



Development and Cooperation in the Context of the Global Financial - Economic Crisis

**Alexandra DUMITRESCU¹, Adrian CONSTANTINESCU²,
Liliana Aurora CONSTANTINESCU³**

¹University of Sibiu, Romania, alexandra_d_c@yahoo.com

²University of Sibiu, Romania, adicon85@yahoo.com

³Christian University, Romania, lilianaauroracon@yahoo.com

Abstract: This paper first reviews different interpretations of the global financial crisis and the main priorities of the European Union for 2020. The financial and economic crisis had a significant impact on public finances, business, jobs and families. At all levels, the decision makers in public policy will have to find ways of triggering economic dynamism, while the margin of maneuver in what concerns the budget is limited. According as the recorded deficit in the public sector will be again under control public expenditure will be such organized that the targets for 2020 are met.

Keywords: development; economic politics; strategy; globalization; cohesion policy

1 Introduction

129

At a time when the world order is changing rapidly and emerging economies like China, India, and Brazil are asserting their influence, Europe must stand together and be an active partner to shape global action. To pull its weight on the global scene and defend its interests and values, Europe needs to pool its resources and act united, for example through its common trade policy, by preparing accession candidates to become new members, by investing in our neighborhood and by helping those in need. The global financial economic crisis has unveiled significant lows in the regulation and supervision of the international financial system. The deepening of financial markets by the use of complex instruments, the development of financial institutions with an intensive cross-border activity, and the higher degree of interconnectivity between financial institutions were a few of the elements conducive to the global financial system's increased vulnerability to risks. Changes operated in the European Union (EU) financial regulatory framework are aimed to ensure the transition to words a more resilient financial system, capable of weathering any future financial crisis, as well as to strike a balance between economic growth and financial system stability.

2 Alternative Interpretations of the Economic-Financial Crises

¹ All three authors had equal contribution on elaborating the paper.



The financial and economic crisis is not well understood in the media, in politics or in academic discourse, like the Great Depression, the causes of which continue to be discussed today. The public tends to search for the guilty without necessarily understanding the complex causes of the disaster.

The economic crisis reflects the difficulties of the economic activity, that is a slow down, stagnation as a serious fracture of the macroeconomic equilibrium especially of the equilibrium between production and consumption between demand and supply, between the extent to which the production factors are used and level of employment, between the level of prices and the purchase power of the citizens, etc.

Financial crises reflect serious malfunctioning of financial system of countries, which are the significant deficits of the public budgets. Financial crises may appear as a result of accidents (significant reduction of money collected to the budgets), unforeseeable shocks to the real economy of hasty decisions of the management that trigger exaggerated expenses, thus ignoring risks, etc., as the case may be consequently, economic-financial crises are caused by crisis-generating elements that pertain to both categories and negatively influence, both fields of activity.

Crises can be defined as complex phenomenon that can affect the entire complex or office, or some of its sectors (economical, political system, international relations, banking and financial systems, social structure, educational institutions and culture awakening the interest of economists, historians, psychologists, sociologists, etc.

Crisis management is a very complex task involving both predictive capacity crisis, creation of scenarios for keeping control and solve their and the feedback when crisis appear. Their solution is achieved by identifying the causes, important activity for an organization, because researched as a crisis is likely to recur. This may damage the organization's image and to characteristics of the crisis:

- losing control of the situation;
- insufficient information;
- rumors deteriorated by the appearance information;
- panic (is exacerbated by the absence of effects especially the staff);
- maximum visibility (can provide the opportunity to restore balance quickly if there is an effective crisis management plan).

The fundamental principle of management crisis is to think the immediate assumption of responsibility in order to regain public trust, if it disappeared or to maintain and develop that trust.

Importance for resolving crises is effective rapid decision and efficient communication. Because crises can change public opinion about the organization in a negative image public relations experts most communicate with the public so organization to regain the place hold in public opinion.

3 The Europe 2020 Strategy - the Perspective of the Priorities of the European Union

Europe 2020 is the EU's growth strategy for the coming decade. Concretely, the Union has set five ambitious objectives - on employment, innovation, education, social inclusion and climate/energy - to be reached by 2020. Each Member State has adopted its own national targets in each of these areas. Concrete actions at EU and national levels underpin the strategy.

The financial and economic crisis had a significant impact on public finances business, jobs and families. At all levels, the decision makers in public policy will have to find ways of triggering economic dynamism, while the margin of maneuver what concerns the budget is limited. According as the recorded



deficit in the public sector will be again under control, public expenditure will be such organized that the targets for 2020 are met.

The European Union Strategy 2020 is designed as a successor of the current Lisbon Strategy, which was a European Union reform strategy over the past decade and helped the European Union to face the recent crisis.

The European Union strategy is based on its accomplishments, such as the partnership for growth and jobs, but it also brings new feature to meet new challenges. This strategy is based, too, on the benefits of the existing coordination within the European Economic Recovery Plan in response to the crisis (Barroso, 2010).

The European Union 2020 vision is relevant for all the European Union Members States and can be adapted depending on the different starting point and the nation character to promote the growth for all.

