

# ECONOMIC GROWTH AND INTERNATIONAL ECONOMIC RELATIONS OF ROMANIA

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**Abstract:**

*Politics is not something fixed but offer a long-term economic growth is based on incentives for investment by reducing tax rates. To make the investment required, and individuals now need to be convinced that tax rates will not only be scaled down but will be kept low for some time to come.*

*The pace of economic growth should not be increased indefinitely to know, is embracing the idea of convergence rates of economic growth. Developed countries want to stabilize the rate of growth, while developing countries and the same aim.*

**Key words:** *international markets, economic development, restructuring of the industries*

**JEL classification:** *A10, O10, R11*

The restructuring of the industry's vision of developed countries is to increase or decrease the size of a company, establishment of small and medium enterprises whose role is to ensure the operation of large businesses, increasing market competition and maintain a balance between different categories size enterprises. This process is usually the result of decisions taken at company level. State intervention varies from country to country depending on economic circumstances, the extension of the internationalization of trade, financial resources available for change and social costs due to technological constraints and socio-political environment in different countries. In recent years, the Romanian economy followed a path characterized by high distortion and convulsion and the lack of viable economic strategy. The nonsustainability of the main industrial and economic structural imbalances led to increased chronic inefficiency of most industrial sectors.

Romania's economy is undergoing a pronounced decline, coupled with a process of industrialization, developed a transient property. In these circumstances, it is to find and create the conditions needed to use the country's full potential and stimulate those structural changes that allow employment of our economy as a market economy. Restructuring can be viewed from multiple perspectives. Thus, restructuring may mean redirecting or changing business objectives, changes in production structure, organizational restructuring, technical or technological, human resources management and restructuring or change of ownership.

The grouping of these elements show that the restructuring of the industry can be viewed from two perspectives, namely:

- a quantitative aspect, which includes: company size, level of physical production or number of units, etc..
- a qualitative aspect, such as technical performance and technology, quality products, the degree of pollution.

Restructuring arrangements vary from one company to another, from one sector to another, the most common procedures are:

- operational restructuring, which involves improving and enhancing the efficiency of production technology, resource allocation, resizing processing capacity, economic organization computer. This type of restructuring is difficult to achieve by the state, which is why it is necessary to be given to privatization, followed by restructuring itself;
- financial restructuring aimed at reducing arrears of enterprises and promote revenue growth.

In selecting companies for restructuring are taken into consideration the following criteria and priorities

- and links with business representative upstream and downstream industries - export production value - economic and social impact caused by restructuring at various levels

- the ability of enterprises to economic and financial rehabilitation.

In industrial restructuring goals are usually: a changing size of business and production capacity, having regard to market demand and the resources at its disposal (human, material and financial), a realization of divisions and fusions privatization, better utilization of production capacity, human resources and creating a competitive environment, an inefficient liquidation of firms that have prospects of rehabilitation

An important role in the restructuring process we have divisions, mergers or the creation of joint enterprises. Divisions can be made, but only after a thorough analysis of opportunity as an autonomous company or breaking activities in several autonomous units may increase the risk of reducing bureaucracy and competitive strength. Expanding the technological merger integration, creation of joint ventures with foreign capital and empowerment in Romanian or associations holding minimize bureaucratic pressure recovery and efficiency and ensure that the members.

Most restructuring programs to businesses facing arrears and losses and prospects of large capital inflows are reduced. Strategies to be considered are defensive strategies, restriction, aimed at eliminating the failures encountered.

Depending on the business situation and strategy will differ from case to case:

- 1) radical reintroduction strategies focused on changing the composition or classification of manufacturing by eliminating unprofitable products, the effect on costs and quality, either by an orientation Another portfolio of products (shifting), where technological possibilities allow or funds - including those assigned and raised - can ensure that the investment of upgrading and refurbishment, on the one hand, and on the other hand, if the market shows a high potential attractive for new products,

- 2) survival strategies or partial dispossession of assets focused on scaling capacity, depending on the solvent demand and available resources and selling assets - amounts raised will be used to strengthen and modernize the remaining work;

- 3) liquidation strategies applied unprofitable units, whose activity is not validated by the market, and this is one way to eliminate their funding from the budget and financial bottlenecks, as well as targeting of resources "absorbed" by those units in ways more profitable for national economic recovery.

