
THE FINANCIAL-MONETARY SYSTEM OF THE EUROPEAN UNION AFFECTED BY THE CURRENT CRISES

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Abstract

In this article, the authors aim to establish the effect of the COVID 19 pandemic and the other crises that have started and act in concert on the financial evolution of the member states of the European Union.

Countries that consider financing the entire activity must take into account, first of all, the difficulties posed by this COVID 19 crisis and the others that have arisen subsequently, including the energy crisis, the food crisis, as well as the others arising from the war in Ukraine, context in which adjustment of strategies must be considered.

The evolution consists in the fact that the member states of the European Monetary Union, as well as the states that wish to join it, must meet a series of conditions that cannot be ensured at the moment.

Methodologically, it started from the interpretation of these data, the comparison using statistical-econometric methods (tables, graphic representations, comparative studies, coefficients of determination and others).

Through these methods, using the indicators we have available, from the study of the financial situation, which includes here the budget deficit or the public debt, we show the situations in which the respective countries have great difficulties in organizing themselves and being able to carry out truly effective activities.

The financial-monetary problem is an important one because, in the context in which the money supply in circulation exceeds the necessary money supply, it triggers inflation with equally destructive effects on the national economy.

Keywords: financial-monetary system, crises, inflation, indicators, models and statistical methods.

JEL classification: E30, E60

Introduction

In this paper, the authors started from the idea that within the European Union there is the Economic and Monetary Union, which includes 19 states. They also presented the fact that 7 other states are trying to fulfill the conditions required to join the euro group.

In the general conditions, we have listed the conditions that must be met in order to join the Economic and Monetary Union, namely the control of inflation, the deficit and the national public debt, the stability of the exchange rate, the convergence of interest rates and other conditions.

We also considered other aspects that the member states must fulfill and, above all, the conditions by which the European Union can organize its budget and can ensure the most efficient evolution of the member states.

The financial crisis of 2008-2010 raised some problems, difficulties that the member states of the European Union, including Romania, had to overcome. Thus, there have been many losses at the level of national economies, inflation has increased, unemployment has also increased, but a certain recovery has been reached, which, starting from 2011, has materialized in the increase of the Gross Domestic Product.

In 2019, the COVID 19 pandemic broke out, which affected the process of nominal convergence and led to the application of measures that were later upset by the outbreak of the Ukraine - Russian Federation war.

Currently, national economies around the globe are facing a quorum of crises namely the COVID 19 crisis, the economic-financial crisis, the energy crisis, the food crisis and other crises, including the security crisis.

On this background, the possibility of financing the national savings has diminished in the sense that, internal resources have decreased, even the distribution of repayable and non-repayable funds from the community budget, have become increasingly reduced.

The question arises that in the next period, all states must reconsider their income and expenditure budgets that can ensure a recovery of the national economy. In this sense, we are discussing the National Recovery and Resilience Plan, which is an important element that can help the recovery of some sectors of activity in the national economy.

There is a time frame for the state aid that has been accepted as a percentage of the Gross Domestic Product, as well as an excess of the public debt, but these must be reintroduced into the criteria of economic efficiency before the evolution of the national economy gets out of control.

We also referred to the fact that each nation's priority programs can ensure flexibility as well as the adaptation of measures to ensure the re-entry into macro stability necessary to ensure macroeconomic proportions and correlations.

Literature review

A number of urged authors have turned their attention to the situation generated by the crises that have befallen the member states of the European Union. Thus, Anghelache, C and others (2021) are concerned with the perspective of the economic evolution of the member states of the European Union under the impact of the pandemic and the financial-economic crisis. Also, Anghelache, C and others (2020) analyze the outlook for economic development under inflation risk. Beblavy, M. (2010) is concerned with the effects of the introduction of the euro on the prices of tradable goods in Slovakia. Consolo, A. et al (2021) believe that serious anti-inflation measures are needed for the ECB to consider in its price stability policy. Martín-Domingo, L. and Martín, J-C. (2022) are concerned with EU state aid related to COVID on the level playing field for airlines. Moder, I. (2019) is concerned with the repercussions of the ECB's monetary policy measures on South-Eastern Europe, and Sebhatu, A. and others (2020) address the issue of non-pharmaceutical COVID-19 interventions in heterogeneous countries.

