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## THE LABOUR MARKET AND THE SOCIAL SECURITY SYSTEMS IN THE CONTEXT OF ECONOMIC CRISIS

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Motto: “The egoistic attitudes of the parts of a closed system bring about the system’s destruction.”(Michael Laitman - Founder and president of the Bnei Baruch Kabbalah Education & Research Institute)

### Abstract:

*The globalization phenomenon and the creation of an economically and structurally strong Europe could not last forever. Knowing the economic phenomena’ cyclicity, the following question arises: Which will be the starting point of a new global crisis? Identifying the causes and culprits upon which the international committees and economic and political analysts focus on, we briefly deal with them in this article, because it is essential to concentrate on the measures and the crisis impact over social security.*

*The goal of this article is to illustrate the crisis impact over the social security and labour market fields, the measures took in this field in Europe, around the world and in Romania. We bring in a synoptic table of the causes, effects, measures taken and incurring tendencies. The labour market’s issues and the Social Security System’s difficulties can be solved by vigorous measures, of which the authors recommend the ones resulting from the comparative study realized on a group of European countries and from Romania’s economic tendencies.*

*How will the new economy look like, which will the new world leaders be, these do not matter for the small and vulnerable economies. We conclude that intelligence and professional qualification should outrun over the measureless accumulation of wealth and properties, which in our opinion means that a global economic crisis has its purpose and that it was predictable.*

**Keywords:** Social security, labour market, economic crisis, unemployment

**JEL Classification:** J45, J01, J65, J64, H83

### Introduction

The global economic crisis scenario of 1929-1933 seems to repeat itself nowadays. The global economic crisis unleashed in the 25<sup>th</sup> of October 1929 in USA began because of the massive offer of 19 million titles, while the crash of New York’s stock exchange has led to collapses of the exchange rates and to dramatic decreases of the goods’ prices.

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The crisis became global, and two years later other European countries were lured into the crisis' whirlpool. What we know is that the great economic depression ceased in different moments for the world's countries. Programs of reconstructions were conceived in most countries and most of them went over different politic changes.

Vigorous measures were necessary for surpassing the crisis.

Starting with 2008, the global economy already registered a dramatic and sudden decrease. This phenomenon became the theme of peculiar interest for analysts, politicians, competent institutions and ordinary people. Everyone tries to discover the starting causes of the global crisis, to search for explanations and find the optimal solutions for fighting against its effects.

The Central American bank's president, Ben Bernanke, recommends out-of-ordinary measures and the economic agents' evolution's control, so that we won't assist to a Brownian movement of economic agents' collapse.

To maintain the national economy, the economic agents' overseeing is very important. The conjunctural investigations carried by INSSE of Romania, which are based on the estimations of enterprises' managers, show that the economic decrease will also continue in the third semester in the sectors of processing industry, constructions, retail commerce and services.

At the same time with the economic decline of the economic agents, the social negative effects are emphasizing realities which must be counteracted by vigorous measures. In our opinion, it is important to oversee the economic agents, but also the families', households' and peoples' incomes.

If we refer to the cyclic character of crisis and to the similarity between today's crisis with the one from 1929-1933, we notice that while USA prepares itself to surpass the crisis by using investment stimulants launched into the economy, Romania still advances to the maximum point of the descending phase.

### **Causes and explanations**

If we would keep the global economic crisis' scenario of 1929-1933, we should agree with the general opinion that the banks are guilty of the crisis' taking place, and its starting is voluntary, on purpose. The banks are guilty of giving loans beyond the real power of repayment of the loan-takers. The immovable credit organisms are added to the banks, it is shown into a report published by Center of Public Integrity, American organization of investigation journalism. The report says that American and European banks are guilty of deliberately producing this crisis, but also the 25 immovable credit organisms that find themselves to the crisis' origin.

„Mega-Banks” „have facilitated the loans' financing which now threaten the financial system”, Buzenberg added (Valentin Vioreanu, 2009).

