integration on focus: Farmers of Korca region**

Dorjan Marku¹, Eleina Qirici², Oriola Theodhori³

Abstract: The aim of this paper is to present a clear overview of the competitiveness of the commodity chains of the Albanian agriculture and identify the main difficulties that farmers and smallholders are facing, in order to access local and regional agricultural markets. Addressing weak points along the agro-food chain, and increasing the competitiveness of the agricultural chains by improving support services at producer level, linking them with competitive agricultural markets is very important for the economic growth of rural areas, as Albania aspires to enter EU in the upcoming years. In order to identify the main problems that farmers and small holders are being faced with, when their products access agricultural markets, we conducted a survey that consisted on questionnaires distributed to farmers. Based on the statistical analysis resulted that the main barriers that affect the access of agricultural products on the market were: low selling prices, lack of transportation facilities, lack of contractual trade agreements and lack of modern technology. This study also addresses to a greater extent different steps that should be followed in order to improve agriculture policies, and to achieve a sustainable agriculture model, so that the Albanian agricultural products can compete with those of the region and EU.

Keywords: market access, agriculture policies, commodity chain, Korca,

1. Introduction

Agriculture in Albania faces important challenges aiming to achieve successful structural changes that can increase productivity and restate its competitive advantages. In order to reach at a certain level that can align toward the EU, the sector has to improve its physic capital, and adapt practices at all levels of the agriculture, similar to those of the EU countries.

Many smallholders in developing countries face different risks in their production processes. Constantly they are exposed to different negative influences such as natural disasters, conflicts, price instability and uncertainty about the access of resources and markets.

In Albania, farmers face difficulties accessing local and regional agricultural markets, often without adequate means to manage risks. This issue must be addressed in order to prevent price volatility, reduce poverty in rural areas and enable smallholders to meet the growing demand for food. These negative influences reduce farmer's willingness to invest and considering market liberalization between countries they become more exposed to such market risks. In order to create value chains, it

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is required an interaction between different actors of the sector because the nature of these linkages determines the value of the chain. This may be enriched based on a more developed level of support, through the improved conditions for a sustainable development of the sector, private initiations and responsible institutions for planning, monitoring and implementing policies.

Market access for farmers means the ability to acquire farm inputs and farm services, and the capability to deliver agricultural produce to buyers (IFAD, 2010a). Markets provide the opportunity to generate income, contributing to a reduction in poverty and hunger in developing countries. Markets also drive production to meet consumer demand in terms of quantity and quality (van Schalkwyk et al., 2012). Sustainable access to markets is required to guarantee smallholders an increase in income and to lift them out of poverty.

Switching from traditional to highly competitive products, based on quality, seems to be the most important challenge of the Albanian agriculture in the future toward the EU integration. In order to achieve it, farmers, commodity suppliers, as well as small and medium enterprises needs support in their efforts in order to improve the value chain.

Based on SSBU 2007 – 2013, since the transition period the financial support of the agriculture sector has been focused mainly on indirect financial support, consisting on creating a favorable business environment, support on extension services of farmers, institutional strengthening and rehabilitation of infrastructure. Direct financial support has been applied since 1997, mainly based on payments in the form of grants distributed to farmers through different support schemes, based on the cultivated area. Since 2014, the financial support schemes has undergone through an essential transformation process, focusing on investment schemes aiming to promote storage capacities. These financial schemes support the delivery of agriculture production on wholesale warehouses, storage capacities, conservation, processing and agriculture markets, agriculture technology, safety and quality products based on competitive advantages of Albania. Also, new financial schemes on agriculture support the interest rate until 70%, for a period of seven years, for investments based on bank loans. This form of support it is not limited only for agriculture cooperatives and organizations but include even individuals, legal subjects and new enterprises that are directly related with the investment.

Nowadays, various theoretical analysis in the world focus on agriculture policies, mainly on the role of direct payments which have become part of different evaluations. In fact, support policies of agriculture lead to structural changes, influencing to a large extent the stimulation of production and farm income (OECD, 2011).

Also, Roe et al. (2002), suggests that the application of direct payments compared to the case when payments are not applied at all, may improve the access of farmers on goods and services, increasing their wealth, while may indirectly increase the value of land.

The sustainable growth of the sector depends on the level of technology, knowledge and the efficiency of land inputs that affect the performance of farms. High productivity and competitiveness, market access of products, growth of income and improvements on the living standards of farmers are identified to be the basic factors of production.

Despite the improvements and developments that have occurred during the last years, the agriculture sector in Albania should reach a higher level of productivity and competitiveness in the local and international markets, in order to reduce the gap with other countries across the region and EU. Following this direction, weak points along the agro-food chain should be addressed and a comparative advantage analysis must be considered compared to other regional countries.

In order to achieve a more realistic approach and to reach the objectives of this paper, we decided to conduct a survey, contacting directly with farmers (in the form of questionnaires) of Korca region. The aim of the questionnaires was to identify demographic evidence, experience on agriculture, the sector involved and identify difficulties that the Albanian farmers are being faced with. The study was developed based on a detailed review of the available literature aiming to determine clearly the situation of competitiveness between farmers in Korca region.

2. Materials and Methods

The research method used in this study is formulated based on the information and data's that were gathered, the presented issues, data location and their purpose. The form of research used it's a combination between qualitative and quantitative research, benefiting from the advantages of these two research types.

The quantitative approach the study consist on the formulation of a questionnaire, in order to obtain a clear overview of the targeted population and identify the main problems that affect access of products on agricultural markets, as the final destination of the value chain. The qualitative method used in this study focuses mainly on obtaining specific information on farmers and the interpretation of different issues based on their perception.

