

ASPECTS CONCERNING THE EVOLUTION OF ROMANIA'S PUBLIC DUTY IN THE PERIOD 1990-2006

Ovidiu POPESCU-OLTEANU, PhD. Student
University Titu Maiorescu, Bucharest
Nica UDRIȘTOIU, Prof., PhD.
University of Craiova, Romania

Keywords: total public duty, internal, external, public duty service.

Abstract: The Ministry of Economy and Finances and Romania's National Bank make annually, semester or monthly reports concerning the evolution of Romania's public duty, the deficit of the generally consolidated budget, the deficit of external payments balance, and others. To cover the resources deficit, the state resorted at, on a large scale, the state loans. The evolution of the internal, external and total public duty, as weight in the gross internal product, in the period 1992-2006, and also the balance between the internal public duty and the external one, in the total public duty, are presented in the figures 1 and 2. The resorting to loans is, generally, unfavourable for the Romanian economy. The impact of the public duty on the budget deficit, on the total public duty service, on the fiscal incomes and on the total public expenses is presented in the figures 3, 4 and 5. Public duty can't increase indefinitely. The ceiling of debt is annually approved by the Parliament, according to the monetary criteria of exchange, stipulated by the Treaty of Maastricht for the countries members of the European Union. The evolution of the main indicators concerning Romania's external public duty after 1990 and up until present is presented in the figures no. 6, 7, 8 and 9.

The annual reports concerning public duty, annual budgetary reports, monthly bulletins and others made by the National Bank of Romania and the Ministry of Economy and Finances contain numerous tables of financial data structured on columns and lines. These situations (tables of data, diagrams) concerning the evolution of public duty, of the budgetary deficit, of the external payments balance deficit, and others, are realized using the processor of the tabular calculation Microsoft Excel.

To cover the resources deficit, the state used, on a large scale, the state loans, their evolution, after 1990, being presented in the figures no.1 and no. 2.

The diagrams illustrate the appeal, mainly, to external financing sources, the external public duty evolving, from 100% in 1990, to 57,8% in 2006. The fact that Romania appealed to external sources, for over 70% (average), was due to the weak development of the internal loan capital market, the internal public duty evolving from 17,9% (in 1992) to 42,2% in 2006. As weight in the internal gross product, the internal public duty increased step by step, to the value of 7,5% (2006), the maximum being attained in 1999, when there was registered the value of 12,5%. Still, this value was much under the average registered by the external public duty, its maximum being attained in 1996, with the value of 22,6%.

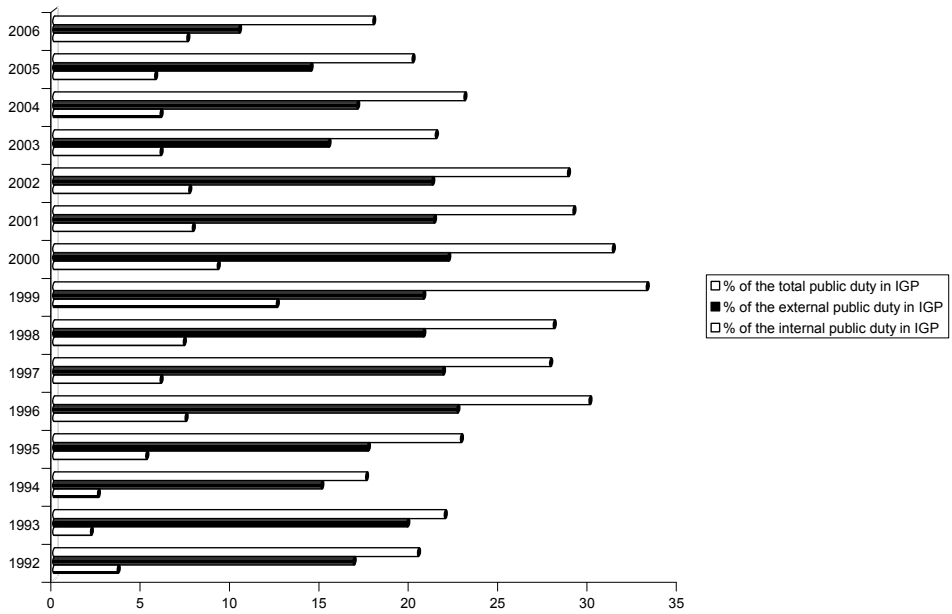


Fig. 1: The evolution of the internal, external and total public duty, between the years 1992 and 2006.