Data, Results and Discussion

These member states must meet the conditions of consolidating economic developments, making more consistent investments, controlling inflation, as well as annual budget executions or internal public debt.

From this point of view, things evolved positively until the outbreak of the COVID 19 pandemic, which brought the economic-financial crisis to the stage with particular effects both on the functioning of the system used in the Economic and Monetary Union, but especially in terms of the concern of the claimant states upon the adoption of the Euro system.

The pandemic led to the restriction of production, by imposing measures aimed at protecting the population, in order to avoid infections with the Coronavirus, which led to a decrease in production, to the closing of production units, to an increase in unemployment through the closure or restructuring of some commercial companies.

At the same time, the rise in prices, in other words inflation no matter how we express it, in the consumer price index or in the harmonized index of consumer prices has been triggered.

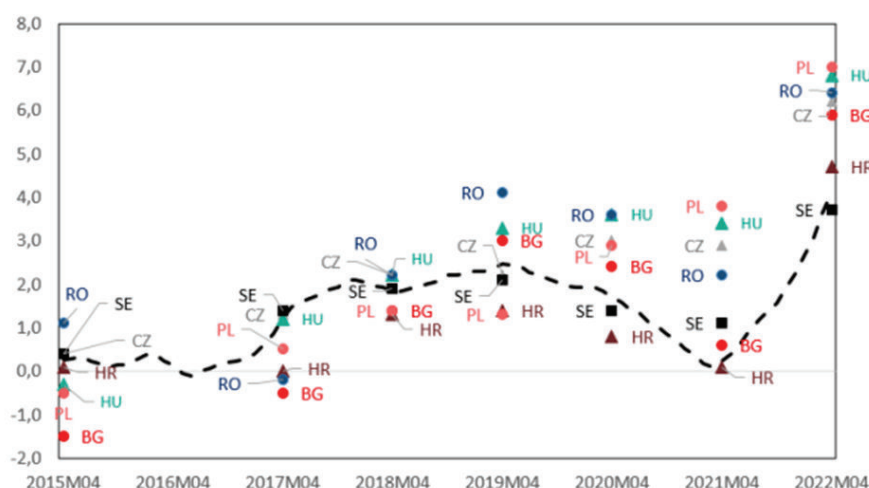
During 2022, through the invasion of Ukraine by the Russian Federation on February 24, 2022, apart from these crises that the economy was facing, there was also an amplification of the effects generated by the energy crisis, with effects in almost all other areas of activity economic based on this impossibility of states to cope with energy consumption in the context in which, to the restrictions imposed by the United States and the European

Union, the Russian Federation responded with total restrictions regarding the delivery of oil and natural gas.

After years of stability and in some cases even negative inflation, prices have risen, especially in 2021 and 2022. It is estimated that inflation is now at a level not seen for decades. It is worth noting that this is a global trend, not a peculiarity of countries outside the Eurozone, as the effect of price instability has also disrupted the situation in the Economic and Monetary Union. Figure 1 shows the average rate of change in the HICP.

Average rate of change in HICP

Figure 1



Source: Eurostat

As a result of the pandemic and even more so the recent events in Ukraine, price stability has further deteriorated. The impact of these prices is not homogeneous on all the countries of the European Union, but in some of them it has produced special effects.

A special element that should be taken into account is that the European Union being made up of 27 member states, the benchmark of top performance is likely to be much stricter than it was for the 11 members, who in 1999 founded the Economic Union and Monetary. This is due to the fact that, with the increase in the number of countries, more and more, it is possible that there may even be differences between these states.