The nature of the research applied in this paper is to identify and explore over a phenomenon, being more familiar and have a better understanding of it. This study was conducted in Korca region. We chose this region because it is considered to be one of the most developed in Albania in terms of agriculture, and we believe that the indicators that we get from this survey represent similarities with those of the whole country.

In order to achieve the objectives and to expand the interest and contribution of this paper, the information and data gathered were developed in two phases. Initially was gathered information about farmers that operate in Korca region, from the Regional Directorate of Agriculture. The second phase consisted on the fulfillment of questionnaires from the selected sample. After these steps, all the information and data gathered was processed statistically, reaching concrete results on the main influences of the access of products on agriculture markets. The population that was analyzed in this study represents an intentional probability sample. The reason that we chose this form of sample was to include as many as possible diverse characters of the studied population, and obtain diversified perceptions of farmers. The sample population of this study was represented by 168 farmers and diversified based on Korca municipalities. The scale that was used for measuring directly farmer's attitudes is the Likert Scale. Likert – type or frequency scales use fixed choice response formats and are designed to measure attitudes or opinion (Bowling, 1997; Burns, & Grove, 1997). Based on the frequency of the answers of farmers, a simple statistical analysis was raised consisting on the mean and standard deviation.

Another procedure before setting up the final questionnaire and enhance the reliability of the instrument used during this study, was the test of the questionnaire. This step was taken in order to make the questionnaire more valuable and concise. This phase resulted very important because we were able to acquire a preliminary answer from farmers. Furthermore, during this stage farmers were encouraged to identify other problems and add questions that they considered important for the goals of this study.

3. Results and Discussions

Returns on investments in the Albanian agriculture have a strong effect on development, especially if channelled through productive investments that focus on addressing weak points along the agro-food chain. The objective of support in this context is to achieve a better distribution balance of wealth and power. In order to intervene it is important to identify the main difficulties of farmers when selling their products. According to farmers, lack of access on agricultural markets prevents the sale of their products on the market. For this reason we decided to identify the main influences that cause this occurrence. Most of them admitted that there are no trading facilities on their rural areas, forcing them to sell their products alone without any reliable information on the market. Poor communication and long distance from the market increase artificially the cost of their products and time. Figure 1, shows the frequency of their answers about the distance that they follow until the regional markets of Korca in order to sell their products.

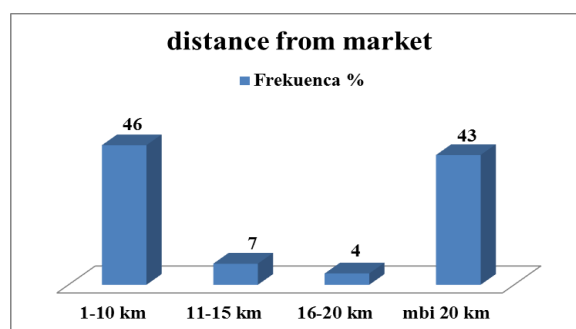


Figure 1. Distance from the agricultural markets

Based on the figure above, 46% of them follow a distance to 10 km away from the market while 43% described a distance that overcomes 20 km. If we consider the conditions of infrastructure on rural areas in Albania and the lack of facilities, these numbers are not so encouraging.

Another important question directed to farmers consisted on the distribution channels that they use for selling their products. Figure 2, shows the frequency of their answers.

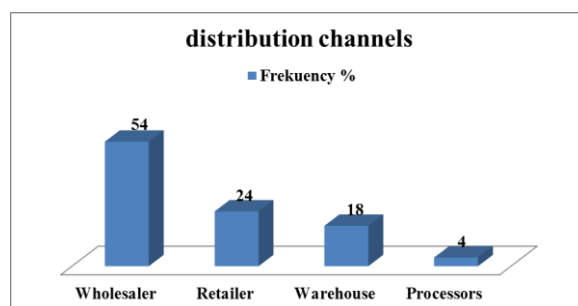


Figure 2. Distribution channels of farmers

As the evidence shows on figure above, 54% of the farmers sell their products on wholesalers, 24% on retailers, only 18% deliver products on warehouses, while 4% delivered them on processors.

Conservation and storage capacities are important processes that affect directly natural values, form, and lifecycle of agricultural products. Figure 3, shows the frequency of the answers of farmers that were interviewed. To be more specific, most of the farmers that answered this question and that are reflected on the graph are mainly involved on the production of fruits.

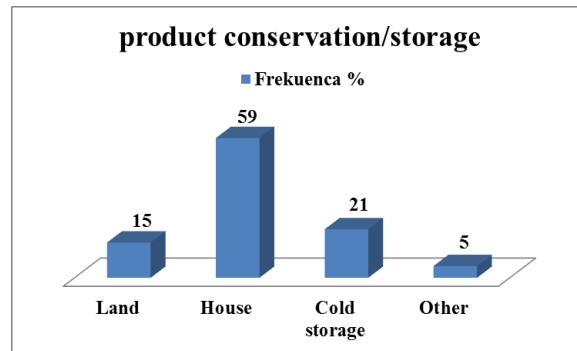


Figure 3 Conservation and storage of agricultural products

The results of figure 3, show that only 21% of farmers were keeping their products on cooling capacities, 59% were keeping them in house conditions, while 15% on the land.

Low level of agriculture technology was identified by farmers of Korca region as one of the most important barriers that affect level of production and quality. Based on the survey as shown on the graph below, resulted that only 28% of farmers were using modern agriculture technologies, while 72% of them were mainly using old production technologies, figure 4.