Source: www.mfinanțe.ro

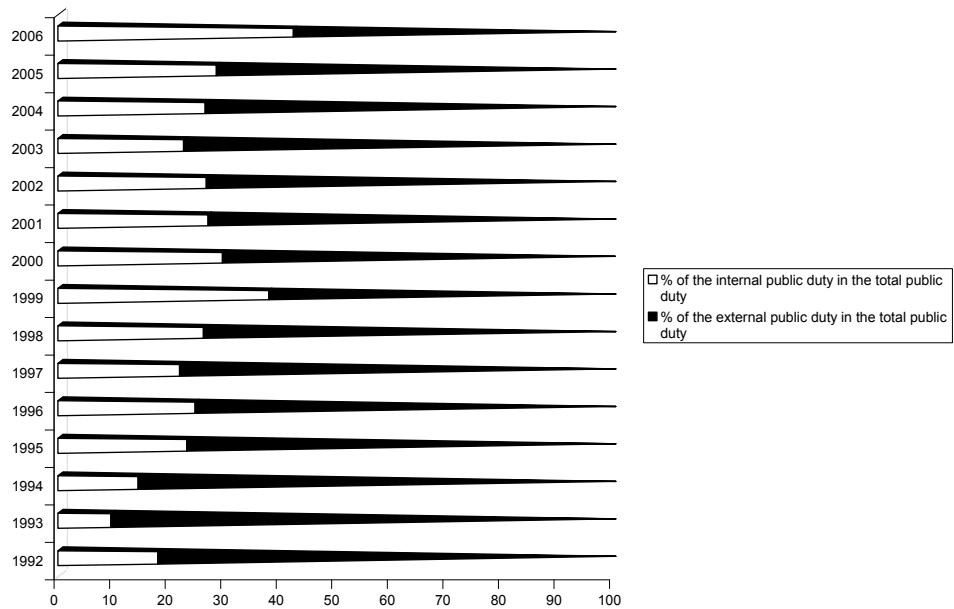


Fig. 2: The weight of the internal and external public duty in the total public duty, in the period 1992-2006

Source: www.mfinanțe.ro

The accumulation of some special budget deficits led to the increase of the budgetary deficits, the interdependence public duty – budgetary deficit being presented in the figure no. 3.

Thus, the growth of the total public duty and the budgetary deficit was simultaneous, between the years 1994 and 1996. On the other hand, the reduction of the budgetary deficit in the period 1996-1999 involved the diminution of the total public duty, in the same period, to the threshold of the 28% of the internal gross product. After 2000 (year that marks the beginning of the revival of the economical increase), the simultaneous diminution of the deficit and of the duty is obvious.

The increase of the public duty, as effect of the financing of the above mentioned deficits supposed the accumulation of interests and commissions at duty, the service of the total public duty being more and more difficult to bear. The evolution of the total public duty – as weight in the internal gross product, and its impact on the service of the total public duty is illustrated in the figure no. 4.