Economic cycles in the European Union are not perfectly synchronized and tend to show different amplitudes from one state to another. This difference

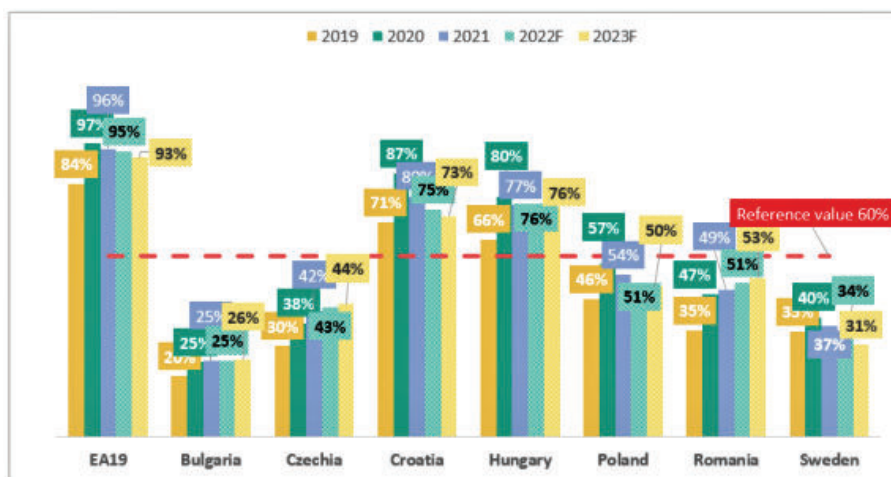
in the amplitude of the cycle tends to become larger at the peak and peak of the cycle by extending the accumulated effects of the economic and financial crisis.

The deficit could no longer be maintained at 3% of GDP, taking accepted values of 5%. Sometimes, even in the euro area the jump was 14%, it is true, for shorter periods of time. Also, the ratio between the external debt and the level of the gross domestic product was fixed at 60%, and this in many countries went crazy.

The gross public debt is presented in Figure no. 2 and from this it follows that this increase in debt during COVID 19 was the result of a larger budget, in most cases unprecedented, without coverage but in domestic revenues, which led to expensive borrowing, and these led to the increase of the countries' deficit members.

Gross public debt

Figure 2



Source: Eurostat

In some periods of time, the deficit in Romania, as well as in Croatia, the Czech Republic, Hungary, Poland, was over 5%, sometimes reaching 6-7%.

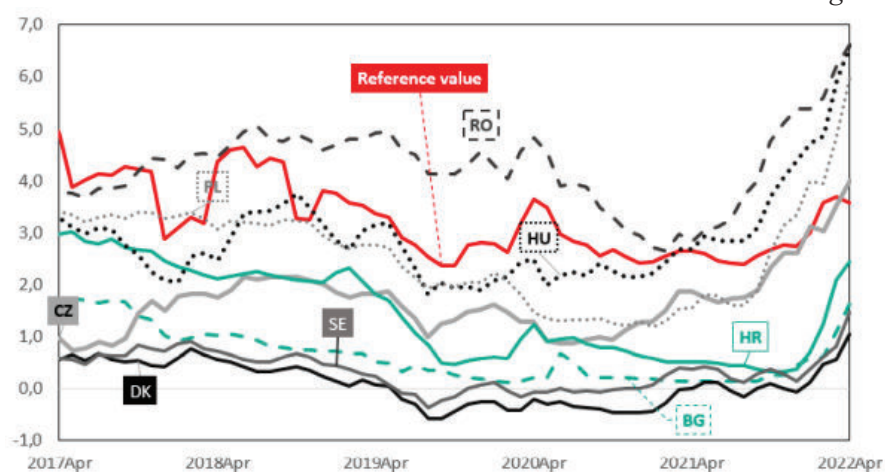
Through its policy, the European Union has left this evolution free with the directive that each member state undertakes the necessary measures to moderate this increase in the deficit.

Long-term interest rates are only theoretically stable, but after 2020 long-term interest rates have increased greatly in Romania, but also in Hungary, Poland and the Czech Republic. Until 2022, the interest rate

has increased, making the situation of the member states that wish to join particularly difficult, in the sense that those credits bring additional debts that require the total public debt to exceed 60% of GDP.

Long-term interest rate (%)

Figure 3



Source: Eurostat

The overall picture suggests that the process of nominal convergence has deteriorated since 2020. However, for a number of variables it is rather an amplification of this trend and is associated not only with the pandemic but also with the war in Ukraine. It led to an increase in prices not only for energy and food, which influenced the triggering of inflation reaching, as I mentioned before, levels difficult to meet until now.