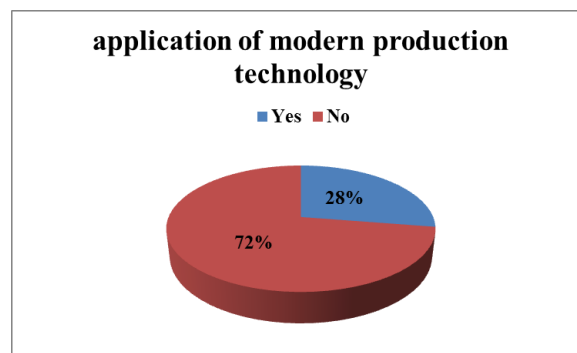


Figure 4 Application of modern technology by farmers

Based on the statistics that are shown above, it is necessary that the financial support from the national schemes to be addressed on improvements on the level of production technology.

Related to the data's processed from the questionnaires and the statistical analysis that was conducted, resulted that the main barriers that affect access of products on agricultural markets on the region, are as shown on table 1.

Table 2 Identified barriers that affect access of products on agricultural markets

Barriers	Mean	Std. Deviation
Low selling prices	4.7250	.72641
Lack of transportation	4.3625	.85772
Lack of contractual trade agreements	4.3125	1.01056
Lack of agriculture technology	4.3125	.99803
Uncertainty	4.2875	.99298
High taxes	4.2250	1.06369
Lack of packing materials	4.0500	1.15361
Distance from market	3.7875	1.24581
Poor information services	3.5750	1.21598

According to data's shown on table 1, resulted that all the identified barriers that affect the access of products on agricultural markets in Korca region are statistically important, because the mean of the identified variables is statistically different from the neutral value 3. Based on the analysis, the most important barriers that affect access of products on the market are as follow:

1. Low selling prices
2. Lack of transportation
3. Lack of contractual trade agreements

The mean of the variables lies on the level "very important", statistically different from level 4 (important level), for $P = 0.000 < 0.05$.

4. Comparative Advantage Analysis

The concept of comparative advantage as a determinant of international trade became popular for the first time from Ricardo (1817), underlying the importance of physic and natural influences of competitiveness, technological and human factors.

The application of agriculture policies may be effective only if we are clear where we should intervene, so that the Albanian agriculture can reach in the future or come closer to EU standards in terms of competitiveness and quality. In this context, we believe that if we develop a comparative advantage analysis compared to other countries in the region, the application of these policies may be very successful. Compared to other regional countries, we possess against them competitive advantages that derive from the following factors:

- i. Climatic conditions
- ii. Appropriate land conditions
- iii. Wealthy and diversified biological resources
- iv. Old tradition on agriculture

All these factors are a great basis for developing healthy and productive agriculture activities, and serve as an impulse that shows that agriculture sector will continue to play an important part on the Albanian economy in the future. However, our country has a lot of disadvantages compared to other regional countries that derive from different barriers and structural problems of the rural sector. Some of them are as follow:

- i. Small size and fragmented farms
- ii. Difficult management of the agriculture sector because of the large number of small farms and rural population.
- iii. Large diversification of agriculture products because of high level of uncertainties and difficulties of agriculture marketing.
- iv. Difficulties of implementation of modern technologies. Low levels of technology.
- v. Small numbers of farm organizations and cooperatives.
- vi. Poor regional infrastructure, lack of storage/conservation capacities and transportation facilities.
- vii. Low levels of financial support

Based on the factors mentioned above, government financial support should be higher and focused on all stages of the production chain, so that the output could be positive.

5. Conclusion

During this study were identified important conclusions conceived based on the results derived from the questionnaires that were addressed to farmers, resulting as follows:

Despite the improvements of the agriculture sector and the increased level of support during the last decade, reality shows that the support schemes are still away from those applied in the EU.

Based on the applied analysis resulted that the main variables that affect the access of products on agricultural markets are low prices of agricultural products, lack of transportation facilities and lack of contractual trade agreements.

All the variables that were identified by farmers as “very important”, have a great impact on the production chain, meaning that improving each one of them will have a positive impact on the final output.

Wholesaler warehouses are the intermediate actor of the agriculture production, specialised and informed on local and foreign trading contracts of agricultural products. Supporting and strengthening this part of the chain, will encourage and secure the market for all farmers products.

Farmer’s organizations play a key role on poverty reduction and enhancing food security. The Albanian government should promote equitable distribution of investments, involve and allow them to participate in the decision – making process to overcome their weaknesses.

Assistance to farmers should be increased and help them initiate dialogue and build trust between each other, aiming to develop long agreements.

Financial support schemes should take farmers needs into consideration and support them with more insurance schemes, microcredit and start-up funds, so that they can link contractual agreements between producers and buyers and facilitate contractual arrangements, based on a secure supply of inputs and accomplish each other requirements in the long run.

Considering the small size of farms and the high level of land fragmentation, supporting farmer’s cooperatives will encourage the development of intensive production. In this context, responsible institutions that compose and implement agricultural policies, should promote these forms of cooperation, as they serve to increase linkages between small farmers and other actors in the chain.

Considering the difficulties that farmers in Albania are being faced with, it is recommended that support policies should be addressed on enhancing the number of storage and conservation capacities.

Low level of the agriculture technology rank farmers in Albania in a difficult position compared to farmers in other regional countries. In order to reduce this gap, better policies are required in terms of the support of modern technologies.

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**The Operational Program Administrative
Capacity, Strategic Management Tool**

Manuela Panaitescu¹

Abstract: The strategy of the Operational Program Administrative Capacity addresses the main weaknesses identified in the public administration and it meets the needs and requirements arising both from the relevant EU legislation and from the national incident legislation. OPAC is a strategic reference document for public administration in Romania, promoting the creation of a modern administration capable of facilitating the socio-economic development through competitive public services, investment and quality regulations, thereby contributing to the Europe 2020 objectives. Among the shortcomings of public administration there can be listed the reduced ability of strategic and financial planning and poor allocation of financial resources, together with the absence of effective strategic management and human resources. Thus, the financial allocation under the OPAC is focused solely on supporting the institutional capacity- of public authorities, on the priority on investing in institutional capacity and the efficiency of public administrations and public services for the achievement of reforms, of a better regulation and good administration.