It is considered that the main motor factors of the European Union 2020 Strategy should classify on themes, depending on the following priorities:

1. The growth based on knowledge as a value generating factor supposes that social cohesion and opportunities will be consolidated in a world where innovation makes a difference both in what concerns products and processes, capitalizing the whole potential of education, research and digital economy. Knowledge is the engine for sustainable growth. In a world confronted with quick changes, the features which make a difference are: education and research, innovation and creativity. In the European Union vision for 2020, the creating of an efficient European research area, effective and equipped with necessary resources is expressed. The European Union should intensify its research efforts in pooling resources, developing the main research facilities across the European Union and raising the quality of research at global standards. The attractiveness and performance of Europe as a research area also depend on creating an internal market and attractive career prospects for researchers. The way forward requires a research partnership between the European Union and the Member States to maximize the synergies with other policy areas, particularly with innovation and education. European Union should offer more attractive framework conditions for innovation and creativity, including the incentives for developing knowledge-based organizations and should help universities and research institutions to raise capital by selling their ideas and innovations;

131

2. The development of competences within some societies favorable for the inclusion is realized in getting new competences which can encourage creativity and innovation, the development of the entrepreneurial spirit and the change of a job with another one; the elements will be essential in a world which will offer a lot of jobs in the change of a great capacity of adapting. In the economic context after the crisis, a lot of the lost jobs will not be recreated. Transforming Europe into a more intelligent, more competitive and greener economy, new jobs will be encouraged and will be a response to the high unemployment rates. However, during the transition, working hard will be essential to prevent people leaving the system and their exclusion, as well as to ensure social cohesion. In fact, new models characterized by multiple inputs and outputs on market during the lifetime appear, which replace the traditional cycle (education, work and retirement), thus giving people more opportunities. This requires a framework for organizing and supporting these transitions, which are based possibly on some of the measures adopted during the crisis (e.g. reduced working time combined with training). New jobs, which require new skills, will be created. The transition between jobs and between training and jobs will have to be managed. In this respect, flexicurity will be fully developed. The challenge is finding the best way to improve on the one hand, the flexibility of labor markets, both in terms of work organization and labor relations and, on the other hand, the safety offered by the lifelong learning and an adequate social protection. Lifelong learning must be more accessible, and universities should be more open to atypical



students. Skills are a key element for economic growth and productivity growth in Europe as well as for creating jobs. Lifelong learning is a key element for ensuring the good transition between jobs and occupations, and to avoid long-term unemployment that leads to the loss of human capital. Digital economy also offers new opportunities for distance learning in the perspective of lifelong learning and for the communication forms that produce changes in labor, reduce the distances and make the work at distance a real possibility in an increasing number of jobs;

3. The creation of a greener, connected and competitive economy supposes that European Union should be more efficacious from the competition point of view and increases its productivity by lowering the consume of resources and regenerative energy in a world where the price of energy and resources is high, and the competition in these domains is also growing. This thing will stimulate the growth and will contribute to accomplish the objectives concerning the environment, bringing benefits to the economic sectors, from the traditional manufacturing to the new high-tech enterprises. Structures' modernization and interconnection, lowering the administrative burden and accelerating the market uptake of innovations are elements which will contribute, equally, to reach this goal. Europe must remain competitive in the future in the context of relatively higher energy prices, the constraints on carbon emissions and a much greater competition in terms of resources. The more efficient use of resources, including energy and, as well as the application of new technologies, more ecological, will stimulate the growth, will create new jobs and services and will help the European Union both in maintaining a strong manufacturing base and a solid service sector and in achieving environmental and climate changes.

4 Conclusions

The European Union countries should learn from the experience of the global financial and economic crisis. We are stronger when we work together, and the success of getting out of the crisis depends, therefore, on a close coordination of the economic policy. 132

“The Europe 2020 Strategy bid is concerned with what we must do today and tomorrow to replace the economy on track. The crisis has exposed fundamental problems and unsustainable trends which can no longer be ignored. Europe has a deficit of growth which puts our future in danger. We need to decisively resolve the vulnerability and fructify our many advantages. We need to build a new economic model based on knowledge, on an economy with low carbon and high labor employment. This battle requires a mobilization of all the stakeholders in Europe”. (Barroso, 2010)

5 References

- Barroso, J.S. (2010). *Another economic strategy of the European Commission: Europe 2020*. March 3rd, <http://ec.europa.eu/eu2020/>.
- Dăianu, D. (2010). Europe 2020. *Jurnalul.ro, Observator*. 02.10. http://www.jurnalul.ro/section_articol/.
- ***(2009). Consultancy regarding the future “EU 2020” Strategy. *Commission Working Document*. Brussels. 11/24, <http://ec.europa.eu/eu2020/>.
- ***(2010). Agenda after Lisbon Agenda: European Union 2020. “*Financial Week*” Magazine. February 8th. Lisbon.
- ***Eurostat, *structural indicators*, <http://epp.eurostat.ec.europa.eu/portal/pag.eurostat>.
- ****Economic recovery still waits in Romania*. The Institute of Economic International Studies from Vienna (WIIW), <http://www.euroactiv.ro/uniuneauropeana/articles-19650/>
- ****Romania received 1 billion euro from European Union*, <http://ec.europa.eu/eu2020/>.