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Will Romania Be Capable in 2020 to Keep the Pace with the European Union?

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Abstract: *Analysing the worldwide and the European present day context there appears the problem where Romania will be able to reach the indicators of the "2020 Strategy" in terms of general development. Will Romanian politicians find those necessary resources to face the huge current challenges of a continually changing worldwide policy? The article tries to illustrate some of the causes of the deterioration of the Romanian current political and economic life.*
Keywords: *European Union, 2020 Strategy, EU challenges*

Introduction

I addressed this issue, based on the example of Greece today, the country in a delicate situation in relation to the Union, but especially in relation to their own destiny. With a GDP almost twice as Romania and a new higher standard of living, Greece – a county member of the Eurozone- flirting with the exit of the Union. Member of the European Community in 1981, as a necessity of NATO's southern flank to temper the influence of Moscow, Greece has benefited greatly from European funds, as until 1970 benefited from funds raised through the Marshall Plan.

Greece remains Greece, whatever might happen, but to us, Romanians should give pause Greek lesson, namely, that we need to do your homework before you get into the euro area. This is because the EU has great thoughts from 2020, and Romania may only take lessons before. And, what we are presenting today not impresses anyone.

The central objective of the EU for 2020 is as follows: the Union to become the most competitive and dynamic economy in the world capable of ensuring sustainable development, full employment of labour and social cohesion between states and regions of Europe - according to the Lisbon Strategy in 2008.

The Lisbon Strategy defines development program as follows: "2020 - Operational program for smart, sustainable and inclusive growth and achieving economic, social and territorial cohesion".

These *three priorities are mutually supportive* and are able to help the Union and the Member States to achieve a high level of labour employment, productivity and social cohesion.

1. European Union Major Goals up to 2020

In practice, the EU has *set five major goals* to be met by 2020:

Objective denomination	***EU - 2020***	***Romania 2020***
The rate of employment of the active population aged between 20-64 years aiming to grow up to at least	75%	70%
Massive investments in research and development	3% of the GDP	2% of the GDP
The objective"20/20/20" in matter of climate and energy, meaning:		
a) reduction of gas emissions having a hothouse effect compared to levels in 1990	of 20%	of 20%
b) increasing the importance of renewing energy resources within the total consume of energy	20%	24%
c) increase of the energetic efficiency	20%	19%

Objective denomination	*EU - 2020*	*Romania 2020*
Education: a) reducing the rate of school abandon at early ages, from 15% b) increasing the number of population attending higher education with ages between 30-34 years, from 31%	 under 10% over 40%	 11,3% 26,7%
Reducing the level of poverty by 25%	At least 20 million persons	At least 580 000 persons

These indicators were included in the National Reform Programme of Romania, in 2011-2013 and approved by the European Commission.

To support this development strategy Union has provided a consistent and coherent investment program.

Multiannual Financial Framework (*MFF)* 2014-2020 has a budget of 960 billion euros, of which 2014 were spent 142.6 billion, while the 2015 has provided around 140 billion euros. EU's annual budget is comparable to Romania's GDP and represents around 1% of GDP of member countries.

The ultimate responsibility for the European budget allocation becomes a task of the European Commission, although 80% of funds are managed by member states' governments.

Strict control of public spending in the EU and Member States is given aiming the protection of the Union's financial interests, starting with the European Commission and followed by the European Anti-Fraud Office (OLAF) and the future European Public Prosecutor.

It should be noted that of all EU policies, *fiscal policy* is the one that gives the biggest headaches both in Brussels and in European capitals.

The objectives set by the EU for 2020 implies *a reduction of taxation* across Europe and therefore an extension of the tax base and a more efficient management of tax revenue collection, while lowering public debt and massive investment in public services.

But the single market for goods and services in the EU and the single currency, under the impact of globalization, increasing capital flows and labor have led to essential mutations in the *fiscal policies* of the Member States, directly influencing *tax competition* within the Union.

Tax competition is also a *competition* but also a *conflict* between EU member states. She beat head-policy convergence policy which consumes almost a third of the European budget.

Fiscal unification - as Brussels wants not unanimous political support, as long as the EU is not a federation of states (American model) and where economic policies are not yet fully unified. Unifying tax involves the creation of a Ministry of Finance at European level, to free up the sovereign right of States and economic levers tax which the state intervenes in both the economy and in relation to the citizens, social policy - protection and growth living standards.

Or, countries such as Britain, Spain, Italy, even France, they will never surrender their sovereign rights for the sake of the EU. Also, these developed countries with strong economies will not give up the policy of tax competition, which ensures the protection of rights more wins for the sake of convergence policy of the Union, which would allow, in the future, some states less developed (like Romania) lay claim to equal treatment in various fields. The latter must find their own way to get into areas of influence.