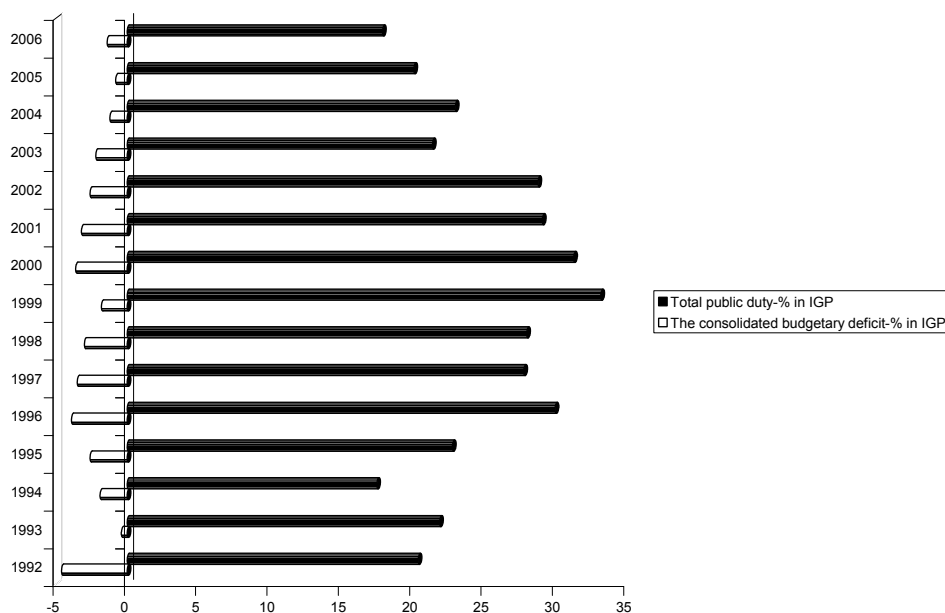


Fig. 3: The impact of the public duty on the consolidated budgetary deficit, in the period 1992-2006

Source: www.mfinanțe.ro, www.bnro.ro

Thus, the increase of the total public duty, as weight in the internal gross product, from 20,4% (1992) at 31,3% in 2000 generated an increase of the total public duty service, from 2,4% from the internal gross product (in 1992) at 19% in 2000. The gradual diminution of the total public duty, after 2000, drew the correlative reduction of the total public duty, to the value of 2,1% from internal gross product, attained in the year 2006.

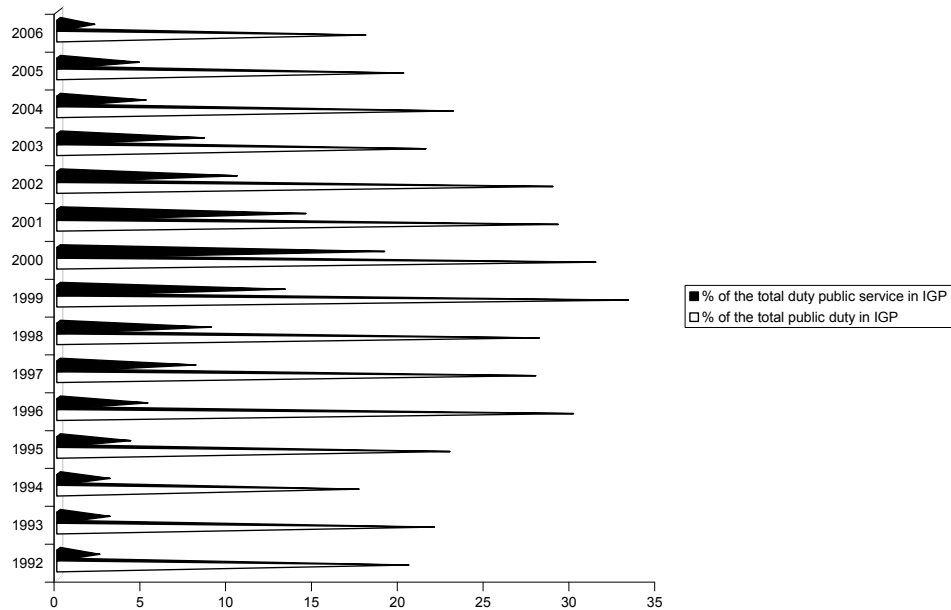


Fig. 4: The impact of the total public duty on the total public duty service, in the period 1992-2006

Source: www.mfinanțe.ro

The financing of the deficit of resources supposed, firstly, measures of reduction of the budgetary expenses, from 26,9% of the internal gross product, in 1992, to 20,9% in 1997. The reduction of the incomes (from 21,4% in 1992, to 15,8% from internal gross product, in 1997), as consequence of the essays of fiscal relaxation, made, rather, a disadvantage, the financing of the deficit being made from external sources and monetary issue. As consequence, the weight of the total public duty in the internal gross product has increased, from 20,4% in 1992, to 27,8% from the internal gross product, in 1997. Starting with the year 1999, the promoted fiscal politics had as a main objective the restrictive calibration and the maintenance between normal limits of the consolidated deficit in co-relation with the assurance of an uninflationist financing of it and of a sustainable rhythm of the public duty. The diminution of the total public duty, of the fiscal incomes and of the total public expenses, after 1999, is presented in the figure no. 5.

