

PROTECTIONISM, GROWTH AND ENVIRONMENTAL DEMANDS

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***Abstract:** This paper reopens the debate upon a mistaken competition between manpower and nature, between needs and resources, a competition focused on the efficiency frame- as borders of the monde-economic markets. The protectionist measures continue to guide the economic policy of the countries, some of them members of G20, making even more difficult to reach the global goal of safe, clean and profitable business, the goal of a wealthy "global village". Centuries ago, specialists observed that the costs of the destruction and pollution cannot be avoid. The ratio between benefits and waist when seeking for equilibrium expresses the mandatory intervention of the authorities in the direction of diminishing the undesired effects of the pollution; but the budgetary plans postpone the expanses of preserving the environmental well-being.*

***Key words:** protectionism, growth, environmental demands*

***JEL Classification:** O 04, Q 01*

Introduction

The world economy and European Union included remained under the limits imposed by the financial crisis: in order to protect the domestic production and to preserve the internal consumption, all the countries are seeking for restriction to trade, in sophisticated ways, still to remain inside the legal frame.

In 2014, European Commission, Directorate General for trade, released the "11-th Report on Potentially Trade-restrictive Measures Identified in the Context of the Financial and Economic Crisis"(4), a paper-work meant to display the trade measures undertaken by Eu's trade partners, owing the potential to diminish trade, in 2013-2014, but containing many references to previous economic events. This valuable work, in line with a similar one elaborated by the Secretariat of World Trade Organization on the measures adopted by G20 countries (19) draws our attention on 170 new measures meant to reduce the free trade, "exceeding the number identified in the previous 13 month period" (4).

The globalization objective process have imposed the necessity of a permanent co-operation, following the monde-economic division of labor and production. To emphasize this observation, statistics showed the steady increasing of the trade value, in spite of the fluctuations of the last decade growth (GDP).

The next EUROSTAT diagram shows the EU imports, exports and balance of trade in goods from 2007 to 2013 in billions of euros.

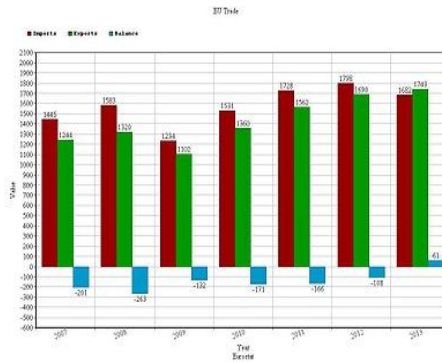


Diagram No.1. EU imports, exports and balance of trade in goods from 2007 to 2013 in billions of euros

Source: EUROSTAT, 2014

Materials and methods

Economics is a social science concerned with the description and the analysis of the production, distribution, consumption of goods and services, as a recent dictionary confirms (10).

Nevertheless, in order to secure the functioning of the economic mechanism, distribution of the values is the type of market-motion including the activities which bring survival and perpetuation of the real hyper-economic system. In line with such objectives, the abstract thinking organizes the economic research starting with an accurate observation, and going through deduction, analysis and synthesis.

Economists could never reach confidence in their prognosis if it weren't the statistic methods, always bringing data and information.

Today, the main instrument of research became the internet: one cannot update the minimum knowledge upon any subject without using the latest means of communications and stocked information.

Results and discussion

The protectionist economic policy of authorities from different levels of social administration is concerned of preserving positive economic growth as a core objective, meant to justify the central intervention inside the real economic activities, to reward the tax-payers for their continuous effort and in the end to satisfy the electors of the current governors.

The contemporary evolution of political-economic events imposed that development is mandatory to become sustainable, somehow in the sense that Aristotle gave to his "rational soul" in "Nicomachaen Ethics", Book VI (1), meaning that it is mandatory to become functional only inside the frame of a healthy environment and social equity.