With the Treaty of Amsterdam in 2002, two years before the big accession, when a group of 10 countries (of which 8 former socialist) have joined the European Union - the big countries of Western and foresaw "*flexibility clause"* - an innovation institutional decision-making, allowing them to agree additional rules of existing circumvention of the acquis communitarian in oneself. In other words, western countries have prepared in time scope for the purpose of protection against easterners minded Communist underdeveloped and hungry that ever could be corrupt to enjoy the protection of big brother that I teach lesson "How to become capitalist."

2. Romania Facing the EU Challenges

In the 25 years since the revolution, the Romanians remained captive of its own helplessness to change. If we really want capitalism then we must think and act like capitalists, and not as in the days of "Uncle Nicu."

The tendency to expect from others is a permanent feature of the novel. "Romanians do not make history. They bear "- says psychologist Claudiu Ganciu. Romanians see the EU authority, not a partner.

"In Romania learn chaotic and bad works" - says Professor Marin Dinu book "Winners and losers in the transition period in Romania". 80% of graduates are practicing in areas other than those in which they prepared because the market does not offer alternatives.

"There is no policy the best of all. The state should not (must not) be smarter than the market "- says the Austrian Reinhard Blum in his book" organizational principles of the market economy ". **John Maynard Keynes** - a giant of economics of the twentieth century said in 1933: "Capitalism decadent international but individualistic in the hands of which we found ourselves after World War is not a success. It is not intelligent, it is not nice, it is not fair, it is not virtuous and not brings the promised goodies. In short, we do not like and begin to despise. But when we wonder what to put in its place, we fall into perplexity ".

Two great thinkers of economics - John Stuart Mill and Karl Marx - have published their books in the same year - 1848 Mill published "Principles of Political Economy" in praising capitalism and Marx published "The Communist Manifesto" in which wants to bury capitalism. However, his ideas beyond the “class” Marx remain the thinker who saw capitalism is inherently unstable and prone to crisis.

The same is stated by Nouriel Roubini, a specialist of economic crisis, saying that "in the history of modern capitalism, crises are the rule, not the exception. Financial crises take of many forms and wear masks.” Roubini also says that on all financial markets there is a saying: "When the United States sneezes, the rest of the world gets flu".

Turning to the economic development policies, noted that more growth is not necessarily the solution to alleviating disparities, social polarization. For economic inequalities, political and social - which are interlinked - must find structural solutions, deep and not half measures.
The problem is not lack of resources in Romanian, but their poor distribution! Economics studying how resources are productive economy, analyzed and Adam Smith in his book "The Wealth of Nations", i.e. land, labor and capital - the fourth day being productive resource - information.

Resource allocation must satisfy two conditions:

- An efficient allocation and
- Fair allocation.

The term "political economy" - today become obsolete - was established in 1615 by the French economist Antoine de Moncrestien, in the book "Treaty economy," which comes from three Greek words:

- "Oikos" - administration, household
- "Nomos" - law,
- "Polis" - city, having as derivative, "Politeia", which means social organization.

Among other things, defines political economy "opportunity cost" or cost option as the best alternative for resource allocation, sacrificed to alternative chosen by the ruling political power.

Unfortunately, Romania does not take into account the opportunity cost even for theoretical simulation. It works with low costs in exchange for opportunists.

Therefore, economic Reforms in Romania since 1990 have been associated with high social costs. In many cases There Was a strong pressure on the state to conduct two *simultaneous processes*: imposing discipline on state enterprises and encouraging the formation of new firms by private entrepreneurs. All these adjustments generated losses in the short term (inevitably) leading to phenomena such as: a rising inflation, unemployment, and ultimately increasing poverty. Although the legislation encourages the entering on the market of potential entrepreneurs, competition produces effect only on medium and long term (" the light at the end of the tunnel").

To solve these problems needed credibility of governments. But this hardly happened. In this tangle of legislation, political campaigns, strikes and street movements, there were interest groups that have gained enormously, speculating situations such as:

- Defining unclear ownership, prior to privatization;
- Partial liberalization of prices;
- Incomplete trade liberalization etc.

Within these interest groups activated three categories of stakeholders - as Professor Silviu Cerna argues in the book "Transition and interest groups", namely:

- New entrants;
- Oligarchs and political clientele - namely the "smart guys", those "speculative ones" of the old system, not even coming from the front line but, from the third line;
- Workers in the state system, individuals with low skills and reduced abilities to enter the competitive market.

Thus the Romanian industry has been abandoned, sold for nothing and then destroyed to allow - at any price - foreign capital to flood and destroy everything that was Romanian, for not being able to count on the Romanian market.

This policy reached its "strategic goal" reclaimed by Petre Roman, in 1990, that "Romanian industry is a pile of scrap metal." Thousands of factories are no longer today than on the internet and in archive form a diptych longer and more pathetic than what's diptych comprising aimless youth who died in 1989.

If EU and NATO did not come up onto us, we would have been even today in a transition, because interest groups that have seized power in the state were concerned that things stay that way, because they liked to "fish" in troubled waters.

