ABOUT DEFICIT MANAGEMENT IN THE CONDITIONS OF MARKET INTEGRATION AND GLOBALIZATION

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The expansion of the world trade, the unprecedented opening of the national markets, the regional integration and the consistency of globalization represent challenges having in view the management of the internal balances between cashing ins and payments both for the architecture of the international, regional, national and firm economic policies as well as for the farmsteads or individual consumers.
The coexistence of the external/commercial and internal/budgetary deficits at the macroeconomic level, simultaneously with the accumulation of some high level of debt for the states, non-financial and financial economic agents, population farmsteads, requires new theoretical and practical approaches, new institutions and policies meant to manage the sustainability of the growth and diminution of the risks of some more and more unpredictable slippages.

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1. The evolution of the external deficit

Traditionally, the Romanian people are not fans of the development through deficits or credits/debts.

The culture and the behaviour of the lack of debts has been crystallized, at least in the last two hundred years since the leeches and the small banking institutions appeared on the Romanian territories.

Also, as a biblical inheritance, the Romanians still consider the financial institutions as "parasites". This is due to the fact that almost never in the history the Romanians have never set up banks to collect their savings and to cover the possible debts through financial intermediation (as a proof of this, currently, more than 90% of the banking capital in Romania is represented by the foreign banks).

In the modern times, the feelings of debt rejection have been supported by the effort of the 80s for the payment off of the external debts.

After 1990, in the political discourse and sometimes in the so-called scientific discourse, more and more there have occurred ideas trying to cultivate and even eulogize the advantages of indebtedness and also to reject its disadvantages in order to stimulate the economic growth and "to improve our image in front of the international financial bodies".

Thereby, in the last 10 years (1998-2007), Romania's external deficits have increased almost exponentially: the balance sheet of the current account rises from 2.6 billion euro to 16.7 billion euro (6.3 times), with a weight in the gross domestic product of 3.7% in

2000 and 13.5% in 2007; the deficit of the trade balance has increased from 3.1 billion euro to 21.8 billion euro (6.9 times), the weight in the GDP evolving from 8.4% in 1998 to 17.6% in 2007.

In the same interval, the gross domestic product has increased from 37.4 billion euro to 123.7 billion euro (3.3 times).

As a conclusion, it can be noticed that for the GDP to grow with one unit it is necessary a double increase of the external deficits.

2. About the internal indebtedness

The need of financing the economy represents an ascending expansion from 1.3 billion euro in 1998 to 8.07 billion euro in 2006 and 22.1 billion euro in 2007 (table 1); in other words, in the first year of European integration the need of financing has increased more than 2.5 times.

Table 1: The capacity (+)/need of financing (-) of the institutional sectors

million lei, current prices

	1998	2000	2002	2003	2004	2005	2006	2007
Total sectors	-1,300	-2,938	-10,668	-18,314	-19,051	-24,570	-28,432	-73,703
Non-financial companies	-1,665	-7,950	-17,701	-25,170	-22,057	-47,414	-16,328	-64,499
Central Bank	-309	-747	-1,190	66	-2,872	103	-4,763	-2,140
Other financial-monetary institutions	-384	477	-198	-1,147	947	-2,378	10,436	-830
Other financial intermediaries	422	319	-135	562	-407	198	719	1,769
Financial auxiliaries	5	-92	60	87	85	195	252	304
Insurance and pension funds companies	-39	-335	248	-219	-590	217	28	-992
Public administration	-1,182	-3,546	-3,025	-2,920	-2,924	-3,332	-7,581	-10,549
Population households	1,815	8,733	10,014	9,879	7,742	23,995	-13,564	2,107

Source: Personal interpretation of the "National financial accounts 1998-2007", National Bank of Romania, Bucharest, 2008.

The largest Part of this need is written down in the accounts of the non-financial companies and those of the public administration; they got 87.5% and 14.respectively from the total need of financing from economy.

Regarding the annual final stock of credits, its dimension has increased from 21.5 billion euro in 1998 to 100.9 billion euro in 2007. With regard to the gross domestic product, the credit value represented 47.5% in 2000 and 81.6% in 2007 (table 2).