Professors Chow Fah Yee and Eu Chye Tan show that „the current financial meltdown that swept across the globe jolt to memory the importance of a sound and efficient banking system” (Chow Fah Yee, Eu Chye Tan, 2009). In a global economy, „managing financial instability and shocks” is very important (Akyuz Y., 2004)

We consider that the banking system's liberalization, but also the fluent giving of loans, led to an increase of the obligations rate of the agents and population beyond the real power of loans and interest' repayment. This corresponds to the dispossession of investment sources and work capital of the economic agents, but also the financial resources of subsistence of the population.

Attracting in the loan game people and agents with no real capacity of repayment was encouraged by the strategy, in accordance to which the profits are realized only in risk cases and only with others' money, which is loans.

We witness to a policy of finding the crisis' culprits and to a crisis' investigation by setting up global-level Commissions. In fact, there is a defocusing to the crisis' essence, which is to administrate the economic and social effects and to find solutions of surpassing more rapidly the crisis than other countries. Considering that the crisis' overcoming does not depend on the national strategy is in fact the desertion of the economic agents and the population to hazard's way.

Another cause identified by economic analysts is lending the poor – the so-called sub-prime credits – following USA government's older policy of increasing the number of landlords. An expansion of residential construction took place, but also an increase of non-achievement loans' rate. Repeating the population's lending for houses in nowadays Romania is an invitation to the poverty deepening by contracting new credits.

The attitude towards the banking system should be well-balanced. Romanian analyst, Liviu Voinea, appreciate that maintaining the banking system is very important, and the banks will not repatriate their capital also because of the convention signing in Vienna, of the mother-banks, which clearly states that they have agreed to keep the financing lines towards Romania's branches (Adrian Panaie, 2009). The capitals' repatriation would mean losing the profits in Romania, which were registered since the beginning of the year, although decreasing against the year before.

Understanding the state of things, but also accurately understanding the past and concentrating on strategies is the solution of administrating the social effects and diminishing them by equitable allocation. (Bogdan Glavan, 2009).

### **The crisis impact on the social field**

A phenomenon of such scope has implications upon the entire specter of arrays, fields of life, from financial-banking, economic, industrial etc., to the social, personal ones. It is an imminent chain of weaknesses.

Socially speaking, major implications may be found also in the field of labour force employment and migration.

Thus, at European level, the number of unemployed workers rose by 3 millions in February 2009, if compared to the same period of the previous year. Spain registered the highest rate of unemployment: 17%. Experts forecast a total rate of unemployment in the Euro-Zone of over 10%.

- **At European level:**

In Austria the economic crisis has led to an unemployment increase of 28.8% if compared to last year. Therefore, a record budget of about 1 billion Euros has been allocated. Focus will be on programs for young people and on professional qualification and further training. 35 million Euros are annually allocated to increase the SPO capital for the unemployed professional formation (especially women qualification). Also, subsidies are used to temporarily reduce the working time, combined with the possibility of professional qualifying. Other measures are still debated on, such as: raising the unemployed indemnity, reforming the allocations scheme for the old, granting a partial holiday for studies/professional improvement.

In Belgium the accent falls on the temporary unemployed persons' formation, measure which cancels or postpones the economic-based dismissals. The measures adopted by the Chamber of Representatives aim at the reduction of work performing and at the avoidance of dismissals in this period. The measures are grouped as follows:

1. Temporary adjustment of the working time – the collective reduction of the working time for the enterprise's employees or for a specific category of workers.

2. The adjustment of work volume by individually and temporary reduction of working performances, by temporary and collective regime of total or partial abeyance of executing a work contract, or of part-time regime for a specific number of employees.

Also, the worker that became unemployed because of the enterprise's bankruptcy, abolition or closing, will benefit of the restructuring receipt's advantages. The employer, who recruits this person, in the validity period of the receipt, benefits from a temporary reduction of paying dues. Also, for 3 quarters, the employee profits by the reduction of personal social security contributions.