Philosophers would say that antic and medieval conception upon wisdom and Christianity gave birth to the present trinity-conception composed by growth, equity and "purity"; what we can do as fair economists is to evaluate or measure to what extend positive growth, social equity and the greenness of the environment are in a harmonious correlation.

The last ten-year period pledged us all to face the unpleasant effects of the fluctuation of economic activities, under the threatening of the world financial crisis. In order to defend the real economy from the "toxicity" of growth (GDP) slowing down, the states and nations groups acted in a protectionist line, as if it were possible to stop the propagation of the unbalances all over the global body of the economy.

The contemporary architecture of the economy in UE and the whole world is extremely interconnected, and responsible scientific and political entities undertake measures in order to calm down the protectionist rush which cannot bind objective and truth phenomena such as social economic motion.

In the "11-th Report on Potentially Trade-restrictive Measures Identified in the Context of the Financial and Economic Crisis"(4), the protectionist trends identified by the scientists in previous reports were preserved and become even more emphasized and numerous: the potentially trade-restrictive measures imposed by states and accounted since October 2008 until now grew to 858, trying to set up a barrier against the import-export of inflation, unemployment, deficit of the public debt.

Romania did not legislate any potentially trade-restrictive measures from June 2013 to July 2014, but countries such as Russia, China, India, Argentina and others undertook more than 10 new rules, to make their exports more valuable. We note that those countries are among the main trade partners of the EU, and it is obvious that we are dealing with a state-policy of cutting trade connections, undertaking great risks of indirect attacking their own firms.

Most of the restrictions were directed to discriminatory tax regimes on new imported vehicles, or on alcoholic liquors, and such goods are largely produced at the best quality and exported by European Union.

We assist at this state of facts under the circumstances that statistically, the world economy continues to recover from the 2008-2009 depression, for instance in 2013 the global GDP went up by 3.3%, and even in European Union, a strong world trade player, the GDP growth rate climbed to 1.3% in 2014.

In her book "Trade Policy of Romania in the Context of Adhering and Integrating in European Union", 2012, Dr. Gianina Dragota remarks when analyzing the balance between protectionist and liberal trade policies "To limit us now, at the beginning of the III-rd millennium to the option for free trade, or customs protectionism, or non-tariff restrictions, means to remain the prisoners of the XIX-th century cultural horizon, a fact that is obviously anachronistic" (3).

We consider this remark realistic in the sense that today, 85% of the world output is produced in the G-20 economies, and being responsible in such an overwhelming share of the world growth, the countries included in the G-20 group should not initiate trade limitations, if they commit themselves in the role of main source of human needs satisfactory.

From this point of view, European Union is the most disciplined player of the fair trade, and the stability of the unique European market is a direct result of the continental management of the financial crisis we are recovering from. The implementation of the "Treaty on Stability, Coordination and Governance in The Economic and Monetary Union" (13), renewed in 2012, had a positive result measured by a EU GDP growth rate of 1.3% in 2014. This success was appreciated by specialists to be a steady signal of stopping recession, in order to create conditions for improving the financial environment and monetary policies.

The Romanian case in the field of financial stability is a happy one, as the authorities declared in the 2014 Financial Stability Report, released by National Bank of Romania: "Financial stability has remained robust since the release of the previous Report in September 2013" (5).

It is not only the financial stability the generator of the economic sustainable growth, but also the human sustainable potential, which enables the long lasting development of the society.

From this point of view, in Europe the population of 743 122 000 inhabitants in 2015 (15) is considered by the European authorities to have a slow rate of raising; previous data shows that on First of January 2013 the population of the EU-28 was about 505.7 million. Explaining the population numerical growth, the authors of the study estimated that the natural increase was responsible for one fifth (20 %) of the E U's population growth, while the remaining four fifths (80 %) of population growth came from net migration, if we compare to the 2012 statistics (12).

In order to secure the human resources evolution, the public health expenditures in European

Union are constantly increasing, as the health expenditures indicators are illustrating (11): countries as Austria, Belgium, France, Germany, direct more than 10% of their GDP for health-care, while in Romania this figure is less than 6%.