Table 2: The credit value on institutional sectors (final stock)

million lei, current prices

	1998	2000	2002	2005	2006	2007
Total sectors	21,435	38,165	77,654	169,637	237,870	336,680
Non-financial companies	14,460.0	23,377.0	46,615.0	91,055.0	119,080.0	178,345
Central Bank	625	1,174	1,426	808	12,050	1
Other financial-monetary institutions	784	647	1,183	13,065	21,266	30,567
Other financial intermediaries	4,886	12,064	23,737	31,301	28,282	30,939
Financial auxiliaries	3,058	7,375	15,849	14,650	13,829	18,846
Insurance and pension funds companies	7,944	19,439	39,586	45,951	42,111	49,785
Public administration	541,0	673,0	3,324.0	26,904.0	46,500.0	72,776
Population households, total	113	201	592	2,548	5,038	10,717
Gross domestic product	37,397.8	80,377.3	152,017.0	288,954.6	344,650.6	412,761.5
% of credits in GDP	57.3	47.5	51.1	58.7	69.0	81.6

Source: Personal interpretation of the "National financial accounts 1998-2007", National Bank of Romania, Bucharest, 2008.

The credits' institutional structure (table 3) shows some significant changes: first of all it can be noticed that from the total of the non-governmental credit, the foreign currency credits represented only 3% in 1990 and in 2007 their weight reached 55%; in the second place, in the last years the weight of the population households in the total credits has increased (2.7% in 1998, 1.8% in 2000 and 21.6% in 2007), while the public administration reduces its weight from approximately 35% in 2001 to 9.2% in 2007.

Table 3: The credit structure on institutional sectors (final stock)

%

	1998	2000	2002	2003	2004	2005	2006	2007
Total credit	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Non-financial companies	67.5	61.3	60.0	56.9	55.5	53.7	50.1	53.0
Central Bank	2.9	3.1	1.8	1.9	1.0	0.5	5.1	0.0
Other financial-monetary institutions	3.7	1.7	1.5	2.9	5.8	7.7	8.9	9.1
Public administration, credits	22.8	31.6	30.6	26.2	23.0	18.5	11.9	9.2
Population households	2.5	1.8	4.3	9.8	12.0	15.9	19.5	21.6
The rest of the world	0.5	0.5	0.8	0.4	0.3	1.5	2.1	3.2

Source: Personal interpretation of the "National financial accounts 1998-2007", National Bank of Romania, Bucharest, 2008.

3. The evolution of the debt cover sources

The value of the credits is mainly compared to the gross operating surplus, with the available gross income and with the gross domestic product.

From 1998 to 2006, the data from the national accounts and from the financial national accounts show that the **gross operating surplus** on total of economy increased from 18.1 billion euro to 49.6 billion euro; this represented 48.3% and 50.7% respectively from the gross domestic product.

Out of the total of the gross operating surplus, in 2006, the non-financial companies got 52.5% and the population households 41.6% (Table 4).

Table 4 : The gross operating surplus on institutional sectors

million lei, current prices

	1998	2000	2002	2003	2004	2005	2006
Non-financial companies	8,702.4	13,849.1	33,779.0	46,569.4	60,428.4	69,389.6	91,649.6
Population households	9,704.4	21,232.1	38,795.3	43,505.4	59,457.0	63,372.2	72,731.9
Public administration	63.1	623.5	1,742.2	10,238.7	7,167.1	7,525.5	7,901.7
Financial companies	167.4	789.1	2,249.1	1,643.0	2,837.1	2,520.3	2,011.1
Others	-564.8	-827.3	53.8	-5.8	776.7	184.7	363.6
Total economy	18,072.5	35,666.5	76,619.4	101,950.7	130,666.3	142,992.3	174,657.9
Gross domestic product	37,397.8	80,377.3	152.017.0	197,427.6	247,368.0	288,954.6	344,650.6

Source: "Statistical Yearbook of Romania", National Institute of Statistics, Bucharest, different issues and the "National financial accounts 1998-2007", National Bank of Romania, Bucharest, 2008.