Keywords: European Funds; Public Administration

JEL Classification: O10; O29

1. Introduction

The Operational Program Administrative Capacity (OPAC) is in line with the general and specific objectives of the Strategy for Consolidation of the Public Administration (SCPA) 2014-2020 and is included in the Romanian Partnership Agreement with the European Union.

2. Program Structure

The Operational Program consists of three Priority Axes, of which two are operational (covering respectively strengthening the structures, processes and competencies of the public administration and improving the delivery of service of the citizen) and one of technical assistance.

Priority Axis one, “Efficient public administration and judicial system” consists of four specific objectives (Table 1):

- SO 1.1. The development and introduction of common systems and standards in public administration to optimize decision processes for citizens and business consistent with the Strategy for

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the Consolidation of the Public Administration (SCPA);

- SO 1.2. Development and implementing of modern human resource management policies and instruments;
- SO 1.3. Developing and implementing modern and efficient system and instruments in the institutions of the judicial system;
- SO 1.4. Increase efficiency, transparency and responsibility of the public procurement System.

Priority Axis 2, “Accessible and transparent public administration and judicial system” consists of three specific objectives (Table 2):

- SO 2.1. Optimising structures and processes within local authorities and public institutions to be able to exercise powers uniformly;
- SO 2.2. Increasing the transparency, ethics, integrity of the public authorities and institutions;
- SO 2.3. Improving the access and quality of services provided by the judicial system, including by ensuring an enhanced transparency and integrity.

Priority Axis 3, “Technical Assistance” consists of two objectives:

- SO 3.1. Improving the capacity of MA OPAC to efficiently and effectively implement the program;
- SO 3.2. Ensuring publicity, information and support for OPAC beneficiaries.

Table 1. Matrix of needs and activities for Priority Axis 1

Needs	Specific objectives	Activities
Address strategic deficiencies at central level , in civil society organizations and in the judiciary	SO 1.1	<ul style="list-style-type: none"> - Strategic planning and program budgeting at central level; - Developing management systems and tools; - Improve public policies and increase the quality of regulations; - Simplify administrative procedures and reduce bureaucracy; - Measures to support NGOs and social partners; - Developing skills and knowledge.
	SO 1.2	<ul style="list-style-type: none"> - Legal and institutional framework regarding human resources management; - Modern human resources management instruments for increasing professionalism and attractiveness of public administration.
	SO 1.3	<ul style="list-style-type: none"> - Strategic and operational management system, integrated, assuring the key decisions regarding the administration of justice; - Enhanced institutional capacity at the level of the judicial system for increasing institutional performance, including the continued implementation of the new codes.
	SO 1.4	<ul style="list-style-type: none"> - Regulatory framework in the field of public procurement; - Support for the introduction of instruments, procedures regarding the monitoring, management and evaluation of the public procurement; - Developing the skills and knowledge.

Table 2. Matrix of needs and activities for Priority Axis 2

Needs	Specific objectives	Activities
Address operational deficiencies at local level , in civil society organizations and in the judiciary	SO 1.1	- Strategic and financial planning; - Support for the introduction of management instruments; processes at local level; - Measures to support for NGOs and social partners; - Developing skills.
	SO 1.2	- Anticorruption education; - Anticorruption preventive measures; - Administrative mechanisms; - Introduction of risk assessment as a prerequisite for adoption of sectoral anti-corruption action plans.
	SO 1.3	- Training of personnel; - Drafting/developing of guidelines, manuals, books, materials, training plans, IT tools to support training; - Further development of the IT systems in terms of increasing quality and accessibility to services provided within the judicial system; - Organising information campaigns, legal education and awareness raising, developing guides / materials; - Conducting surveys/studies; - Improving legal aid; - Improving enforcement of court judgements; - Promoting and strengthening of alternative methods for disputes resolution; - Measures to to enhance transparency, ethics and integrity at the level of the judicial system.

The assessment of the program strategy is focused on whether:

- the needs identified under the OPAC 2014-2020 are in line with the country specific recommendations, National Reform Program and the analysis done in the context of the European semester;
- the program strategy is consistent with the content of the Partnership Agreement and takes into account the relevant elements of the Commission services country position paper;
- the program strategy incorporates lessons learnt from 2007-2013 programming period;
- the challenges and needs identified under the OPAC are in line with the Europe 2020 objectives and targets.

3. Deficiencies in Public Administration

Based on the assessment of the 2013 convergence program and national reform program, the EC formulated an opinion on major challenges that Romania has to address, and it was included in the country specific recommendations (COM (2013/373). Regarding the administrative capacity the opinion was:

- Poor administrative capacity is a core concern for Romania. The public administration is characterized by an inconsistent legal framework, frequent recourse to emergency ordinances, low levels of inter-ministerial cooperation and excessive bureaucracy. It is also undermined by a lack of skills, a lack of transparency in staff recruitment and high management turnover rates.

- Poor administrative capacity contributes to low absorption of EU funds. The absorption of EU funds stalled for most of the second half of 2012, after several deficiencies in management and control systems and in public procurement were identified by national and European auditors. There is a significant risk that a substantial part of structural and cohesion funds will be de-committed in 2013.
- Improvements to the business environment should be integrated into a wider, coherent e-government strategy to promote an administrative culture of transparency and legal certainty and provide for better public online services. Romania should also undertake efforts to ease access to finance and to reduce the administrative burden on SMEs.