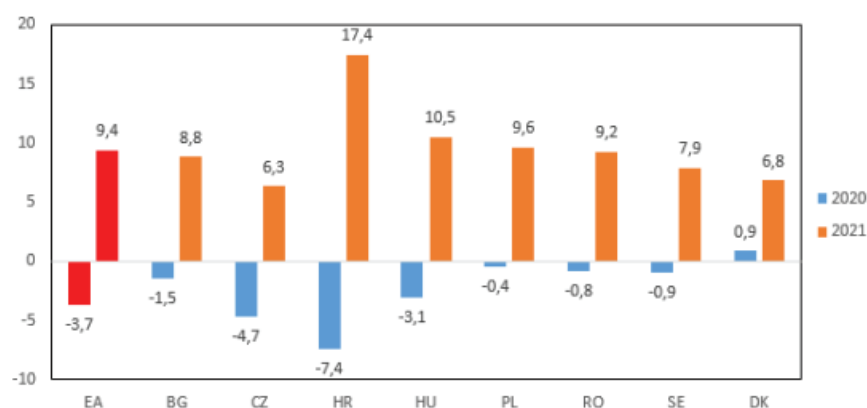
Because of this, the combined crises facing the world economy will create great difficulties in meeting the criterion of price stability in a group of countries, economic organizations and others.

The effect of COVID 19 has also extended to real convergence. This real convergence is not a pre-condition for access to the euro zone, nor an economic one, for the functionality of the European Monetary Union, but, nevertheless, it is certain that a high level of inflation, reduction of production, increase in unemployment and other effects of the crises leads to the emergence of prolonged divergences regarding the sustainability of the euro currency, which also determined the drop in parity against the US dollar, for this the monitoring of real convergence is an important evaluation exercise, beyond the requirements imposed by the pre-accession conditions.

Comparing different time periods up to 2019, 2020 and then 2021 shows a difference in the recovery process. The pandemic flattened the curve slightly, indicating a slower speed of convergence, but in 2021 the curve narrowed a bit, which re-triggered this year.

Change in GDP per capita in 2020 and 2021

Figure 4



Source: Eurostat

For countries outside the euro area, the return to relative growth in 2021 was larger than the decline that followed in 2021.

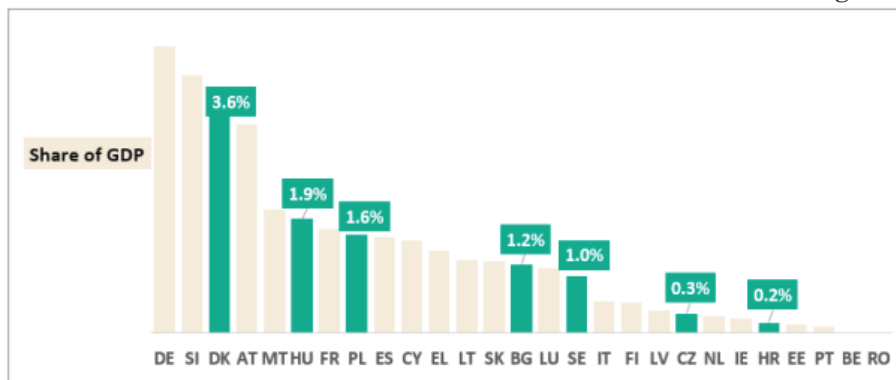
To complement beta convergence, we also discuss sigma convergence, which captures the different reduction or growth across countries over time. It can be used to examine whether the COVID 19 pandemic has altered previous trends and more generally whether the dispersion in the group of euro area and non-euro area countries shows the maintenance of substantial differences between these countries.

Since the impact of guarantees on the national budget materializes only when the borrower is unable to repay the loan received, then the use of guarantees could ensure a more favorable image and therefore banks must have, when granting these facilities, a deep study of assets available to countries or companies within them.

In Figure no. 5 presents the impact of discretionary fiscal measures within the temporary framework of state aid, showing the situation of commercial companies, credits and incentives that could and can continue to give an impetus to the activities of companies in the member states.