During 1998 - 2006, in nominal terms, the gross domestic product increased approximately 9.2 times and the gross operating surplus of 9.7 times out of which 10.5 times at the non-financial companies and 7.7 times at the population households.

The financial position of the non-financial companies (Table 5) shows that their degree of indebtedness with regard to the gross operating surplus (GOS NFC) has evolved from 168.8% in 2000 to 129.9% in 2006.

Table 5: The financial position of the non-financial companies (million lei, current prices/%)

	1998	2000	2002	2003	2004	2005	2006
GVA NFC	19,668.3	39,419.1	76,559.1	97,869.6	122,318.3	145,350.9	175,743.6
GVA NFC/GDP(%)	52.6	49.0	50.4	49.6	49.4	50.3	51.0
GOS NFC	8,702.4	13,849.1	33,779.0	46,569.4	60,428.4	69,389.6	91,649.6
GOS NFC/GOS total (%)	48.2	38.8	44.1	45.7	46.2	48.5	52.5
NFC credits	14,460.0	23,377.0	46,615.0	58,879.0	71,683.0	91,055.0	119,080.0
NFC credits/ Total Credits(%)	67.5	61.3	60.0	56.9	55.5	53.7	50.1
NFC	166.2	168.8	138.0	126.4	118.6	131.2	129.9

credits/GOS NFC (%)							

Source: Idem Table 4.

The ratio between their credits and the gross value added (GVA NFC) was of 73.5% in 1998 and 67.8% in 2006.
For the population households, the ratio between the credit value and the gross operating surplus represented 5.6% in 1998, 3.2% in 2000, 42.5% in 2005 and 63.9% in 2006 (Table 6).

Table 6: The financial position of the population households (million lei, current prices/%)

	1998	2000	2002	2003	2004	2005	2006
Available gross income (AGI)	25,792.7	58,627.2	101,716.2	116,541.2	156,328.9	176,783.9	204,488.3
AGI PH/ PIB (%)	69.0	72.9	66.9	59.0	63.2	61.2	59.3
GOS PH	9,704.4	21,232.1	38,795.3	43,505.4	59,457.0	63,372.2	72,731.9
GOS PH/ Total GOS (%)	53.7	59.5	50.6	42.7	45.5	44.3	41.6
PH credits	541.0	673.0	3,324.0	10,182.0	15,421.0	26,904.0	46,500.0
PH credits /Total credits (%)	2.5	1.8	4.3	9.8	12.0	15.9	19.5
Credits PH/AGI PH (%)	2.1	1.1	3.3	8.7	9.9	15.2	22.7
PH credits/ GOS PH (%)	5,6	3,2	8,6	23,4	25,9	42,5	63,9

Source: Idem Table 4.

Compared to the available gross income of the households (AGI PH), their credits represented 1.1% in 2000 and 22.7% in 2006 (Table 7).

Table 7: The ration between the internal credit of the public households and the money incomes

	1998	2000	2004	2005	2006	2007	2008
PH credits (mil. lei)	541.0	673.0	15,421.0	26,904.0	46,500.0	71,507.0	99,210.0
Total fund of net salaries (mil.lei)	6,713.4	11,871.9	32,123.2	40,812.2	48,499.5	61,082.0	73,935.5
% PH credits/total fund of net salaries	8.1	5.7	48.0	65.9	95.9	117.1	134.2
Total money income of PH (mil. lei)	12,297.9	22,831.5	72,557.9	85,220.6	98,935.8	121,073.6	159,408.0
% PH credits /money incomes	4.4	2.9	21.3	31.6	47.0	59.1	62.2

Source: Processing based on data from the "Statistical Yearbook of Romania", National Institute of Statistics, Bucharest, different issues and the "National financial accounts 1998-2007", National Bank of Romania, Bucharest, 2008.

Comparatively with the money incomes of the households, the credits represented 62.2% in 2008, up against 2.9% in 2000 and with regard to the total fund of net salaries received by the households, the credits were 1.34 times higher in 2008.

4. International comparisons and final remarks

Regarding the external deficits, especially after 1980, there has occurred the trend of deregulations, based on the promotion of the free movement of goods, services, capital, and the labour force.