The updated opinion formulated in 2014 (COM (2014/424)) included the following assessment on administrative capacity:

- The weak capacity of the public administration to develop and implement policies remains a core challenge for Romania, hampering overall development of the country, the business environment and the capacity for public investment, while not allowing for the provision of public services of sufficient quality. The structural causes that led to a low administrative capacity were analysed in 2013. Based on this, a 2014-2020 strategy on strengthening public administration is currently under preparation and is expected to be finalized by mid-2014;
- The absorption rate for EU funds remains one of the lowest in the EU, despite important progress. Continuously weak management and control systems and public procurement practices may negatively impact the preparations for and implementation of the next generation of programs. Public procurement legislation suffers from instability and a lack of coherence. The institutional set-up, with multiple actors and frequently overlapping responsibilities is not equipped to tackle the shortcomings and provide appropriate guidance to contracting authorities. Corruption and conflicts of interests continue to be concerns for contracting authorities. A system for ex-ante checks for conflicts of interest in the award process of public procurement contracts is expected to become operational by the end of 2014;
- Poor quality of regulations and the lack of transparency and predictability of the regulatory framework hinder businesses and citizens. Procedures for obtaining electricity, dealing with construction permits and paying taxes are still complex. Romania has made some progress in improving the quality, independence and efficiency of the Romanian justice system and in the fight against corruption, but these issues remain a concern for businesses seeking effective redress. Resistance to integrity and anticorruption measures at political and administrative levels is still strong.

4. Program Funding

Program funding is provided by the European Union, the allocation of budgetary resources correspond to the program's objectives. This work presents a comparison of OPAC budget in 2014-2020 with the OP DAC 2007-2013 budget by priority axes and categories of regions (Table 3).

A total of 553.191.489 euro of european funding is allocated for the achievement of the objectives of the OPAC. Assuming an 80% co-financing rate for the more developed regions (Bucharest-Ilfov) and 85% for the less developed regions (the other 7 Romanian regions), the total budget, including national co-financing, amounts to 658.296.768 euro. Over 80% of the budget will be spent to improve institutional capacity in less developed regions, while the remaining 20% will be allocated for the Bucharest-Ilfov region.

Table 3. OPAC budget in 2014-2020 versus OP DAC 2007-2013 budget

Priority axis	Budget allocation (euro)	
	2007-2013 period	2014-2020 period
Priority axis 1: Efficient public administration and judicial system	116.481.469	326.382.979
Priority axis 2: Accessible and transparent public administration and judicial system	83.201.049	187.697.657
Priority axis 3: Technical assistance	8.320.104	39.110.853

Conclusions

Public administration is an important vector in ensuring good governance, in regulating, promoting and implementing policies and measures to create a medium conducive to medium and long-term economic development. The importance of European financial assistance is undeniable, but unfortunately in Romania, the absorption of European Funds is delayed and negatively influenced by a series of factors, such as: the absence of effective strategic management and insufficient human resources. OPAC will promote the creation of a modern public administration, so the submission of feasible projects should be encouraged. For successful implementation of OPAC and ensuring a high level of absorption of European funds, it is essential to increase the administrative capacity of potential beneficiaries to implement projects funded during the 2014-2020 programming period and better information on funding opportunities and the conditions for accessing the operational program.

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**Environmental Public Spending in
Romania – the 2004-2016 “Junk” Program**

Florian Marcel Nuță¹

Abstract: Our paper is a review of the "Junk" program in Romania after more than 10 years of implementation. It discusses the limitation of the program individually and of the environmental policy as a whole in our country. We also intend to talk about the main limitation of the research area and the shortages in public information. As we consider the subject still important for Romania but also for Europe as a system our intention is to continue in future papers the research and to extend it.

Keywords: junk; environment; subsidies; public spending

1. Introduction

Environmental issues are more acute and more important than ever at this time. Goods and people transport are among the most polluting sectors of activity, and governments are seeking ways to limit the impact of this activity on the environment as far as possible. Vehicle manufacturers are also interested in less polluting technologies, but at the same time preserving the most important market share. Both sides, both governments and manufacturers in the automotive industry, are primarily confronted with educating consumer consumption behavior, which tends to remain faithful to established (usually highly polluting) technologies, at least in some emerging markets. In this context, where consumers and producers have to meet their consumer behavior and economic performance, governments are trying to make use of environmental protection policies involving either subsidies or high consumption taxes for certain products considered dangerous for the quality of the environment. Many Western European countries have even set bold targets for the next decade in the drive away of vehicles powered by classic engines (especially diesel). The emerging countries of central and Eastern Europe have a difficult stance with such targets due to the consumption behavior of their own citizens, but also due to the impossibility of stopping the transfer between markets.

Thus, the governments of these countries face massive imports of classical propulsion vehicles and often with Euro 3 and 4 pollution standards. It is a situation similar to the transfer of industrial technology that fails to meet the environmental standards of the developed countries is transferred to the countries emerging, which often have more permissive environmental protection standards.

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2. The “Junk” Program in Romania

Since its inception in 2004, the "Junk" program has been ambiguous through its stated objectives and implementation. Although it was funded by the government's environmental fund, it was also said to be a stimulus program for the auto industry. Even though it was among the few concrete environmental protection initiatives, it was only doubled by other policies in the field. Thus, the environmental tax introduced and suspended on several occasions and forms, and then canceled, could have proved to be a support for the "Junk" program and environmental objectives. Concretely, if the "Junk" program aimed at rejuvenating the national car fleet, by crashing cars older than 10 years and subsidizing the purchase of new vehicles, the environmental tax attempted to stop the import of "junks". However, due to the poor management of this tax and the pressures of the European Commission, the rejuvenation of the car fleet only temporarily failed in 2010, when the average age was reduced to less than 11 years. Very soon, however, the increase in imported ramps led again to the average age of the national car fleet over 11, reaching 20-15-20 at almost 14 years.

