

ROMANIA'S ECONOMY IN ITS CURRENT FUNCTIONALITY

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***Abstract:** This paper is part of the specialists' engagement to help deepen economic knowledge and empower people in their double function: that of shareholders and direct beneficiaries of the optimal functioning of the economy. We consider the undeniable reality that the economy is always a complex human activity, organically framed in our society. The research was conducted on the basis of four defining coordinates: understanding the economic phenomena as permanent social phenomena; the gradual tension between the limited economic resources and the unlimited human needs; the complex functioning mechanism of the economy; matching Romania's economy functioning with the demands of the European integrated economic model. The conclusions of this paper can be used for elaborating and implementing various policies to improve the Romanians' quality of life in the context of international integration.*

Keywords: human economicity, economic libertarianism, economic adjustment, market economy

JEL classification: E00, A20, I25

1. The epistemology of the functioning of the current human economy

We aim, through the content and methodology of the epistemology of the economy functioning, to extend the knowledge of the dynamics of the economy, in relationship to the requirements of the temporal and spatial systemic efficiency. The epistemic background initiated involves the entwining of the general laws action of human coexistence with the real economic action while emphasising the creative and responsible attitudes of the work in the judicious management of the economic-financial and material resources at all levels of economic aggregation, for the satisfaction of the human needs.

We must take into account that the human economy is a dialectic **permanent movement** from simple to complex, and we can delineate several steps, starting from the first one, **the primary step or the first wave economy**, up to the current one, that of **sustainable, long-lasting economy**. This is in fact the capitalist market economy, having competitive and functional performance. (Toffler, 1995)

The term *Economicity* has currently appeared in some writings meant to consistently bring at the forefront of the economic knowledge the principles of rationality in managing the limited financial resources. (Dinu, 2014)

The economy of the present and of the future is changing in relation to people's ability to govern themselves intelligently. Thus, through the epistemology of the functioning of the economy we come to understand all the dynamic correlations that are achieved between the components of the economic system.

The functioning of the national economy is conditioned by several key drivers:

- Fair and relational competition with equal opportunities operators for the economic agents;
- Easy access for operators to markets, information and transparency of such processes;
- Efficient and real functioning of all markets.

Nowadays, the functionality of the economy is achieved through big processes that define the economic reform: economic macro-stabilisation, carrying out the structural and institutional reforms, economic liberalisation.

Romania is part of the European Union and the **economic adjustment**, in the general sense, means learning the new terms of international economy in a certain context of time and

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space. In our analysis we take into account that economic adjustment does not represent a simple copying, but we point out that adjustment is a complex process of deep economic compatibility.

The adjustment of the Romanian economy functioning with the integrated European economic model is based on the nominal and real, economic and monetary convergence, through numerical convergence indicators. The performance of these indicators would mean greater efforts, also taking into account the economic disparities that already exist between countries. A new re-division of the world, of the areas of influence could make the integration swing between the tendencies and actions with supranational nature and the legitimate desire of the states to respect their aspirations and interests. (Gjuvara, 2014)

Adjustment, as complex process, acquires great significance since there have appeared ideas according to which Romania would have become a colony specific to the world globalisation under conditions of modernity, fitting into the concept of neo-colonialism. (Șerbănescu, 2014) Neo-colonialism preserves the type, the structures and the principles of social division of labour that favour the dependence of the underdeveloped on the developed, of those from the periphery on those from the centre.

Such a division includes aspects as the following: conditioned foreign loans and export of capital; consumption without production; hypermarkets without factories; banks without real economy; reduction of the national control on large areas such as: the exploitation of oil and gas, electricity distribution, cash flow, correlating the Romanian capital investment and the foreign capital, the serious inequality between labour and capital. (Piketty, 2014)

We do not insist on this, but we consider that Romania's path is that of the Euro-Atlantic integration and of globalisation targeting at the economic and social development, poverty and differences eradication, favouring the welfare. (Dinu, Brateș, 2013)

The state of the functioning of the Romanian economy is also directly influenced by **the general and economic education of the population**. Education, as a form of social consciousness, acts in the sense of bipolarity, namely as a premise and effect in the relation with the functioning of the economy. (Miron, 2009) In this context, the economic education appears as a new factor of production or as a new aspect of the human capital. The educational process remains open in time, and the future can bring us something better, that is a better economy and society or it can bring something worse if the economic education will be superficial.