In the last decades, we have been actually witnessing a competition in order to forestall the purchasing power of some countries by the others through export. The support of the exports and of the balancing of the trade deficits has led to the development of the theories regarding the competition which, in our opinion, is not necessarily linked only to productivity.

It is, among others, by the braking of the pay rises in countries with high salaries, by the providing of low interest credits by the export production companies, by the transparent or less transparent state aids, by dumping and by the national currencies exchange rate policies.

There are more and more required "the price makers" and "the market makers" and "the price receivers" and "captive economies and markets" respectively. The catching and maintaining of the purchasing power for the importing countries, especially for the population households is done through advertising labelling, through the so-called supremacy and welfare of the consumer and through the unprecedented development of the consumption credits.

In Romania's case, the export and the import have an extra significance from the perspective of the double deficit (external/commercial and budgetary), which is sanctioned and nourished both by the high interest rates as well as by the impact of the national currency rate of exchange.

For the euro zone countries and for the USA, the power and supremacy of the two currencies seem to represent a much more important factor with regard to productivity.

Romania would need specificity and even autonomy of its economic and commercial policies allowing it to promote some countercyclical measures of economic relaunch.

The deficit management through a triangle of currencies (leu, euro, dollar) represents a balancing exercise with many risks.

The consumption credits in lei or euro, as a stimulus of the economic growth, can complicate the relaunch of the internal competitive economic growth.

The national offer of goods and services cannot meet rapidly, from one day to another, the requirements of different exchange rates and interests, not mentioning those of quality and diversification.

Before any production for export, the Romanian middlemen are facing the situation of not having anymore access to even the internal market; for them, the main objective may be the winning of the national market which is practically a component of the global market.

The national purchasing power, supported by the reduced salaries is forestalled by the import goods. The low salaries ensure a reduced taxation basis and less and less incomes for different budgets, which are skidding towards deficit. The different deficits feed the inflation, maintain the high interests, not allowing the relaunch through consumption nor through investments.

It is hard to believe that in the current conditions, the Central Bank could manage through efficient monetary policies the different effects of the economic turbulences (the collapse of some assets' value or their exponential increase, the management of the exchange rate through the permanent reference to two reference currencies which have in the background scale economies and monetary bases of hundreds of times more powerful, the use of an internal reference interest compatible with the inflation and the needs of economic growth through credit). The interest is a productivity lever much more important than the level of salaries or the qualification of the labour force.

The persistence of some extremely high interests in Romania in the last two decades can be considered as the main brake for the modernization and competition of the Romanian companies.

The preoccupation, which has become a fixed idea, regarding the maintenance of the competition through low salaries is for many reasons extremely unproductive for the economic growth.

It would be an error to consider the current economic crisis as a simple accident; it is worth trying to explain and understand why the worlds of the last two decades has become tributary to indebtedness in order to support a growth higher than the internal offer of different economies.

In contrast to Say's Law, this offer has not created its own demand; the others' offer, through price and consumption credits, supports the demand and unplugs the real economy from the financial economy.

Currently, the European Union is built on an antagonistic coexistence of three models: that of private indebtedness, that of hypercompetition and the social European one, called "the European triangle of incompatibility".1

Based on the Maastricht criteria, in the community countries, the public administration's rate of indebtedness cannot pass 60% of the gross domestic product (GDP); this has generated the skidding of the rate of indebtedness for the companies and for the population households which are not restricted through convergence criteria.

In the same time, we are witnessing the persistent coexistence of the commercial deficits in the USA and the surpluses in some powerful emerging economies (China, India, South Korea etc.).

Regarding the deficits, with their dimension and distribution on institutional sectors and the debt management, the economic globalization leads to unpredictable, many times pervert results and effects. The intermediation and recycling of some deficits and of the others' surpluses bring profits for the financial-banking sector and losses for the real economy of different countries.

Generally, in the last decades, there has been the transition from the preoccupation regarding the debts of the developing countries to the preoccupation for the debt management of the developed countries.