Discretionary fiscal measures in the temporary state aid framework (%GDP)

Figure 5



Source: Eurostat

An important point of debate is the suspension of state aid rules and concerns the extent to which the rules allow unviable firms to be kept afloat. Although there are some positive examples, this support must be given on the basis of a deep analysis, so that the provision of support is actually effective.

European countries have supported national European companies more broadly, in the sense that they have been able to continue their financial activity even though the pandemic imposes a series of restrictions. Such support generally serves as a tool for member states to counter the effects of the health crisis, in some research companies that can face the disastrous effects that the Coronavirus pandemic proposes.

Conclusions

The data presented ensure the drawing of conclusions that are important and necessary to be taken into account by the member states of the European Union in ensuring development strategies. For a number of variables, it is an amplification of existing trends rather than a change in trends associated with the pandemic.

It is found that at the outbreak of the pandemic, in some countries of the European Union, some variables such as the evolution of prices got out of control. This trend is even more evident, especially since February 2022, when the effects of the war in Ukraine and the energy crisis have left their mark on the economy of each country.

An important general conclusion of this study is that the process of accession of some countries to the euro zone is becoming more and more

difficult, and the countries that wish to do so must consider setting their ambitions on real situations.

In the European Union there are difficulties in ensuring the coordination of the finances of the national economies. In addition to the nominal criteria and legal requirements based on the Treaty, there are still some difficulties in establishing the budget and executing the multi-dimensional budget, which would ensure the possibility of financing all the member states of the European Union.

Ensuring a possible correlation and imposing a standard of living in all member states is becoming more and more difficult because the more developed states, with possibilities, do not wait for countries that have difficulties in securing the financing of their national economies. This is why it is important that these aspects are given special importance in the whole macroeconomic coordination strategy.

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Macrostabilitatea afectată de criza energetică

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Abstract

Criza energetică, care s-a declanșat cu mai multă amploare după 24 februarie 2022, când s-a declanșat războiul din Ucraina, afectează în mare măsură economiile țărilor membre ale Uniunii Europene sau ale tuturor statelor de pe glob. Pe acest fond, macrostabilitatea și menținerea unor proporții și corelații macroeconomice au fost afectate. Astfel, măsurile întreprinse vizează în primul rând asigurarea furnizării de energie și de gaze necesare producției, activității publice sau nevoilor gospodăriilor populației.

Autorii își propun în acest articol să evidențieze efectele palpabile, precise pe care le presupune această criză energetică. În acest scop s-au utilizat datele înregistrate în perioada 2019 – 2022, când asupra economiilor naționale a existat o puternică influență a crizelor care acționează concertat. În plus, criza energetică este cea care are valențe cu totul deosebite și a afectat nu numai țările cu o situație economică mai precară, ci chiar toate statele de pe glob.

În studiul efectuat am utilizat indicatorii statistici privind Produsul Intern Brut, evoluția acestora, structura pe resurse și utilizări, precum și modul în care economia națională este în proces de destabilizare și aceasta se va produce mai ales în contextul în care vor exista puține resurse și modalități de a elimina efectele crizei energetice.

Am utilizat analiza inductivă, analiza comparativă și am făcut o trecere în revistă asupra evoluției în ultimii ani rezultând clar că anul 2022 este unul în care criza va produce mari efecte pentru economie, pentru situația populației și, în ultimă instanță, asupra nivelului de trai al întregii populații.

Cuvinte cheie: *crize, indicatori, macrostabilitate, economii, evoluții.*

Clasificarea JEL: *E20, E30*

Introducere

Starea economică a României de la mijlocul anului 2022 este una destul de delicată în sensul că prețurile determinate de criza energetică, criza alimentară și celelalte crize, au generat efecte asupra rezultatelor concrete reale.

Dacă am lua în discuție rezultatele deflate am constata o serie de rămânări în urmă, o serie de dificultăți cu care se confruntă economia națională. Țara noastră are însă o problemă majoră, în sensul că incapacitatea de finanțare sau de co-finanțare o împiedică să participe la marile proiecte pe care le poate oferi Uniunea Europeană.