In Bosnia and Herzegovina the crisis especially affected the field of constructions, auto parts, metal processing, where dismissals have been announced. The unemployment rate has reached 40.1% (recorded unemployment) and 24.4% (BIM unemployment). From SPO perspective, the funds allocated for compensations rose, but the ones for active measures lowered, new programs of assisting the ones that lost their job being necessary, including co financing programs of independent occupation.

Bulgaria raised the capital spending by 20%, up to 5.6 billion leva (3.66 bill. \$), supporting projects of infrastructure, repairing public buildings and also health and education.

In the field of Public Services of Occupation (PSO), Bulgaria has adopted a national program („*New employment opportunities*”), which has as objective fighting against unemployment and assuring a new workplace for the dismissed persons. To implement this program, 4 million Euros have allocated in 2009, subsidizing the occupation of about 3000 people. The measure of compensating the transition from a full-time to a part-time job, an employee may receive about 60 Euros/month for 3 months at the most.

The Czech Republic doubled the economy stimulating package's value up to 73 billion CZK (3.3 billion \$), which represents 1.9% of the GDP.

In Croatia the number of unemployed rose by 4.6% in March 2009 if compared to the previous months. A new law was adopted, regulating the allocation of unemployment subsidy, its value being of 70% of the previous salary in the first 3 months and 50% afterwards. The people with more than 32 years work experience have the right to receive unemployment subsidy up to retirement, but after the first year they receive 40% of the previous year, in Romania this measure being comparable to the retirement for reaching the age limit.

France presented a package of economic stimulus in value of 26 billion Euros, equivalent to 1.3% of the GDP. The minister of economy stated that these stimuli will lead to the creation of 80.000-110.000 jobs, counteracting the loss of 90.000 workplaces due to the crisis.

In the field of PSO, measures with immediate action were announced for the vulnerable categories, especially the youth.

➤ Measures for the young people:

- formation of unskilled young people;

- developing alternative formulas, which should accompany the occupation and formation and which proved to be efficient (especially the professionalization contract);

- supporting the youth by a supply of specific services of French PSO, adapted to them, and by strengthening local level actions;

➤ The control of public assistance given to the enterprises.

In the enterprises with at least 50 employees, the direct public assistance (State, territorial collectivities, EU) will be the object of a report and consultation of the enterprise's employees committee, right after their granting.

➤ Creating a social fund for investments.

This will be created for coordinating the efforts of professional occupation and formation, by attracting different sources of financing of the State and social partners. Its role is to ensure the coherence of financiers' interventions, to follow the action programs, to propose adjustments and to ensure evaluation.

➤ Instructions which will be applied after debates between State and social partners or after the negotiation between unions and employers.

A crisis and applied social-economic policies' evaluation committee will be created. Also, to support the occupation in the economic context, the Government has adopted, in consent with the social partners, 3 measures aiming at:

- raising the part-time activity indemnity up to 90% of the net salary, by conventions between State and branches or enterprises: improving the conditions for using part-time activity, emphasizing the professional formation in the case of part-time activity;

- a premium of 500 Euros for disadvantaged employees (the ones with determined period contracts or the ones employed by a temporary work agent);

- a flat premium of 500 Euros will be received by the persons joining the search for a workplace, starting with the 1<sup>st</sup> of April 2009 and for the ones that worked between 2 to 4 months.

In Germany, the upper chamber of the German parliament approved a package of economic stimulus valuing 50 billion Euros, which includes infrastructure investments and tax reductions. Previously, the authorities have approved a measures-plan in value of 31 billion Euros, whose goal is to generate investments of 50 billion Euros and to enable the settlement of new contracts for the economy.

In the field of PSO, the creation of 5000 additional workplaces has been planned for the placement agencies (Occupation Treaty).

At present, the total number of unemployed persons being paid by the Federal Agency for Work is 3.642 millions. The Institute for International Economy Studies of Hamburg appreciates that, by mid-2010, 4.251 million unemployed will be in Germany.

The immediate consequences of these negative evolutions are a new wave of restrictions on the access of foreign workers and a more rigorous control of the underground work, taking some strict measures against the ones that use these modalities.