Many economies' funding capacity shows a decreasing trend (table 8).

Table 8: The funding capacity of some economies (in % of GDP)

Country	Media 1997-2001	Media 2002-2006	2006
Belgium	4.8	3.9	3.4
Germany	-0.7	3.7	5.2
Ireland	1.6	-1.3	-4.0
Greece	-3.9	-8.4	-9.6
Spain	-1.4	-5.0	-8.1
France	2.0	-0.8	-2.1
Italy	1.4	-0.9	-1.9
Holland	4.6	6.8	7.3
Austria	-1.1	2.5	3.3
Portugal	-6.4	-6.7	-8.8
Finland	7.4	7.0	5.9
Bulgaria	-2.5	-8.0	-15.0
The Czech Republic	-4.0	-4.4	-2.7
Denmark	1.4	3.0	2.4

1 Jöel Bourdin, Yvon Collin, "Rapport d`information no. 342", Sénat France, 8 avril 2009 (page 196).

Latvia	-8.6	-6.6	-8.9
Hungary	-7.6	-6.9	-5.7
Poland	-4.1	-2.3	-1.2
Romania	-4.8	-5.5	-10.3
Sweden	3.9	6.1	6.3
United Kingdom	-1.4	-1.9	-3.2
EU 27	-0.3	-0.6	-1.8
USA	-2.9	-5.3	-6.1
Japan	2.3	3.4	3.9

Source: OECD, Perspective economice/ Economic Perspectives, 1/2008.

As it can be noticed, Romania does not show a positive evolution.
In spite of all these, regarding the weight of the **public debt in GDP**, Romania's situation seems better than that of some developed countries (table 9).

Table 9: The gross debt of the public administration (% in GDP)

	1996	2000	2005	2007
Belgium	127.0	107.8	92.1	83.9
Greece	111.3	103.2	98.8	94.8
France	58.0	57.3	66.4	63.9
Italy	120.9	109.2	105.9	104.1
Romania	-	26.5	16.1	13.1
USA	73.4	58.2	63.4	-
Japan	93.9	134.1	164.0	-

Source: "Eurostat" and "National financial accounts 1998-2007", National Bank of Romania, 2009.

Comparatively with different countries of European Union, the public debt and the debt of the Romanian middlemen is still at sustainable levels (Table 10).

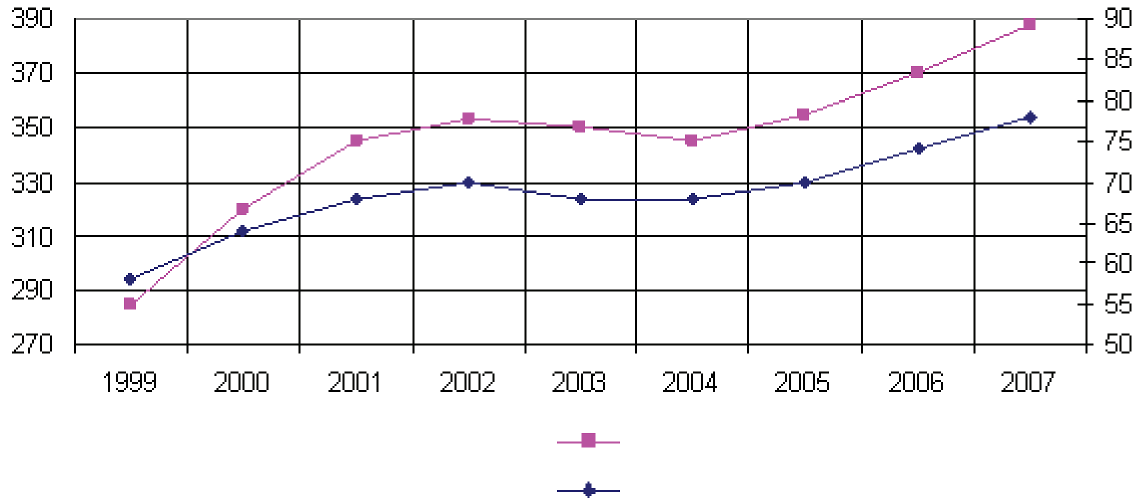
Table 10: The debt of the euro zone and Romanian middlemen in 2007 (% of GDP)