Given that one of the stated objectives of this governmental program was the rejuvenation of the Romanian auto fleet, we can conclude after more than 10 years of implementation that this objective has not been achieved, and not because of the program itself, much because of the lack of public policy support instruments (of a fiscal or other nature).

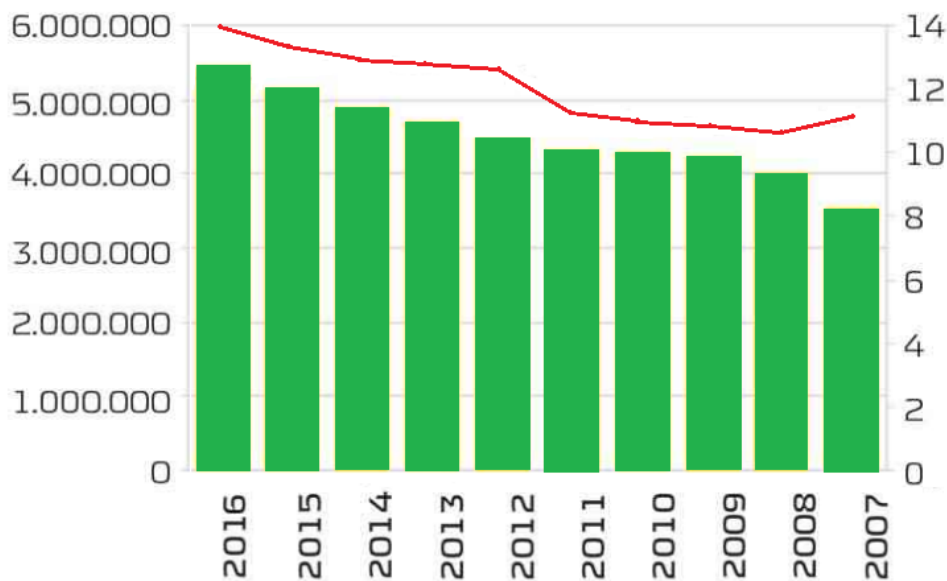


Figure 1. The age and volume of the national automotive park

Source: DRPCIV

Moreover, while many European countries are pushing the automotive industry and imposing regulations favoring the replacement of classic and hybrid electric vehicles, the "Junk" program had a late and shy component in subsidizing the purchase of such vehicles of motor vehicles.

Given the policy of "greening" the transportation in the Western European countries, it is expected to see in Romania (and other Eastern European countries) an increasing of imports of "junks" in the future and a failure of environmental policies as the "Junk" Program.

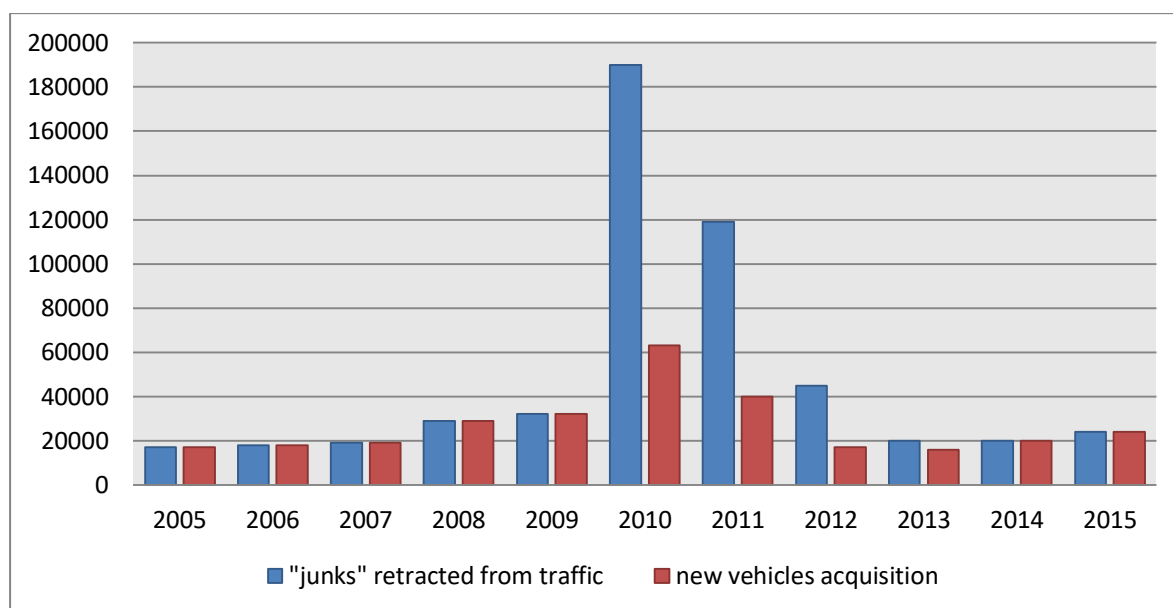


Figure 2. The evolution of the program 2005-2015

Source: APIA

As we can see in the figure above, the best year of the program was in 2010 when both the number of old vehicles withdrawn from traffic and new vehicles bought was higher than ever before and was never reached again afterwards.

3. Conclusion

As we have stated in previous papers on the subject the main limitation is related to the access to official data regarding the results of the program. The governmental statistics are not available and only some of the figures can be found but not all are reliable as it would be from a governmental report or database.

Other limitation is related to the program itself. Many stated that the program was intended to encourage the national automotive industry and other are talking about an environmental protection program. Given the shortage in governmental information it is hard to agree one or the others. The fact is that the program is financed from the environmental fund, a fund based on environmental taxation.

Our present study is just a review of the status of the program after 10 years of implementation. We intend to extend the study in the future and to investigate the impact of the program in connection with other actions made for the sake of the environment.

