



ECONOMIC AND FINANCIAL CRISIS IN ROMANIA IN OUR GLOBALIZED WORLD, CAUSES, EFFECTS AND SOLUTIONS

Gabriel I. NĂSTASE

Faculty of Finance, Banking and Accountancy, "Dimitrie Cantemir" Christian University, Romania, E-mail: gabriel.i.nastase2013@gmail.com

Abstract *The current financial slump confused world economy, creating huge financial damage and producing deep changes in the mentality of those who coordinates the activity of large banks and companies and in that of consumer.*

Key words:

Economic crisis financial, monetary crisis, banks, companies, population

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E00, E58

1. General theoretical, economic, financial and monetary

With the advent of the industrial revolution as the main form of progress and development of society and quality of life, appeared inevitable and major dysfunction, economic and social caused by this, dysfunction that while remaining dedicated to the name of economic crisis, financial or money.

The first economic crisis have been recorded in the eighteenth century, in 1630, the Netherlands (the tulip bulbs) and 1721 (South Sea Company's bankruptcy), the crisis in which even the scientist Sir Isaac Newton lost saving a life. Later, the eighteenth, nineteenth, and twentieth would be crushed by the most profound financial and economic crisis. These crises have resulted in a lesser or greater effects unbearable sometimes dramatic impacts on population living standards and economic and financial damage to the national economies.

For the purposes of the foregoing, the main financial and economic crises which have 'shaken' the world in various periods of time, had as the center, "Seismic" following countries: U.S. (1791-1792), USA (1819), USA (1841), Austria and Germany (1873), USA (1907), United States, Britain, France and Germany (1914), USA (1929-1933), USA, UK, Canada, Belgium, Netherlands (1957) U.S. (1973), Asia (1997), Russia (1998), USA (2008).

• Economic and financial dimension and the current monetary crisis Crisis of 2008, according to the report World Economic Forum in Davos (23-27 January 2008), the document entitled Global Risks - 2008 (presented

by the World Economic Found in collaboration with Citigroup, Marsh Mc Jannan Companies (MMC), Swisske, Warthon School Risk Center and Zurich Financial Services) is presented, among others, assumptions current crisis whose signs had been 'felt' in 2007, the situation of international financial markets were in a euphoric state, generated mainly property, which seemed to be a successful investor, safe and profitable.

With the onset of crisis (February 7, 2007), when it recorded the first problems caused by subprime loans, start to emerge and major economic, financial and monetary famous companies. On April 2, 2007, renowned New Century Financial announced bankruptcy. Since then, the crisis shock wave propagates in all directions.

In Europe, it hits on August 9, 2007, when BNP Paribas announced that it is unable to cope with demands for cash withdrawals from its two funds. On September 13, 2007, shock wave strikes and British bank Northern Rock, which in panic, but also in financial difficulty, ask the help of Bank of England.

Enough, that by this act, the domino effect to spread throughout Europe, spreading deep concern. Subsequently, concerns the existence of an economic crisis, financial and monetary become a certainty when, "virus" of crisis and bank UBS. Previous financial crises, financial crisis of 2008 induces a new world order, a rearrangement of other economic powers.

Following the 'earthquake' triggered by the economic crisis, "tectonic plates" of financial-monetary system had moved dangerously hard. A first result was a barrel

of oil price rises to values well above \$ 100, for which there are imbalances and exchange rates. It was a signal sufficiently strong and convincing for industrialized countries to review their energy policy and credit offers, which in some countries were extremely generous. For example, in Britain there are no mortgage loans that cover 100% of the building!

Romania does not fully felt the shock wave hit as they felt the U.S. and Britain, but only partially, on different subdomains of the economy: fuel more expensive, higher rates of inflation over forecasts regress real estate, investment deferral and steep fall of stock exchange.

The financial crisis of 2008 generated the first time, structural shifts in world order concepts, causing a breach of proportion, hard to predict as the evolution to a new world order.

The real beginning of globalization, a new world of human existence, a 'Big Bang' with unpredictable effects!

According to a study by Center for Economics and Business Research (CEBR), the recession has relocated economic powers in a different order. It shows that China is to occupy a worthy place in 2010 two surpassing Germany and Japan, and the buffalo blowing occupant first, USA.

Spring financial crisis, monetary and banking started in 2008 as a credit problem in the U.S. in quarter II and spread rapidly by the end of the western and Eastern Europe and even in distant Asia.

The main modes of manifestation of the crisis are: lack of liquidity in the financial market and banking, and sharp fall in shares on stock market values. According to information published by the U.S. Central Intelligence Agency, the loss of international capital markets from the crisis set in late 2008 to February 2009 rose to fabulous sum of 34.6 trillion dollars. Specifically, in 2008, the value of global shares fell by 28.7 trillion dollars, which added a further loss of \$ 5.9 trillion in the first two months of the year. In other words, capital markets have lost more than half of its value in context, at the end of 2007, total global capital market was 66.82 trillion U.S. dollars!

2. Fluctuation of economic indicators

Deterioration of the financial sector has generated a massive wave of unemployment, which affected the economic markets in America and Europe. Thus, the London banking market in the period under review (Fall 2008-February 2009) announced reductions are 62 thousand jobs due to weaker demand for banking products complex.

The Irish unemployment rose to 6.3 percent (August 2008). The lowest level of the last 10 years, because of

redundancies in the construction sector was in decline following a slowing economy.

All this would be the prelude to the real crisis that will see clearly in 2009, when banking problems that have affected the economies of developed countries will reduce capital inflows to emerging markets with 25 percent of the value 730 billion (estimated 2008), to 550 billion U.S. dollars. According to an IMF report problems in financial markets, stock exchange and monetary collapse will generate economic activity and prolonged.

