

European Economic Recession – Effects and Solutions for Romanian Commercial Companies

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Abstract: In this article we treat the issue of the global economic recession that affects the European Union and of course our country Romania..

We refer to the global economic recession and the european recession. After that we will see the notion of commercial companies from Romania with the definition presented according to dispositions of the Romanian Civil Code and the effects of recession at commercial companies and of course the reasons that determined the recession in Romania. And of course what is important to discuss are the solutions to stop the negative effects in respect of romanian commercial companies.

In order to discuss about the process of globalization that determined the global economic recession and the european recession we have to clarify the notion of globalization.

There isn't a definition in an universal accepted form. The reason is that globalization includes a lot of complex processes with a variable dinamique touching different fields of society. It could be a strategy, an ideology, a phenomenon or could be all together.

Globalization is a term used to describe a multicausal process which has as a result the fact that events from one part of the globe influences societies from other part of the globe.

Globalization is a modern term used to describe the changes from societies and from global economy that results from international commerce and from cultural exchange. It describes the increase of commerce and investments because of the collapse of borders and interdependence of states. In economical context it's often met the exclusive referre to commercial effects and in particular to liberalized commerce or free exchange (<http://ro.wikipedia.org/wiki/Globalizare>).

The chaos that exists today derives from the fact that beginning from technological and economical development started especially from USA , an important number of mankind activities are situated on a big scale and horizon which overcrossed national borders.

This phenomenon was named globalization, a term that is difficult to understand. It seems that human activities extended all over the world and so rules and legality became too narrowed.

New players from all around the world have to face new challenges made by monopoly government. Have appeared multinational corporations, global financial markets or criminal organizations. The activity of these new players doesn't have a legal international support because nation states were not capable until now to find a solution for the problem of globalization. Between 1910 and 1950 a series of economical and political changes have reduced dramatically the volume and the importance of international commerce waves. But starting with First World War and continuing with the Second War World, when were created FMI and GATT (General agreement on tariffs and trade), trends have reversed. After the Second War World the international commerce had an unexpected increase because of the stimulated environment by international economical institutions and programs of reconstruction and development. Starting with 1970's the effects of this type of commerce became more visible. So it can be seen the benefits but also the destructive effects. Even if these three aspects are interconnected we have to see the effects of globalization in every political, cultural and economical environment. Another important aspect of globalization is the technological changing and innovation especially in transport and telecommunication fields that contributed to the creation of primordial global village (<http://ro.wikipedia.org/wiki/Globalizare>).

Reduced to economical concepts it can be said that globalization contrasts with economical nationalism and protectionism and affects the European countries.

Four aspects are referring to economical globalization that indicates four types of waves over borders: waves of services for example free exchange, waves of persons, capital and technology. A consequence of economical globalization is the improvement of relations between developers of the same industry from other parts of the world and also can be seen a depreciation of national sovereignty in economical sphere.

In management globalization is marketing or a strategy term referring to the appearance of international markets for large consumption characterized of similar needs and desires of clients, in his way succeeded, for example, to sell same soaps and cars through similar publicitary campaigns to persons of different cultures (<http://ro.wikipedia.org/wiki/Globalizare>).

Another principle effect of globalization is the extent of capitalism from developed countries to countries that are in process of development.

Globalization is the principle cause that determined the recession all over the world including Europe.

The global economic recession started because existed an overproduction all over the world and a scarcity of money. Of course that everything started from United States of America. In Europe the effects of this crisis can be seen from 2008 and this year in 2009 the effects are more visible.

In principle this crisis spread all over the world because exists a global economy that results from international commerce and from cultural exchange.

So the European economic recession continues and a number of countries from Europe are affected more or less.

So the wave of this crisis came from United States of America in 2008 and spread all over the world.

In Romania the crisis started already to have negative effects and in conclusion are affected more or less the commercial companies.

For taking in discussion the effects of recession for commercial companies and of course the reasons that determined the recession in Romania we will present the notion of commercial company.

Corresponding to the dispositions of the Romanian Civil Code the company is a contract by which two or more persons agree to put something in common with the purpose to share the profit that may derive from it. The company has to have a lawful object that has to be made for the common benefit of the parties (art.1491 and art.1492).