The diagram illustrates the way in which the public duty (on the increase or on the decrease) influenced the level of the fiscal incomes and the one of public total expenses, and vice versa, in the period 1992-2006.

The internal and external public duty, thus generated, cannot surpass certain limits (of obliging, sustainability, and others) considered critical for the national economy, limits fixed through the international treaties.

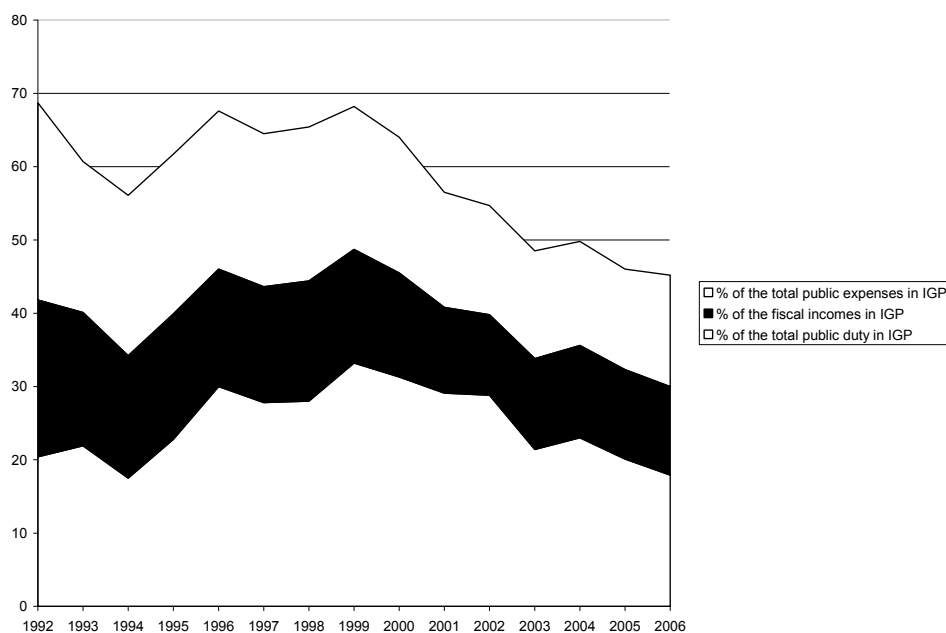


Fig. 5: The impact of the total public duty on the fiscal incomes and on the total public expenses, between the years 1992 and 2006

Source: Datoria publică guvernamentală internă între anii 1990-2006, Datoria publică externă efectivă între anii 1990-2006, Anuarul Statistic al României 2005 și 2006, tabelul nr. 21 – Execuția Bugetului de Stat și tabelul nr. 11.1 – PIB pe categorii de resurse, www.mfinanțe.ro

The evolution of the external public duty, as weight in the internal gross product, between the years 1990 and 2006 is presented in the figure no. 6.

The diagram illustrates the fact that Romania is a country moderately indebted, the level of the external debt being much under the maximum admissible limit (50%), (the maximum being attained in 1996, with the value of 22,6%).

The balance between the effective external public duty and the exportation of goods and services emphasize the percent from the volume of the export of goods and services, which would be necessary to the payment of the external duty. The evolution of this indicator, in the period 1990-2006 is presented in the figure no. 7.

The weight of the external public duty in the exportation of goods and services oscillated between 3,6% (1990) and 41,1% (2006) in the period submitted to the analysis, with a maximum point of 83,9% attained in the year 1998, much under the level, considered critical, of 200%.

The sustainability of the external public duty is best demonstrated by the indicator “the rate of the service duty”, which expresses the balance from external public duty service and the exportation of goods and services. The evolution of this indicator in the period 1990-2006 is presented in the figure no. 8.