Let's not overlook the negative influence of the lack of education or of poor education because a people without education is ineffective in the economic action and it is easily manipulated, in disagreement with its own interest and the national one.

The economic education, starting from the individual and from microeconomics becomes an essential component of the **economic culture**, consistent with a performant functional economy.

Economic culture generates major effects, such as:

- Development of the capacity of deep knowledge and sound understanding of the economic and financial phenomena;
- Creation and permanent manifestation of a lofty economic behaviour;
- The correct perception and democratic (not through coercion) acceptance of the role and obligations of each of us to society;
- Awareness of the organic relationship between freedom, discipline, responsibility, in order not to confuse democracy with disorder and chaos in economy;
- Modernisation and civilization of the state, with its status of policymaker, as well as of the citizen as beneficiary and contributor of the efficient functioning of the economy.

The economic culture is becoming increasingly important and necessary in a difficult period. In the context of the economic international adjustment, the economic culture fosters

the national solidarity, through acknowledging the significance of the integration and globalisation of the world. It stimulates the optimal functioning of the economy based on the genuine sustainable growth, being found in a greater extent of prosperity for the population.

Understanding correctly the content and the causality relationships in the functioning of the economy, the state authorities must take account of the distinctiveness of the phenomena specific to the peripheral capitalism from the Romanian actuality, the trend of the requirements of the European economic model.

2. The current economic training of the Romanian population

Strengthening the functioning of our economy involves reviewing some aspects of the economic language of communication. Currently there are certain theoretical and methodological confusions which affect negatively, more and more visibly, the normal and efficient advancement of the economy.

We refer only to some expressions that affect the content of the economic reform processes, such as: confusing *the country with a political regime*, forgetting the fact that regimes come and go, while the country remains. We also mention the confusion between *work and labour force*, between *the flow of demand and the flow of labour supply*.

We must act firmly in the economic theory and practice for the accuracy of the concepts, notions, economic language, triggering a new practical and efficient behaviour for the interests of all people. This behaviour should be placed consistently on the general understanding that true, wise, socially useful work is the engine of everybody's life. It must be understood with common sense and always materialise in useful effects for the individual and the community.

Thus, education, in particular economic education, provides the basis of the functioning of the Romanian economy. In our country the number of graduates in Economics is declining, following the trend seen in the whole higher education system.

Table no. 1. The number of graduates in Economics in the higher education system

Groups of majors	Years			
	2010	2011	2012	2013
ECONOMICS	62685	34415	25724	21922
TOTAL MAJORS	186900	136671	111028	95022

Source: <http://statistici.insse.ro>

If in 2010 there were 62,685 graduates in Economics, in 2013 their number decreased drastically, reaching 21,922. This decrease is also reflected in the number of graduates in the total majors because in 2010 there were 186,900 graduates, and in 2013 there were 95,022 graduates of higher education.

Table no. 2. Share of graduates in Economics in the higher education system in the total of graduates (%)

Field	Years			
	2010	2011	2012	2013
ECONOMICS	33,5	25,2	23,2	23

Source: <http://statistici.insse.ro>, calculations made by the authors

The share of the graduates in economics in the higher education system in the total of graduates reveals the reduction recorded in this area. In 2010, 33.5% of the graduates studied economics; in 2013 the percentage reached 23. After 1990 the percentage of the people enrolled in the higher education system increased, including the field of economics, so that at present, this reduction of graduates in this field can be influenced by:

- Low birth rate;
- Reduction of the number of students who pass the bacalaureate exam;
- Reduction of the number of people enrolled in the higher education system;
- Super saturation of the labour market in the field of economics, etc.