In Great Britain, in the field of PSO, the Jobcentre Plus budget was supplemented with 1.3 billion £, for offering support to the unemployed persons.

In Netherlands, in order to prevent unemployment, PSO created 20 mobile centers, for supporting the people threatened by unemployment, by mediation of another workplace (transfer, temporary workplaces).

At the end of 2008, the unemployment rate in Serbia was 14.7%. Among the active measures financed by the budget, there are: the apprenticeship program, public works, subsidies for the creation of new workplaces, for developing businesses etc. It is also in plan the implementation of some projects to lessen the crisis effects over the labour market, financed by EU or UNO.

The number of recorded unemployed in Slovenia in March 2009 was 80,000 persons. There was also a decrease in the supply of workplaces. For supporting the ones affected, PSO created mobile units of intervention. The State has allocated funds for unemployment indemnities, programs of active measures and for the partial subsidies of reducing the time of work.

In Hungary, the Government raised the VAT to increase the revenues, with the purpose of reducing the tax on revenue. In November, Hungary announced a plan of 1.400 billion Forints (6.9 billion \$), which spreads over two years, for promoting economic growth, but which does not include supplementary expenditures from the budget.

In the field of PSO, the Parliament adopted the first anti-crisis measures. The main elements aim at reducing the budgetary expenditures by:

- canceling the 13<sup>th</sup> pension;
- gradual increase of retirement age from 62 up to 65 years;
- deleting the 13<sup>th</sup> salary for 2009;

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- reducing the temporary incapacity of work's indemnity from 70% down to 60%;
  - raising the VAT from 20 up to 25%.

To lessen the economic crisis effects, respectively for maintaining the workplaces, the authorities have allocated the amount of 260 million Euros for 2009. The allocation for maintaining the workplaces given by the Occupation Agency is nonrefundable, being meant to the employers that intend to reduce the number of employees. This allocation is given for 1 year at the most, and its value is comprised between 25% and 27% of the net salary or between 50% and 90% in the case of minimum-wage employed persons, the ones with disabilities or the ones employed for 4-6 hours/day.

Italy has adopted a package of measures through which households and enterprises affected by the crisis would be helped. Prime-minister Silvio Berlusconi stated that the measures go up to 80 billion Euros, but economists specified that the majority of measures use already-existing funds.

The measures stipulated for households and enterprises are:

- Bonus granted to families (bonus included in 200-1000 Euros granted to families, subordinated workers and pensioners that achieved annual revenue comprised between 15.000 and 22.000 Euros). 2.4 billion Euros were allocated. The petitions for obtaining the bonus could be handed in early since the first months of 2009. Family allocations: the resources level was raised for the family allocations, which are given to the autonomous workers. The likely savings from the 350 millions assigned to supporting the variable interest loans' beneficiaries will be distributed to family allocations. A decree will assign the allocations' sums in accordance with the levels of revenue.

- Social dampers: 1.2 billion were allocated. The social fund for occupational and formation resources could be utilized to support the revenues, but the unified conference's consensus and EU accord will be needed to begin with. The supporting measures are enlarged also over the workers that were excluded up to present (for ex. unspecific workers whose last year from all years' revenue was acknowledged). Regarding the mobility, the allocation's quantum cannot vary because of the latitude, but the financing may be changed because of the region.

Great Britain will spend 500 million £ (754 million \$) fighting against unemployment, which will help the companies by 2.500 £ for every new employed working at the respective firm for more than 6 months. This is part of a wider plan of fighting against the crisis effects, it has a value of 20 billion £, which include tax reductions and capital spending valuing 3 billion Euros. Also, the VAT will be lowered from its present value of 17.5% down to 15%.

Norway presented a package of fiscal stimulus in value of 20 billion NOK (2.87 billion \$), of which 16.6 billion NOK will represent extra budgetary expenditures and 3.3 billion will be used for tax dispensations.