	Public debt (1)	Private non-financial sector debt (2)	Total debt (1+2)	The weight of the public debt in total 1/(1+2)
Belgium	84.9	118	202.9	41.8
Germany	65.0	125	190	34.2
Ireland	25.1	218	243.1	10.3
Greece	93.4	101	194.4	48.0
Spain	36.2	200	236.2	15.3
Italy	105	108	213	49.3
France	64.2	140	204.2	31.4
Holland	46.8	205	251.8	18.6
Austria	59.9	135	194.9	30.7
Portugal	64.4	200	264.4	24.3
Finland	35.3	118	153.3	23.0
Euro zone average	61.8	151.6	213.4	28.9
Romania	13.1	43.2	56.3	23.3

Source: Jöel Bourdin, Yvon Collin, "Rapport d`information no. 342", Sénat France, 8 avril 2009 and "National financial accounts 1998-2007", National Bank of Romania, 2009.

From 1999 to 2007, in the euro zone the **middlemen's rate of indebtedness** with regard to the gross operating surplus increased from approximately 280% to approximately 390% and in comparison to the GDP the rate of indebtedness increased from approximately 56% to 78% (Graph 1).

Graph1: The evolution of the enterprises' rate of indebtedness with regard to the gross operating surplus and the GDP in the euro zone (%)



The indebtedness rate of the non-financial companies with regard to GOS (left scale)
The indebtedness rate of the non-financial companies with regard to GDP (right scale)

Source: Jöel Bourdin, Yvon Collin, "Rapport d`information no. 342", Sénat France, 8 avril 2009

In Romania, in comparison to the gross operating surplus, the middlemen's indebtedness evolved from 166.2% in 1998 to 129.9% in 2006, and in comparison to the GDP from 38.7% in 1998 to 34.6% in 2006 (Table 5).
Regarding the rate of indebtedness of the households, the comparison between Romania and different European countries shows significant differences (Table 11).

Table 11: The households' rate of indebtedness (% with regard to the available gross income)

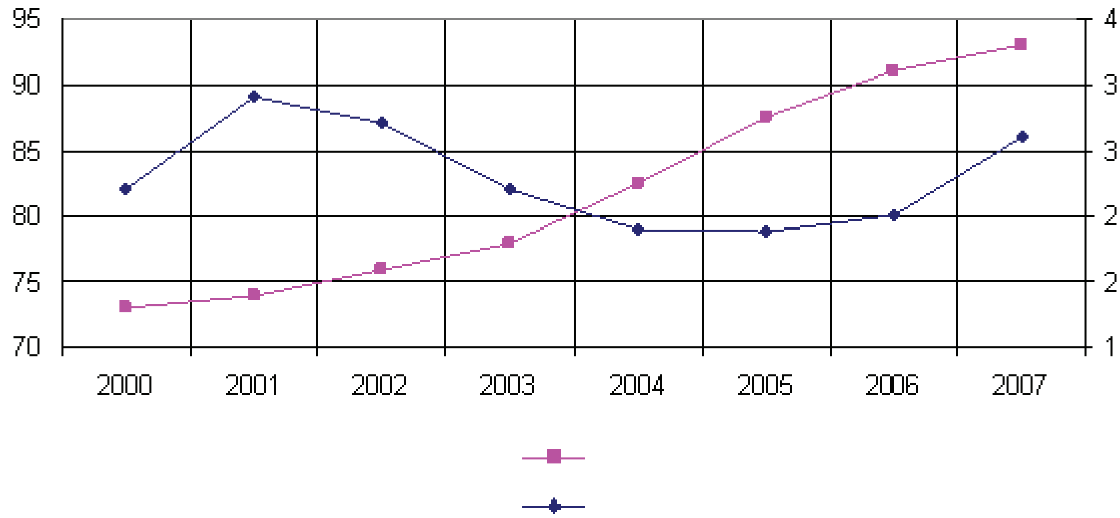
Country	Holland	United Kingdom	Portugal	Germany	Spain	Belgium	France	Romania
1995	120.0	110.0	63.0	92.0	50.0	58.0	80.0	2.1
2003	200.7	129.2	111.3	104.5	92.4	63.5	60.2	8.7