Also, a World Bank report, it warned that 'Eastern European States, but also those of Central Asia are not immune to the turbulence of global financial crisis, which could slow growth in most countries in these regions.

3. Losses in property sector

In summer 2008, the U.S. housing market has collapsed subprime loans. The net amount of U.S. housing sector, measured by U.S. Federal Reserve (ONP), low in the second quarter of 2008 to 2000 billion dollars (about 1500 billion), from the previous period of 2007. Since then, the shock wave of the boom real estate sector hit relentlessly and other countries: United Kingdom, Spain, Australia etc.

4. Losses on stock market

In September 2008, the New York Stock Exchange was volatilizing about 4000 billion dollars. U.S. Stock Exchange recorded the worst drop in crash of 1987. Other sources claim that was the worst drop in history. Overall, from July to September 2008, the Dow Jones fell by 36 percent Italian index S & P/MIB lost 41 percent of its value and the MSCI index / World shares calculated for 28 companies in developed countries fell by 36 percent.

The size of this disaster shows how extreme violence that has hit crisis and turmoil it has produced in stable economies of the world (USA, Asia and Europe).

Financial losses were located and the level of individuals by reducing the value of their shares. Aftermath of the Earthquake on the stock market had recovered in the bankruptcy of many companies and banks.

The resounding failure as the British bank Northern Rock taken over by the government in London since February 2008.

The U.S. went bankrupt Lehman Brothers Holdings and Indy Mac Bancop. Merriell Iepich was sold to Bankof America Corp. and Bear Stearns was bought by IP Morgan Chase and examples may continue.

Surprisingly for this time of crisis, the U.S. State intervention in markets through the acquisition of various banks in difficulty. As Jim Rogers, Wall Street's

major investor said: "United States of America are at this time communist than China. Emphasis is placed on a state of good status for the rich, not for the poor".

This model highly controversial in terms of capitalist but effective monetary policy during the crisis was applied and other Western countries (Belgium, Netherlands, Luxembourg, Austria, Denmark, Germany, Sweden, Ireland). Following the financial crisis is a new style consumerism, which makes the world will focus its priorities towards saving money for retirement, children education or for other reasons. He came to say what support Nicolas Georgescu-Roegen in a conference held at Yale University on November 8, 1972, on "Energy and economic myths", it is necessary to free us from that obsession fanatic, to increase their ceaseless efforts in one direction, whose purpose is contrary to reason to be".

Moreover, the essence of Nicolas Georgescu-Roegen's theory is that "to avoid an economic collapse likely be developed activities less costly materials and energy, since resources are limited.

Today we are witnessing a profound shift in consumer mentality in the U.S. and western countries of Europe, meaning that they have come to think twice before to buy something.

Only the U.S. losses in 2008-2009 due to the crisis, were estimated at 10,500 billion, without taking into account and stock losses in Europe and Asia.

Following is imposing new financial and monetary rules education on how to change the perception of money. This however would require a revolution in education to citizens in education systems.

5. Social and economic situation of Romania in the current financial and economic crisis

Unfortunately, economic and financial crisis struck Romania on a background of deep poverty. Thus, the Romanian of the 9 million (nearly half of the population) who receive welfare are supported material 4.5 million employees-only contributors to the social security budget. These employees maintain and pay the approximately 6 million pensioners. To this end, we present the summary statement in 1990 compared with 2009.

	1990	2009
No. employees	10 million	4.5 million
No. retired	3.5 million	6 million
No. assisted social	2 million	9 million
No. personal budget	900 thousand	1.7 million

Alienation of national wealth by foreign capital, the collapse of the economy and the country's debt by more than 100 billion euros, led to a dramatic fall in living standards during 1990-2009. It is obvious that

under these conditions of economic crisis and the worst financial hit in a weak economy than in other national economies.

In addition effects of the crisis were amplified and weaknesses in governance of the country during 1990-2009. Catastrophic collapse of the national economy during 1989-2009, driven by anti-Romanian policies of the rulers who ruled Romania, dramatically changed the lives of millions of people. For Romania it is hard to get out of crisis, as the national economy has been disastrous given the current rulers and as a result no longer effective administrative levers. Chaotic privatization of the national wealth, practically almost 90% (banks, oil, gas, forests, water, land, buildings, factories, chemical plants, metallurgical, etc.) produced a loss of over 150 billion.

Profits made by companies with foreign capital are transferred to their home countries. In this way, but in 2008, banks with foreign capital in Romania have achieved profits of over 5 billion. A 16 percent tax on profit and income results in an annual loss of 7-8 billion euros.

Solutions that can help improve economic and social situation of Romanian citizens may not be those designed to continue the massive loans from the World Bank or other banks in the U.S. and Europe, as they are in agreement with the IMF, who impose counterproductive for Romania's economic development.

Solutions to end the crisis in the Romanian economy consisting of relaunching the national economy must shift in assets as part of state policy objectives that were privatized illegally or against the Romanian state.

Another solution to end the crisis would be to invest in education and research. The current system for Research, Development and Innovation (CDI) is oversized and developed gradually after 1948 as part of a planned economy. This system is rigid, outdated and incompatible with the market economy and economic globalization.

No reform and under-funding education and research activities that impact on medium and long term will lead to the deepening economic crisis and the narrow spectrum of solutions for solving it. Research must be coupled with reform of education reform, to strengthen research in universities.

6. Final considerations and future

The global financial crisis led to robbing shares worth hundreds of billion and bankrupt banks, which once seemed infallible. Financial and monetary crisis can be considered at a time and an antidote to mankind's habit of perpetual accumulation but also trigger potentially dangerous local wars, regional or global.

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