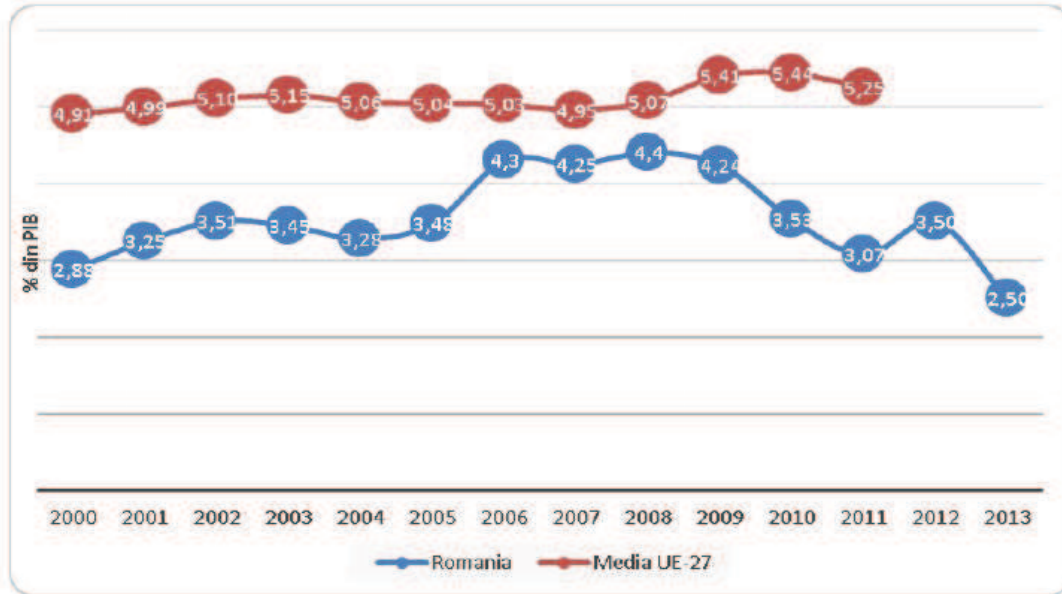


Chart no. 1. The share of education expenditure in GDP

Source: <http://epp.eurostat.ec.europa.eu>

The steady decrease in the number of graduates in economics is influenced by the factors previously discussed, but also by the importance given to the Romanian education, strictly speaking about the share of the expenditure on education in the GDP. The percentages recorded in our country do not reach those recorded in the European Union, except the period 2006-2008.

Table no. 3. The rate of young people who abandoned education prematurely in 2014 (%)

	Total	Men	Women
EU(28)	11,2	12,8	9,6
Romania	18,1	19,5	16,7

Source: <http://epp.eurostat.ec.europa.eu>

The importance of education, not only of the economic one, should be a priority in every state. In Romania the share of young people who dropped out of school prematurely was of 18.1% in 2014 compared to 11.2% in the European Union. Males are the ones who leave school, 19.5% comparing with 16.7% females. This trend can be noticed at European level too.

Table no. 4. The share of the population aged 30-34 with tertiary education level in 2014 (%)

	Total	Men	Women
EU(28)	37,9	33,6	42,3
Romania	25	22,9	27,2

Source: <http://epp.eurostat.ec.europa.eu>

The share of the population aged 30-34 with tertiary level of education in Romania is below the EU average. In 2014, in our country 25% of the population aged 30-34 had higher education studies, compared to 37.9% at European level. For this indicator the higher share is recorded for females both in our country and in the European Union.

3. Conclusions

The problems in the educational field are known, but they should be overcome. The findings of the study called “The Costs of Underinvestment in Education in Romania” must be known by each individual, so that the decisions regarding our future are taken knowingly. Romania is on the antepenultimate place in the EU regarding the share of education in the total of the government spending (8.1%), a lower share was recorded only in Greece (7.6%) and Italy (8%).

An extra year of school increases the revenue by 8-9%, reduces the risk of becoming unemployed by 8% and that of having serious health problems by 8.2%. The personal income increases proportionally with the level of education. Thus, the upper secondary education graduates earn 25% -31% more than those who completed the primary and secondary education levels. The gains obtained by the people who graduate a college exceed by nearly 67% those of the students who drop out of school after secondary education.

The correlation between the level of education and functioning of the economy is highlighted by the following conclusion. The increase of the proportion of college graduates to 19% in 2025 would increase the GDP by about 3.6%. Even a slight increase in the number of secondary school graduates (to 59.7% in 2025) would lead to an increase of 0.52% of the GDP.

If the spending on education gradually increased up to 6% of the GDP, the economic growth could reach a level of 2.7 to 2.95% in the period from 2015 to 2025 instead of 2%.

Of the total consumption expenditure of a household in Romania only 0.5% turns to education, the data aims to 2014.

Therefore, we consider that action must be taken for paying more attention to education. The functioning of the Romanian economy must be made based on trained and competent workforce. We do not exclude any of the other factors that influence the functioning of an economy, but the economic culture, the knowledge and the use of the economic concepts accurately represent the scaffold of any national economy.

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