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***DRPCIV statistics.

***APIA statistics.



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REALITIES AND PERSPECTIVES

Some Considerations on Fiscal Sociology

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Abstract: Economists and sociologists, jurists and historians recognize taxation as an important element of the life of individuals and society and believe that this tool materialize the relationship between individuals and the state. Starting from the definition of tax (the socio-economic relationship carried out between individuals and the state, that is final and compulsory), some authors consider taxation either as a cause of the society change or as a symptom of changing in society. Schumpeter used the term fiscal sociology in order to show those multiple perspectives on taxation and during the last period we discuss about the "new fiscal sociology," which emphasizes the causal and theoretical importance of taxation. Taxation surprise the level of the relationship that individuals have with the state; all individuals know they have to pay taxes, but anybody else does not know how concretely contributed to one or another public goods, as there isn't a direct relationship between the level of income transfer to the government and the quantity of public goods the individual benefit. Even if individuals are aware of their obligations to the state, there were many conflicting moments in history, known as tax revolts, which involved various changes in the tax rules.

Keywords: taxation, fiscal sociology; tax compliance; tax state

JEL Classification: H21; Z13; A14; H11

"The public finances are one of the best starting points for an investigation of society, especially though not exclusively of its political life," (Schumpeter, 1918)

1. Introduction

The central aspect of fiscal sociology, as observed in the specialized theory, concerns tax compliance. A first step in addressing the existence and payment of taxes takes into account the importance of taxpayer correct information so that tax administrations can properly configure the appropriate tax wedge. Correct information of tax administrations is closely related to the extent to which tax legislation is perceived as fair by taxpayers. Sociological and economic research argues that social norms, fairness and justice tend to support the agreement to pay taxes, being determinants of taxpayers' willingness and ability to cooperate with tax authorities.

Several studies (Buettner & Grimm, 2016) have analyzed the underlying tax compliance, revealing the following factors as important:

- non-trivial relationship between tax institutions and compliance decisions
- the role of delayed feedback on audits for tax compliance
- contributions to a public good in the context of cause- related marketing, a special form of CSR

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2. Fiscal Sociology Traditional Theories

A. Modernization theory: Sociological issues have been concerned economists from ancient times (Martin, Mehrotra, Prasad, 2009). For example, Adam Smith was concerned about fiscal analysis from comparative and historical perspectives, with interest in both the economic and social consequences of taxation. Later, Adolph Wagner, created what would become the Wagner law, linking the level of economic development of a country to the level of the public sector.

States are developing modern tax systems, a common set of tax instruments that are effective and fair because economic development inevitably leads to the imposition of new forms of taxation, meaning that “fiscal conditions are always a consequence of economic relations.” Also, the development of democratic states constitutes to the diversification of the forms of taking parts of the income or wealth of individuals and firms in order to sustain the growing financing needs of government administrations.

The biggest gap in the theory of modernization is the impossibility of explaining the differences in tax systems applicable to different modern societies.

Elite theory: The second school of traditional fiscal sociology focuses on the non-contractual basis of tax contracts. One of the most important writings from this perspective is *Theory of Fiscal Illusions* written in the 1890s by the Italian economist Puviani. Also, James Buchanan was influenced in his writings by Italian theorists, further developing the theory of public choice, questioning on the goodwill and effectiveness of state planning.

“Proponents of elite theory described a fundamental conflict of interest between rulers and subjects. Rulers sought to maximize their revenues. Subjects sought to keep resources for themselves. Why then would rational taxpayers consent to their own exploitation?”(Martin, Mehrotra, & Prasad, 2009). For this question, Puviani found an answer in his theories on fiscal illusion.

Representatives of the elite theory have also researched the role of formal political institutions, concluding that at some point, the government can be captured by interest groups and manipulated, so governments can use the tax system to redistribute resources for the benefit of that minority.

Military theory: This side of fiscal sociology follows Schumpeter's inclination to the cultural and social outcomes of taxation, that is, the way in which ongoing tax negotiations affect the way people live and the level of civilization and culture of society (Martin, Mehrotra, & Prasad, 2009). This is due to the idea that a state is strong and will be victorious in struggles if it is able to attract resources (usually fiscal) to allow it to support wars, otherwise it will lose the battles. Thus, a direct relationship has been established between the fiscal system and the military development of a state, which implies also a bureaucratization of the society. However, the theory has some limitations, especially regarding the transition from warfare state to the welfare state.

3. New Fiscal Sociology

It focuses on informal social institutions such as public trust, family institution, religion, work and leisure, etc., starting from the idea that for most tax and social phenomena the explanations must be historical.

The new fiscal sociology (Martin, Mehrotra, & Prasad, 2009) makes a new theory on taxation as a social contract that multiplies the structural power of a society, arguing that economic development does not necessarily lead to a particular form of taxation, but rather, the institutional context, and political conflicts lead to tax diversification in the modern world so that taxpayers' consent is correctly explained not by coercion or illusion but as a collective task by which they give up to a part of their income to finance collective goods that will lead to the increased productive capacities of society.