In Romania, the demographic situations synthesizes by the National Strategy of Health-care, 2014-2020, a document which admits that "the population in Romania has substantially decreased during 2002-2011, from 21.6 mil to 20.1 million inhabitants" (7), based on data provided by the National Institute of Statistics in 2013. Also, the healthy life expectation in Romania is, according to the National Health Strategy 2014-2020, of 57.1 years, while the average UE is of 62.2 years, based on EHLEIS, 2013, EU Statistics on Income and living Conditions.

In such circumstances, we find relevant for the sustainable growth policy the conclusion presented in a recent study by the young researcher Dogan Mihaela Simona, (2), which shows that "the increase in life expectancy led to a significant increase of GDP" and therefore "an increase of 1 percent in life expectancy can influence GDP's growth by up to 6.911 percent".

Employment, as special issue of growth policy, is under the permanent attention of financing sources of the European and world architects of the contemporary hyper-economy. Therefore, in the context of the long lasting EU development strategy, life expectancy and especially healthy life expectation is an equivalent of the growing employment potential.

The raising employment target is even more important for EU, because the unemployment level in this area remained still high: EU (28) had an unemployment rate of 10.4% in March 2014, falling to an unemployment rate of 9.8 % in January 2015; Euro-area had an unemployment rate of 11.7% in March 2015 and an unemployment rate of 11.2% in January 2015. (14)

Romania recorded 7% unemployment rate of 10.4% in March 2014 and 6.5% unemployment rate of 11.2% in January 2015. (14)

Moreover, the 2014 WTO Report work-paper (6) regards the way of solving the unemployment burden in close connection with the economic growth measured by the total output of national economies. It shows that statistics from the Organization for Economic Cooperation and Development (OECD), output of G-20 economies as measured by GDP grew at an annualized rate of 3.2% in Q2, faster than the 2.7% pace in Q1 but slower than the 3.5% rate from Q4 of last year; still, in the USA example, the participation rate of the population to the labor force " has fallen in the aftermath of the financial crisis to levels not seen since early 1980s." (6)

Conclusion:

The protectionist principles, among which "buy from homeland production" alters the system of public procurement in some cases, leading to the situation that public works projects in many countries, Romania as well, do not benefit from the most competitive and possibly innovative solutions; because of this, a protectionist measure becomes a loss in terms of economic growth, and environmental cleaning demands.

A new concept of harmonizing the economic growth with the environmental demands towards a long lasting human development is the "circular economy" concept, referring to industrial economies aiming to "restore" the vigor of the environment by recycling materials, instead of extracting them.

The economic principles remind us that the most efficient, in our case the most Eco-efficient model of organizing the economic processes will prevail. Industrial countries, being the most resources consumers, are most advanced in recycling, re-using and re-manufacturing goods, and these activities are a job-creator of great interest.

It could be a beneficial opportunity for Romania to catch up with the circular-economy model of development applied in the advanced countries and organize a business system able to re-use the resources.

At the EU level, fiscal stimulus could be regulated, in order to achieve an Eco-sustainable

growth, and we see this as the best choice in order to speed up the EU growth rate: EU GDP growth rate was 1.3 in 2014, with 0.9% in Euro zone (18).

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We find mandatory for Romania, a country which must work hard for the catching up with the most developed countries, to examine and finance in a most responsible manner key sectors such as the health-care industry, labor market and mobility, the conversion of whole society to a digitized life-style, the effects of globalization on international trade.

Not only at the national level, but also at the regional and local levels, authorities should estimate the budgetary capital-resources having in mind not only the monetarist – active attitude, but also the neutral intrinsic features of the money-labor equilibrium. Like Aristotle thought: rational soul makes the reason (logos) by embracing the wisdom (Sophia) with understanding (sunrises) and practical wisdom (prosthesis).

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