Portugal announced in December a package of about 2.2 billion Euros for increasing the GDP with 0,7 percentage points in 2009. This package will centre upon investments in schools, technology and alternative energy development.

Slovakia approved a package of economic stimuli valuing 332 million Euros. The measures include partial and temporary reduction of the tax on revenues, subsidies to create new workplaces and raising the nontaxable revenue.

Slovenia expected the package of stimuli for the economy to rise up to 800 million Euros or to 2% of the GDP. This package gives subsidies for companies that reduced working hours following the demand decrease. Also, fiscal stimulants were raised.

Spain announced different measures for buffering the impact of economic drop and the unemployment raise, of which there is a package of stimulus in value of 38 billion Euros. This includes tax reductions valuing 6 billion Euros and 4 billion Euros for relaunching the lending. The Government announced that it will spend other 11 billion Euros for public works.

In the field of PSO, the plan of fighting against the crisis includes measures of orientation, professional formation, and shim on the labour market.

In March 2009, the Council of Ministers has adopted new measures for reactivating the economy, protecting the unemployed persons and creating new workplaces:

- the enterprises that will employ unemployed persons will receive a 100% allowance considering the payment of social security rates, by receiving the quanta that should be obtained by the workers in the moment of settling the contract;
- if they will hire workers affected by collective temporary abeyance of the work contracts, the firms will receive a 50% allowance;
- the firms that cannot handle the payments to the social security system have the possibility of fractionizing or delaying them, in the case they manage to maintain the existing workplaces this way.

In order to persuade foreign workers to go back home and protect the domestic labour market, Spain is willing to pay in advance 40% of the unemployment help if the foreigners go back home and another 60% from one month pay after the workers reached their country of origin.

The European Committee proposed on the 26<sup>th</sup> of November 2008 a package of fiscal stimulus amounting to 200 billion Euros or 1.5% of EU's GDP.

- At global level:

The World Bank Group (WBG) and the International Monetary Fund (IMF) have also adopted a series of measures.

The crisis lead 50 million persons to extreme poverty, and WBG and IMF have taken a series of decisions for acquitting their assumed commitments.

In the Washington assembly, WBG and IMF showed clearly their support for the measures already taken and the initiatives fighting against the crisis effects. Thus,



for protecting the poorest debtors, IFC, the investigation division of WBG, created the facility of increasing the micro financing.

With a view to support infrastructure development and creation of new jobs, WBG launched the Infrastructure Recovery and Assets Platform program, through which WBG will lend 15 billion USD annually.

At the middle of next year, in 2010, these special effects will tend to expire, suited to the experts, and the structural crisis will strongly act again. The dramatic obliging of many states and private individuals from the USA and parts of Europe would manifest at a level of economic conjuncture and would weigh on the actions' parameters. Vorndran expects a long phase of weak economic growth, the same with smash of Japan's "bula", at the beginning of the '90s (Marinela Gheorghe, 2009).

There, the market prices never reached since the maximums before, and the market crawls for almost 2 decades, interrupted by short periods of ascensions and quick collapse. The comparison is suited because there are similar causes. In Japan too, the cause was the super estimated immovable market's collapse, and the crisis has affected mostly the banks. There are important differences regarding Japan. Their government needed many years to clean the banks, meantime the crisis affected the entire economy, and the country became prisoner of a deflation which it did not surpass so far.

On the contrary, the governments reacted quickly now and do everything to avoid a deflation. This aspect differentiates the present crisis from the great depression of the '30s. This time, the governments collabourate at international level and support the economy with billions of dollars, Euros or yuans.

Besides all these, there is now another factor, Stefan Schilbe, head-economist of HSBC Trinkaus, declared that "he puts certain hopes in China (Marinela Gheorghe, 2009).

The State coerced the banks there to massively extend giving credits, and the government stimulated investments of vast proportions. Because of this, Schilber expects a 7.8% growth in China this year, considering that the Peoples Republic, although it cannot save the world economy this way, has a pegging effect upon it. But even if we are not threatened by a depression like the Japanese one of the 1930s, we could expect a future collapse of the Exchange, as in 2002. Then, the market prices revived after the 11<sup>th</sup> of September 2001, followed by new and more frequent collapses, which last 12 months.