Source: Bank of France, "National financial accounts 1998-2007", National Bank of Romania, 2009.
*Note: *-1998*

In 2005, the weight of the households' credits in Romania in the available gross income increased to 15.2% and in 2006 increased to 22.7%.
As an average, **the households' rate of indebtedness** in the euro zone **in comparison to the available gross income** increased from approximately 72% in 2000 to 93% in 2007 (Graph 2).

These evolutions justify to a certain extent the assault of the consumption credits coming from the banking system for the population households in Romanian during 2005-2008. The support of the purchasing power of the population and its attraction through credits offered usually in order to create the market for the import products brought by the hypermarkets, represents a phenomenon amputating up to cancelation any effort towards competition through low salaries and high productivity of the Romanian producers.

Graph 2: The evolution of the population households' rate of indebtedness (in comparison to the available gross income) and the interest rate in the euro zone (%)



The indebtedness rate of the population households with regard to the available gross income (left scale)
The interest rate (right scale)
Source: Jöel Bourdin, Yvon Collin, "Rapport d`information no. 342", Sénat France, 8 avril 2009.

The low salaries and the high interest credits in Romania are the levers supporting the competition of the others' exports and not the production and the Romanian export.
Another image of the differences between Romania and other countries is provided by the **average level of indebtedness per inhabitant:** in 2004, in thousands of euro, this was of 39.8 in Denmark 32.8 in Holland, 26.0 in the United Kingdom, 22.7 in Ireland, 19.7 in Sweden, 18.8 in Germany, 14.5 in Austria, 12.4 in Spain, 11.1 in France, 10.9 in Belgium, 10.3 in Portugal, 6.6 in Italy, 4.7 in Greece and only 175 euro in Romania; in 2008, the equivalent in euro of the population households credits, as an average per inhabitant, increased in Romania to 2,516 euro.
This image seems extremely favourable for Romania, but if we compare the annual levels of the salaries in Romania and in the other countries of the Union, the conclusions change. Also, we cannot forget that the interest rate in the euro zone is somewhere around de 2-3%, while in Romania the interest for the euro credits is at least double and for the lei credits is five times higher. Through all these interests, both the middlemen as well as the population are exposed also to a non-competitive, discriminatory situation.
Usually, for the middlemen if the capitalization is higher than the interest rate, these can borrow; the axiom is working in the euro zone, where, "the norm" is of about 15% for the dividends or profit at an interest rate of approximately 3%.

It is easy to think which capitalization is necessary for the Romanian middlemen with regard to the interest rates for credits and also how it can be judged the equality of treatment on the field of competition and competition policies.

The economic growth regime maintained by the debt expansion has led to the increase of the money supply in a rhythm of 6-12% a year after the euro creation; in the same time, the negotiable payment instruments (debt securities) have increased in the euro zone with 15.7% in 2005, 54.5% in 2006 and 60.2% in 2007.

The financial markets “inflate” the value of the shares and capital and the salaries are traded on the stock exchange, a fact which leads to the delocalization of the production towards low salary countries and to the “profit recycling” through speculative financial operations. Thus, we are witnessing relative deformations of the price of the labour and capital factors.

Contrary to expectations, the commercial surplus of the low salary countries makes the deficit of the commercial partners; it is not anything surprising in these tendencies because the economic science and knowledge must teach people especially how some economic theories and policies do not function.

Axiomatically, if the interests lower, the stock exchange capitalization and the market value of the real estate properties increase. In many countries these enhance in a faster rhythm than the GDP.

The households and the middlemen can thus borrow more, even though the physical number of goods and buildings has not grown. The mortgage on a house allows a higher and higher credit with regard to the usual income.