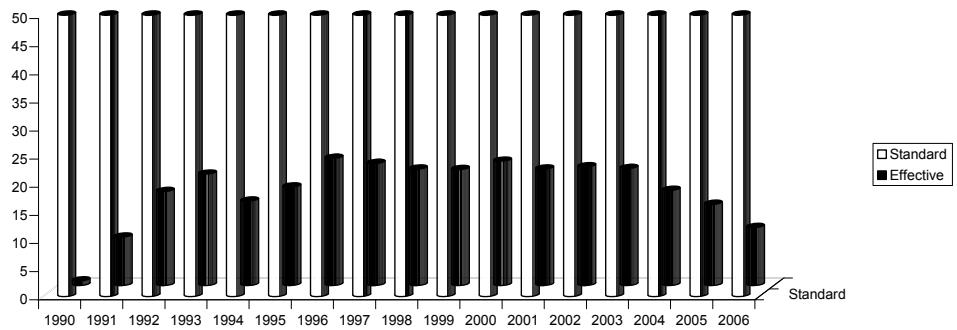


Fig. 6: The weight of the external public debt in the internal gross product in the period 1990-2006

Source: www.mfinanțe.ro

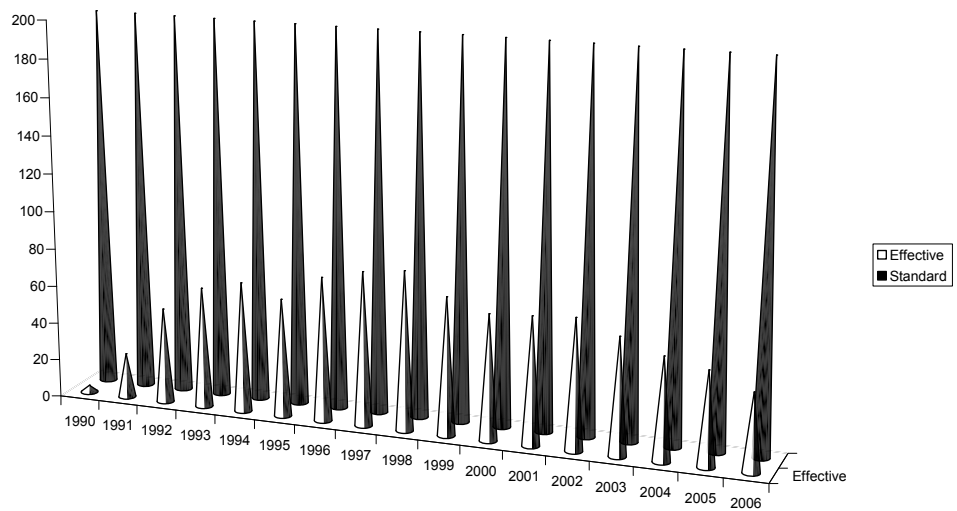


Fig. 7: The weight of the external public debt in the volume of the exportation of goods and services in the period 1990-2006

Source: www.mfinanțe.ro

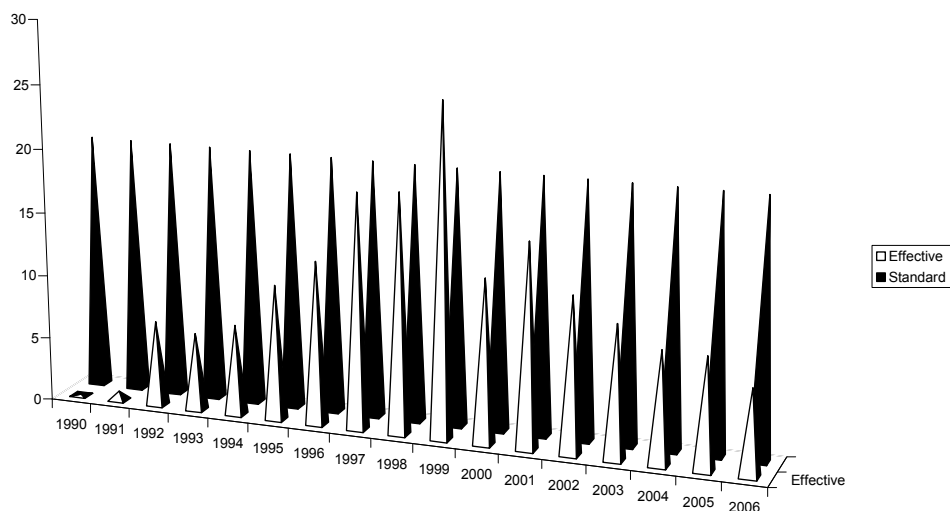


Fig. 8: The weight of the external public duty service in the volume of the exportation of goods and services between the years 1990 and 2006