Schilber still considers a possible rebound – the return to Dax values of 4100 or 4200 points, the expert considering that better entry possibilities on the market would exist, when Dax registers 5000 points. In any case, he does not believe the old minimum values from the beginning of March, of about 3650 Dax points, will be again surpassed beneath. This would be a clear difference against the course's evolution in 2002/2003.

There is still something showing that the worst part has gone, even in the case the stock exchange would suffer rebounds. Slowly, says Vorndran, the investment alternatives purely shorten. For the monetary market deposits there are no mini-

interests, the State obligations are overestimated, the companies' obligations already rolled, and the gold price remains steady. Who wants some profit, that one has only the stocks alternative.

✍ In Romania:

Ahead of a crisis announced since the beginning of 2008, the macroeconomic indicators of Romania have suffered serious depreciations.

In Romania, in the field of PSO, three general priorities have been established:

- The assurance of maintaining the existing workplaces;
- The assurance of (re)integration into the labour market;
- The support of vulnerable groups (persons employed on short length contracts, dismissed workers, the old, the youth)

Although the crisis was announced early at the beginning of 2008, Romania remained vulnerable and unprepared as far as taking measures, so Romania's macroeconomic indicators have suffered serious depreciations in 2009.

Concrete measures taken by the Government so far:

- Social measures for the persons affected by the economic crisis – Normative act (OUG 28/2009) which specifies prolonging by 3 months the period of granting the unemployment indemnity, dispensation from the payment of social insurances' contributions both for employers, but also for the employees which benefit by the indemnity of minimum 75% of the base salary corresponding to the occupied workplace – on the temporary interruption's length of the employer's activity, for a period of maximum 3 months. Concomitantly, this indemnity of 75% shall not be included into the wage revenues and it is not taxable, for a period of 3 months at most in 2009.

- Adopting a memorandum regarding the reduction of the number of taxes and tariffs

- Constituting the Counter-Warrant Romanian Fund – The Counter-Warrant Romanian Fund was created as a specialized financial institution, whose unique object of activity is to counter-warrant the guarantees given by the warrant funds, judicial Romanian persons, for credits and other financing instruments obtained by the SMEs from the commercial banks and other sources. Through this Fund, in value of 100 million Euros, the maintenance and creation of new workplaces is followed.

- Introducing the minimum guaranteed social pension – Starting the 1<sup>st</sup> of April 2009, the minimum social pension will be 300 Lei and will be followed by a rise up to 350 Lei, beginning with October 2009.

Regarding the measures imposed at the labour market level and the public services of occupation, the following objectives are a first priority:

• Improving the exploration of the labour market dynamics (dismissals performed against the existing vacant workplaces, regional tendencies, vulnerable groups);

Improving the occupation services' capacities of providing services (the service of an additional inflow of persons searching for a workplace, the appearance of new profiles for the persons searching for a workplace, the creation of services that would ensure a quick and efficient reaction, adjusting the necessary resources);

• Adjusting the services' supply (realizing investments in human capital, the contribution to the creation of workplaces synergic to the companies, realizing partnerships with other factors of decision on the labour market);

• Realizing a correspondence between the objectives and the strategies pursued by policies and clients' needs.

The crisis needs commune, not apportioned, commitments for solving the longer-run challenges. It is necessary to tackle with the unemployment by investments in human resources and for the most vulnerable groups. These groups (poorly qualified, dismissed workers, workers in precarious conditions of occupation, young and old people, persons with disabilities and minorities) risk to be the most affected by the economic decrease and the EU labour market segmentation. The migrant workers come close to these disadvantaged categories, as they are not monitored and their countries of origin do not make any investments in their social protection.

Labour institutions must focus on modernizing the labour markets and have quick, flexible and coordinated reactions.