Any commercial company has its own judicial personality, it represents a contract, as well as a subject of autonomous law, and in the same time it has a lucrative purpose, because it wants to have material benefits, and benefits of another nature.

The concept of commercial company is used in the legislations of the states in which the commercial law has an independent existence. The appreciation of the commercial character of a company is made after two criteria. In connection to the admitted solution one can use the criterion of the social object or the criterion of the way of establishing.

So the first criterion, the social object, was consacrated by the French Commercial Code from 1807. The social object is a classical criterion, and it is an objective one. A company is commercial if it has been established with the purpose of making acts of commerce, acts that are stipulated as such in the Commercial Code.

Further, the criterion of the form of establishing is adopted by the French Law nr.537 from July, 24th, 1966 on commercial companies. This criterion is a modern and a formal one. A company is

commercial if it was established under the form of a company in common name, company with a limited responsibility or as an anonymous company with stock.

That being so a commercial company that was made in a legal manner, with the fulfillment of all the established conditions of content and form, gets a judicial personality. From that moment on, the commercial company has its own name that is mentioned on the social firm, the name of the company permits the individualisation of the social activity, a social environment, a nationality and patrimony. The company can participate in its own name in the commercial circuit, it has the capacity to stand in court and it has its own patrimonial responsibility.

It is important to know that commercial company has its own domicile that becomes its social headquarters.

In other words the establishing of the company's headquarters has important consequences. In connection to the social headquarters one appreciates: the nationality of the commercial company, the place where the procedure documents are communicated, the abilitated court to judge the litigation in which the company is a part of, the place where some publicity measures are taken, the place where the company can be executed.

In the Romanian law, in order to determine the nationality of a commercial company, we use the criterion of the social headquarters. Thus a company that has its headquarters in Romania has the Romanian nationality, is subjected to the Romanian laws, this criterion is applied also to the companies that have foreign participation.

Another important issue is that the commercial company has its own nationality that is distinct from the one of its members. The notion of nationality expresses the affiliation of the company to a certain state and law system (art. 237 from the Commercial Code). The affiliation of the company can be determined after several criteria: the criterion of the social headquarters, the criterion of the registration, the criterion of the place where the main exploitation is located, and the criterion of control.

The commercial company has its own patrimony, that is distinct from the one of its associates and in the same time it has an autonomous character that is very important.

Once the notion of commercial company has been clarified I will present the effects of recession for commercial companies and of course the reasons that determined the recession in Romania.

A principle effect for commercial companies is the possibility to enter in incapacity of payment because of high taxes that exists in Romania and of course because the state doesn't offer support.

So the commercial companies won't have the necessary sums of money to cover one's expenses for utilities and personal. In conclusion a part of employers will have to lay off a part of the personal and even to reduce the activity.

The reasons that determined the recession in Romania are various. First of all it had been noticed that this recession will affect sooner or later Romania.

Secondly the parliamentary elections from 2008 have delayed the application of some preventive measures. And of course another cause is that the Romanian state has not offered a real support for commercial companies for decreasing the effects.

In other words we have to see forward what solutions could be applied to stop the negative effects in respect of Romanian commercial companies.

An interesting idea is launched at the end of 2008 by president of France Nicolas Sarkozy. He says that a solution is to found a world government of crisis and to be watched over by F.M.I. (<http://www.dailybusiness.ro/tipareste-stire/guvernul-mondial-posibila-solutie-la-criza-financiara-si-recesiune-18305>)

So we can see now Europe, Asia and other economies feel the impact of crisis and in consequence states will have to intercede for saving the economies.

For saving the commercial companies from Romania firstly taxes should be reduced.

It's obvious that if taxes will be maintained, a lot of commercial companies will have to reduce the activity and a part of them will have to be closed.

The healing solution for this recession comes from the Romanian state and the European Union. (<http://www.ugir1903.ro/ugir1903/articol.php.codp=228>)

So the Romanian state will have to reduce taxes and the European Union should support Romania with supplementary funds.

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