Regarding the productivity though, in the last hundreds of years, it was not possible for this to grow with more than 2-3% a year. The productivity is a result of the rational knowledge and choices, while the price of the shares and the price of the real estate are the product of the “irrational exuberance.”2

The annual growing rhythm of the house price (Table 12) does not correlate either with the GDP or with the evolution of the productivity or of the households’ incomes, just like the price of the shares does not seem to have any connection with the productivity, the GDP or the households’ incomes, including the salaries.

On average and long term, it has been noticed that between 3 and 5% of the value growth for the housing is reflected annually in the increase of the demand for all sorts of goods and services (consumer product goods and services, the demand for the luxury automobiles, refrigerators, holidays etc.).

Table 12 : The annual growing rhythm for the housing (%)

Country	1981-1990	1991-2000	2001	2002	2003	2004	2005	2006	2007
Germany	-1.6	0.1	-1.9	-3.3	-2.0	-3.8	-2.0	-1.1	-0.6
Spain	6.6	1.3	6.5	12.8	16.3	14.9	10.9	6.3	3.8
France	7.1	0.1	6.0	6.2	9.3	12.5	13.2	10.1	6.8
Italy	1.6	0.2	6.0	6.6	7.1	7.6	5.2	4.4	3.9
Holland	-2.1	7.8	5.6	4.2	2.4	2.7	3.3	3.1	2.5
Finland	8.6	-1.8	-3.5	8.4	4.5	6.0	5.1	8.5	7.3
Denmark	-0.3	3.1	3.5	1.3	1.1	7.9	15.6	19.2	3.4
United Kingdom	6.8	1.1	6.9	14.6	14.5	10.3	3.5	3.8	8.3
USA	0.9	0.3	5.0	5.2	4.5	7.7	9.3	5.6	1.2

Source: Eurostat, OECD.

The countries with strong currencies generally have other behaviour with regard to the deficit and the debt. The USA deficit, for instance, is the others’ surplus; the important

[2] Alan Greenspan, “Era turbulenţelor”, Editura Publică, Bucureşti, 2009.

problem for the USA is not necessarily the dimension of the deficit but what others do with the dollar surpluses. If these surpluses are used to buy securities, bonds, shares etc. in the USA, the money goes back.
China and Japan’s surpluses hold on the exchange rates of their own currencies and increase the value of the dollar’s exchange rate. The protectionism is exercised “involuntarily” at a global scale, through the exchange rate and not necessarily through commercial policies.
Romania is far from having the force to take part in such global games, at least until the adoption of the euro currency.
In spite of all these, the current degree of indebtedness of the middlemen and of the households can be a potential for future profit for those who will offer credits.
If we bring into discussion, for instance, only the evolution of the land price, the reliance of the indebtedness seems to provide a future certainty.
For instance, the evaluation of the agricultural surfaces value provides for 1999 an approximate total of 5.4 billion euro which grew in 2005 to 13.2 billion euro.
The lands from outside of built-up areas increased their value from 2.2 billion euro in 1999 to 20.6 billion euro in 2005.
In the last five years (2003-2008), according to the estimations in the Romanian Commercial Bank’s report, the price of the agricultural area increased five times, being between 1,000 and 3,500 euro for hectare.
Despite these, the price of the agricultural area in Romania is incomparably lower than that of Ireland (60,000 euro/hectare) or than that of the neighbouring countries (7,000-8,000 euro/hectare in Ukraine and Serbia).
Taking all these into consideration, we think that the real estate market, even though it is blocked in the present, may represent both a prop for the economic growth and also a future generator of instability. The adoption of euro as a currency and the progress in the development of the infrastructures are factors which will make the differences in land prices in Romania unjustified as compared to the European Union member countries.
Generally, though, the surpluses and the plus of saving in the emerging countries are not correlated with the internal investment and capitalization capacities, that is why the debt management in the developed countries and the surplus management in the developing countries represent a challenge for the global financial system.
The global financial balance and the international financial market do not represent an aim in themselves, they must be built in order to ensure an optimum capitalization of the global resources.
For Romania, it is essential what the citizens will spend their money on because it is one thing if they finance the consumption imports and credits and it is a different thing if it is used for the construction, maintenance and endowment of their housing or for the acquirement of new technologies and knowledge or for the innovation and production of new goods.

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