### **Tendencies in the field of Romania's labour force occupation**

From data communicated in July 2009 and resulted from the conjuncture investigation of INSSE Romania, a sudden decrease is estimated in the following industrial branches: metallurgy; other industrial activities; engineering, production of equipment and apparel (conjuncture balance accounts -63%, -44% and, respectively, -43%). The managers will try to maintain the number of employees, the employees' rhythm of dismissing will be slower than the decrease in the production volume, the conjunctural balance account being of -22% on total processing industry (-30% for very large enterprises, with 500 employees and over), while the employees' period of maintaining into activity is prolonged by the effect of prices' relative stability (conjunctural balance account 1%).

Constructions will be framed into the moderate decrease of the production volume (conjunctural balance account -11%), as well as the stock of contracts and orders (conjunctural balance account -15%), but it is estimated a more emphasized decrease of the number of employees both totally (conjunctural balance account -20%), but also on groups of enterprises by size, in conditions of the prices' relative stability (conjunctural balance account +2%).

Services will be situated in the third place considering the decline, the conjunctural balance account being estimated at -8%. The services staff's dismissing are maintaining at the level of moderate decrease in the number of employees (conjunctural balance account -15%), especially by the very large enterprises. The services will maintain the prices' stability (conjunctural balance account +1%).

Of all the branches of Romania's economy, commerce is situated on a relatively good position, and for fighting against the decrease in sales' consumption we assist to a policy of price gradual increase (conjunctural balance account +11%).

The active population registered at the same date was 4590 thousand persons. The number of unemployed with indemnities at the middle of 2009 amounted to 266.477 persons. To these, there can be added a number of 260.326 unemployed persons without indemnities.

The tendencies resulted from the conjunctural investigations and the compression already existing of Romania's economy will make harder and harder the resources' accumulation for maintaining the social insurance system, the unemployment funds and the funds assigned to the social assistance and public health.

## **Conclusions**

To interrupt the economic decline, the majority of the world's countries have undertaken as first measure stirring the national economy by investment stimuli.

The packages of measures included the economic agents' monitoring and supporting them by reducing costs for maintaining the workplaces and attracting funds by indirect taxes (VAT) and consumption taxes (for activities and luxury products).

The labour market is strongly monitored. Maintaining workplaces, supporting the dismissed people and monitoring the families for assuring the subsistence means are the prevailing measures in Europe. Fighting against unemployment and professional formation is supported by the programs.

The social insurance systems found in great difficulties, reformed in the last 4-5 years and because of the negative effects of the 3 factors of influence (population aging, labour force migration and employment rate decrease), are strongly affected in the context of crisis. Because of the unemployment increase, the ratio contributor-beneficiary decreases implicitly, and the social insurances systems' accumulations diminish.

We conclude that monitoring should comprise two priorities: the economic agents and the families.

Raising the social contributions in the context of tax increasing for small economic agents that manifests in Romania will lead to a directional destruction of the small entrepreneurs.

The number of dismissed employees from these small enterprises alongside the small bankrupted private entrepreneurs will increase the country's financial effort to support the social field.

Romania's priority to assure the budgetary salaries and pensions is a wrong vision.

In our opinion, the priority is to maintain the economic agents, who were not asking anything from the State, but also paid what they had to as contributions and taxes, contributing to the maintenance of their own employees and offering sources of revenue for other workplaces.

The legislative rigidity is not suited anymore to this period of crisis. The European and world countries' measures compete in ideas and effects, Europe conceiving "mobile cells" and focusing on the family and dismissed or disadvantaged persons.

Romania must focus on fighting against "young" unemployment and on employing the superior education's graduates. Otherwise, the future labour force will constitute a cheap supply for the countries importing superior and free qualified labour force, in the context of the limitations on the labour market.

In our opinion, the act of donating the Romanian intelligence must cease through measures aiming at encouraging the youth to establish their own businesses and attracting them to develop their ideas.

Whenever the technological potential of a country is low, the human potential must counteract the adverse factor of production, because economic growth is achieved by the simultaneous actions of the two factors: technical and human.

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