Source: www.mfinanțe.ro, www.bnro.ro

The figure illustrates the sustainability of Romania’s external public duty during most of the years submitted to the analysis, with the exception of the years 1999, when the weight of the external public duty service in the volume of the exportation of goods and services registered the value of 25,8%.

The burden of external duty is also illustrated through the angle of the weight of interests and commissions due to the external public duty in the exportation of goods and services. More the interests and the commissions due to the external public debts absorb a bigger part from the cashings from exports, more tensioned will be the balance of external payments, and the currency resources remained for the payment of the importations destined to the economical and social development and to the supply with less consumable goods. The evolution of this indicator is presented in the figure no. 9.

The diagram illustrates the respect of the ceiling in most of the years submitted to the analysis, except the year 2001, when the interests of the commissions due to the external public duty represented 15,9% from the volume of the exportation of goods and services.

According to the indicators presented above, Romania joins the moderately indebted countries, with a sustainable external public duty.

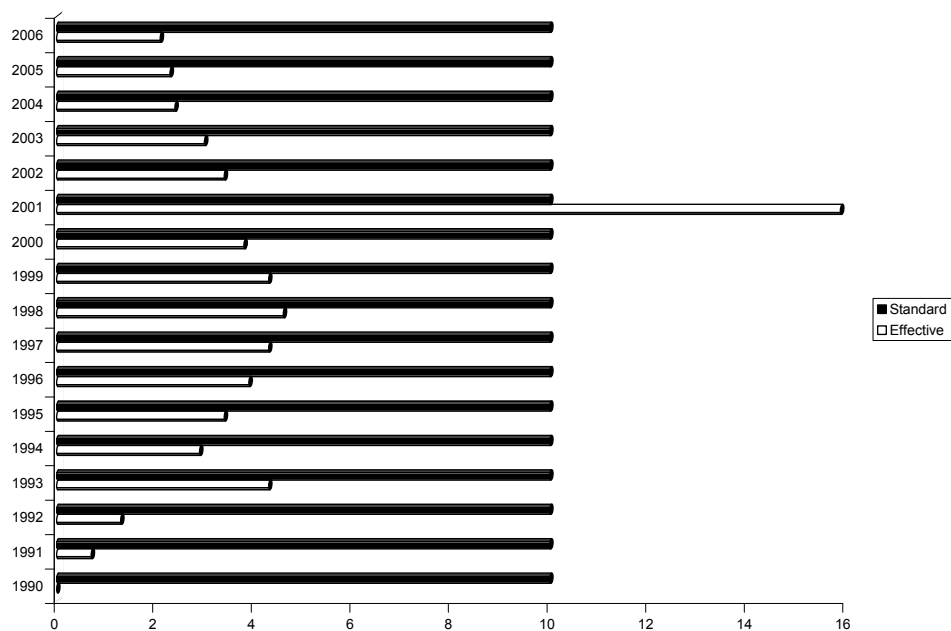


Fig. 9: The weight of the interests and the commissions to the external public duty in the exportation of goods and services between the years 1990 and 2006

Source: www.mfinanțe.ro, www.bnro.ro

REFERENCES

1. Băbeanu Marin (2006) - *Macroeconomie*, Universitaria Publishing House, Craiova;
2. Moșteanu Tatiana, Cataramă Delia Florina, Câmpeanu Emilia Mioara (2005) - *Gestiunea datoriei publice*, Universitară Publishing House, Bucharest;
3. Văcărel Iulian et all (2006) – *Finanțe publice*, Didactic and Pedagogic Publishing House, Bucharest.