Conclusions

Romania joined the European Union in 2007, based on a minimum agenda, because it served the interests of NATO. In 2007, we were a divided and polarized society:

- 60% of the population was living in abject poverty;
- 10%, in contrast, the new capitalist elite, who had no manners Western Balkan it;
- A non-existent middle class, which would have to place small entrepreneurs;
- Unions abolished because it no longer had the industry, and their leaders were drawn to higher ideals (government or parliament).

When joining the EU, Romania had a level of development with less than a third of the European average and about 30% of the working population engaged in subsistence agriculture. More than 3 million Romanian already emigrated to the West, while within the country there remained 6 million pensioners and only 4.5 million employees, of which 1.5 million in the budgetary sector.

Political power was wielded by a handful of privileged players, determined to not be accountable to the law or to bear constraints.

By the end of 2006 several ministries had not "training programs" for staff training, to be able to apply and manage EU funds.

Not having a post-accession program, the reforms have almost completely ceased, and when the global crisis was felt in Europe (1st trimester 2009), most economic indicators Romania worsened suddenly and financial situation worsened considerably.

Increasing budget deficit, both due to the economic recession and chaotic policies led by authorities, made Romania in 2010, to borrow from the IMF and EU, indebting the population - already poor - to bear on long-run the burden of foreign public debt.

In the book "The Romania Lost Decade: the Wonder of European integration after 2000", published in 2010, the British Tom Gallagher shows that slowing or even stopping reforms after joining the EU, is the consequence of the Romanian elite, highly versed on simulation change ". Unfortunately, it is quite right.

And, to be patriots, we give you a vernacular slogan: "Here is your money!" Is a phrase taken from the American mobster Willie Sutton, who in the 1800s was breaking banks on the grounds that there was money, although the money was invested in the financial market.

Because speaking of money, I would like finally address two phenomena on the agenda in Romania: poverty and corruption.

When poverty is imposed, it is a question of exploitation of sadness and despair and even violence against society, against the wealthy or against it, itself.

Sometimes fear is born that social assistance can have perverse effects - an urge to laziness.

Poverty goes hand in hand with corruption. According to Explicit Dictionary, corruption is a violation of morality, and the phenomenon of decay, downgraded degeneration. Unfortunately, corruption is imprecisely defined, placing corruption more on the basis of morality and less under the basis of law.

Corruption is perceived as an indicator of the moral state of the nation, due to lack of social control of the most important state institutions or even the involvement of these institutions in an illegal private sphere.

Corruption is a real, extended and extremely dangerous phenomenon in Romania.

However, there are voices that argue that emphasizing the *exceptional character* of Romanian corruption is *a myth* built by Romanian and foreign alike, aimed at weakening the Romanian state and Romanian marginalization in European and Euro-Atlantic order.

Romanians do not possess a gene of corruption requiring either their isolation or application of harsh therapies through socio-genetic engineering capable to modify their socio-cultural DNA.

Corruption is a global phenomenon that is found at all levels of society and in all fields. However, it has a quiet relative character socially speaking, because what in a society is seen as corruption, in another one can be accepted and allowed. Therefore, the actions of corruption are not universally available, but vary from one society to another.

As results from the European Commission data about corruption reflected on a period of 10 years: from 2004 to 2014, the underground economy in Romania was estimated at 33.5% of GDP, almost 40 billion euros, and in 2014 had fallen to 29 % of GDP, representing more than *1,300 euros for every Romanian*. Comparing the minimum wage of 900 lei in Romania or 1,400 euros in France – we arrive again at the famous slogan "*here is your money*!".

At the level of EU (euro area) underground economy represents around 15% of GDP, of which: Germany - 13.3% GDP in 2014, France - 10.8%, Netherlands - 9.5%, Austria - 7.6%.

Following the generalization of corruption worldwide (1,000 billion dollars), the Organization for Economic Co-operation and Development (OECD) adopted in 1997 the Anti-Bribery Convention. As a result, European countries and Australia, Japan, Mexico etc. have passed the taxation of bribes given by traders.

It mentioned that according to interest big countries have a paradoxical approach to corruption. On the one hand, officials are condemning corporations that provide money to bribe officials in other countries.

On the other hand, supports petty corruption: business travelers and other presents worth up to $ 1,000 for boosting business.

It is said that corruption is a *major perverse effect* of government policies. We note that not only has perverse effects, but its causes are perverse – that is the policies implemented by the government.

There is a fable of perverse effects. When Caesar conquered Gaul (modern France), the main income of the Champagne region was derived from sheep farming. Region residents paid tribute to Rome in nature (sheep). To facilitate trade and boost the regional economy, Caesar duty-freed flocks of less than 100 sheep. Immediately after, however, the peasants have never declared or preserved than flocks of 99 sheep or less. Informed of this, the Roman emperor decided as the shepherd himself to be counted as "sheep's head". Since then there circulates the adage, popular in France, according to which "99 sheep and a Champenoise make 100 animals!"

Supplementary recommended readings

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