As part of restructuring strategies, along with economic issues need to be measured and analyzed the effects of the social plan, ensuring an optimal mix between the pace of change and its amplitude amplification to avoid social problems and, consequently, the costs of change. For countries in transition to market economy, it is important to identify both structural and operational details of the transformations that start and final state accepted as a market economy.

During this period successive notes two trends:

- I. downward instability (recession), due to insufficient effective demand, corresponding general economic decline;

II. upward instability (Reform, transformation), when there is actual demand is, however is subject to efficiency.

Resolution would be in a first step, a macroeconomic policy to eliminate the imbalances and increase effective demand, virtually subdivided in the next stage in the property reform and structural adjustment.

In these years of transition, we tried two overlapping phases, which led to conicizarea both types of imbalances. Upgrading industrial structure is a continuous process of transformation, whose directions, extent and intensity vary from one stage to another of development, and on different timelines at each stage.

Currently, restructuring is often identified with structural adjustment in the short term companies, evidenced by the closure of production capacity. From the perspective of modernization, restructuring is a process of constructive change in industrial structures and long term, which occurs at the micro and macrostructure found favorable shift in the national economy and improvement of economic performance and social parameters.

Changes needed for entry into the road to global competitiveness of the industry have a systemic character, aimed at all components and intra-and inter-industry relations.

Ensuring institutional environment to stimulate the modernization process is to make simultaneous progress in two substantial ways:

- the legal basis for the action of market forces and their consistent application;
- accelerating privatization to stimulate competition and bring about systemic changes necessary for sustained economic growth.

The first priority includes the following components: clarifying property rights, the imposition of contractual discipline, improving the procedures for liquidation of loss-making activities, labor market flexibility, so that entrepreneurs can be oriented towards objectives related to economic performance, imposition of financial discipline by banks, provided they themselves to exercise discipline by following specific functions of the banking system. In the acceleration of privatization in industry, it can occur in sub-branches unequal rates, the major obstacles being created by large enterprises, with production overcapacity.

The positive effects of privatization did not occur automatically, but only if the tools work effectively manager and held focus groups in the decision of owners able to promote a development strategy. Investment volume will rise as GDP growth and the diversification of ways of financing investment in the industry.

Modernization in this area involves increasing the operational efficiency of banks and capital market development. With a high probability, short and medium term mobilization of domestic capital will be achieved primarily through the banking system. This structure can orient towards sustainable industrial activity through credit performance. Attracting foreign capital, including through capital market, an essential component of modern incentive-based restructuring.

The state's role in modernizing the industry is important and is reflected in the following major directions: - development of systems in which key features are: upgrading the physical infrastructure, creating an efficient network of information centers, consulting, training, technology transfer and know-how, facilitating technological R & D relationship - based on commercial industry, promoting the image of the industry and its opportunities for attracting foreign capital and involvement as an intermediary and guarantor - coordinating the restructuring of enterprises that can not be directly exposed to market forces provided that the process should be based on a rigorous selection and be limited in time, establishing a strong and credible deadlines

for the cessation of preferential treatment. Industry development strategies have a role in guiding economic

Industry crisis is a systemic crisis, so that solutions to modernize its structure are all systemic in nature, with a dominant decentralized component. Neutrality does not mean passivity of the state, but his active involvement in stimulating the modernization of the base. For business strategy to become an instrument of business initiative and it must be known to result in the information consistent and clear policy options to limit the State intends to engage in achieving their financial and logistical support.

Preparing to open the market means the specific mechanisms of market economy, and ensuring compatibility of infrastructure, technological structure, qualifications of staff and management.

Structural adjustment is made on the fund will seek to accelerate privatization and productivity enhancing efficiency and quality of products and services, ensuring production structures compatible with European Union countries.

Romania's industrial policy is geared towards increasing economic competitiveness, in preparation for European Union integration. The industry wants to remain one of the priority sectors of national economy and the prospect of EU integration, it must be subjected to preparatory actions to enable it to adapt to international market condition.

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