Indicatorul cel mai sintetic de rezultate, arată că Produsul Intern Brut al României a avut de suferit în perioada 2008 -2011, iar după o redresare care ajunsese să se impună ca ritm și trend, a apărut pandemia COVID 19. Această pandemie, ca urmare a măsurilor luate de către fiecare guvern a dus la reducerea rezultatelor, care în momentul de față sunt supuse și altor crize.

Când ne referim la alte crize, avem în vedere în primul rând criza economio-financiară ce a decurs din pandemia COVID 19 iar, mai apoi, prin declanșarea conflictului armat din Ucraina (războiul ukraineano-rus), s-a declanșat criza energetică și criza alimentară, punând în pericol întreaga evoluție a economiei naționale.

În perioada 2020 – 2022, s-a constatat o creștere a unor indicatori, în primul rând inflația și șomajul, care sunt indicatori cu efecte deosebite asupra economiei naționale.

În momentul de față, putem constata că ritmul de creștere economică este încetinit, că inflația, care a ajuns în luna iulie la 15,9% și este în perspectiva să crească în continuare va afecta rezultatele, mai ales în contextul în care acestea vor fi deflate și aduse în termeni reali.

Un element important pentru comparabilitatea internațională a rezultatelor obținute de România în anul 2022, îl va reprezenta și cursul de schimb al monedei naționale față de valutele forte, dolarul american și euro.

Cunoaștem că în prezent, datorită acestor crize care acționează conjugat, s-a deteriorat cursul de schimb, dolarul trecând în fața monedei euro, iar pe plan local, moneda noastră națională (leul) este tot mai firavă față de valoarea dolarului SUA și a euro.

În comparabilitatea internațională, deși noi prezentăm rezultate în moneda noastră națională și rezultă unele creșteri, vom avea o situație tot mai neplăcută în sensul că rata de schimb pentru transformarea rezultatelor în euro ne diminuează nivelul acestora. Desigur, în unele studii se utilizează rezultatele pe care le raportează România dar, de cele mai multe ori, se recurge la studiul comparativ al unei monede și aceasta este euro, pentru anul 2022 ca și în anii anteriori.

Pe categorii de utilizări, Produsul Intern Brut al României a avut de suferit și din cauza agriculturii care în anul acesta, 2022, a avut o situație deosebit de delicată, fiind afectată de condiții meteorologice fără precedent. Și alte domenii de activitate, ca turismul și celelalte, au avut rezultate mult rămase în urmă în ceea ce privește realizarea Produsului Intern Brut.

Pe forme de proprietate, aspect pe care l-am abordat în acest articol, s-a menținut ritmul ridicat al ponderii sectorului privat care a făcut față în condiții mai ușoare decât în alte situații, mai ales datorită investițiilor străine directe care au continuat să fie în România, prin majorarea capitalului societăților comerciale sau deschiderea unor noi societăți, deși într-un procent mult mai redus față de perioadele anterioare.

Literature review

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Date, rezultate și discuții

Indicatorul cel mai sintetic al României, privind rezultatele obținute în anul 2010, îl reprezintă Produsul Intern Brut, care a fost de 513.640,8 milioane lei, exprimat în prețuri curente ale anului 2010. În 2011, creșterea PIB a fost de 1,1% față de 2010, ceea ce, ajustat la nivelul anului 2011, reliefează o valoare de 519.290,8 milioane lei. Anul 2012 a evidențiat o creștere de 0,6 față de 2011 și de 4,9%, față de același an, date deflate, a PIB, ajungând la 596.681,5 milioane lei, date definitive.

În anul 2013, pe baza datelor semidefinite, rezultă o creștere anuală de 3,5% a PIB față de anul 2012. În cifre absolute, valoarea PIB în 2013 a fost de 617.565,4 milioane lei, date nedeflate.

În 2014, evoluția PIB a continuat să crească, luând în considerare datele curente provizorii, ajungând la 103,1% față de 2013. În 2015 s-a înregistrat o creștere a PIB de 3,8%, iar în 2016, creșterea a fost de 5,2% față de perioada corespunzătoare din anul precedent. Indicatorii macroeconomici de rezultate au înregistrat o evoluție negativă în perioada ianuarie 2009 - ianuarie 2012 ca urmare a efectelor crizei economico-financiare, ineficienței