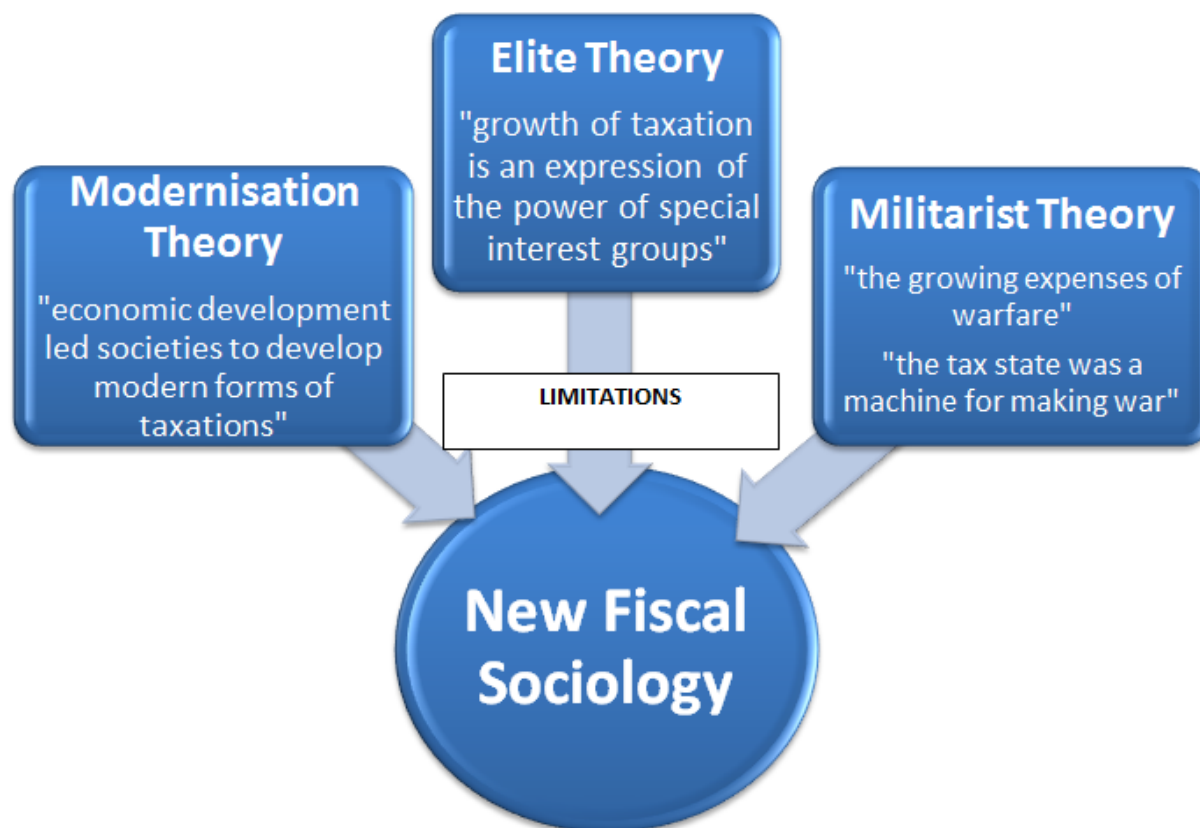


Figure 1. The new fiscal sociology

In essence, fiscal sociology imply the study of taxation from three perspectives: the state perspective of fiscal policy (the social source of fiscal policy and the importance of passing certain historical moments for the construction of a certain type of tax system), the development of the taxpayer's consent (the taxpayer's motivation when they agree and support a certain fiscal system, the importance of political elites and political institutions) and the implications of taxation (from the perspective of political, social and institutional outcomes, such as: family structure, state capacity or ideals of justice) (Martin, Mehrotra & Prasad, 2009).

The sociology of taxation has its origins in the ideas of the Austrian school, on the one hand, and those of the Italian school, on the other (Leroy, 2009). Since the 1990s, fiscal sociology has redefined, by integrating aspects of economic globalization. It is certain that the subject is a multidisciplinary one, dealing with the fiscal phenomenon in a social and general policy, debating the legitimacy of the state with regard to citizens and integrating elements of social justice, which lead to debates on several types of sociology.

Thus, fiscal sociology is a political sociology by involving state, power and public action; fiscal sociology is a legal sociology when studying the relationship between tax law and society.

Table 1. Sociological Representations of Tax

Invisible-Tax	For example, indirect taxes: VAT
Tribute-Tax	The felt tax burden is intolerable
Constraint-Tax	The felt tax burden is too heavy
Obligation-Tax	Legal concept
Exchange-Tax	Economic concept
Contribution-Tax	Political form of tax consent

Source: (Leroy, 2009)

4. Conclusions

Fiscal sociology, in essence, captures the way in which individuals and society perceive taxes imposed by the state, correlating with behavioral finances. It embodies individual-state relationships, starting from the way the state sets its goals, from its correct or sincere attitude towards individuals, from the way individuals perceive taxes, including from the tax illusion or the ability of individuals to agree to pay the established fees or the desire of the individual to circumvent the tax legislation. It is known that individuals will want to pay more in the form of taxes if they believe that the government has a correct societal development policy and whether they are consistent with the state's goals and political decision-makers are or are perceived to be sincere. In a society where policymakers demand high taxes but do not provide a concrete perspective on how the financial resources accumulated in the public budget are spent, individuals will be tempted to find legal or illegal tax avoidance solutions. If the state, through its politicians and individuals have a common purpose, a common interest, citizens will pay conscientious taxes so that they or the next generations benefit from the common goal set to be funded, even if, in principle, there isn't a direct relationship between the payment of taxes and public goods or services offered by the State. The behavior of taxpayers depends on the type of interaction between them and the authorities, which leads to perceiving the fiscal system as a fair one or to engaging in building the tax system, which implies an active citizenship attitude. (Casal, et al, 2016) The taxpayer becomes more committed and more in agreement with a tax or other if he knows exactly what is being done with the income he has paid to the tax administration, that is, if he is involved in the decision-making process and especially if these funds are taken over to finance health or education. Fiscal sociology offers great opportunities for researchers who can help to reduce the adverse effects of governmental activity in support of the well-being and wealth of nations (Backhaus, & Brady, 2017). Fiscal sociology remains an open field to be further explored in order to understand how taxes are levied and paid.

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