



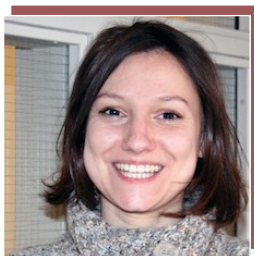
EIR newsletter

Year IV, no. 41 – May 2012

interview _____

Amandine CRESPIY

Lecturer, Member of CEVIPOL (Centre d'étude de la vie politique) and of the Institute for European Studies (IEE) at the Université libre de Bruxelles



Characterizing the current crisis, the majority of experts speak about the euro zone crisis and about the crisis of Europe. In your opinion, are these the main traits of the current situation?

I think it is good to remind that the storm originally came from the West with the subprime crisis and the crash of Lehman Brothers in the US in 2008. In this respect, I would first say that we are experiencing a crisis of global capitalism that can be compared to the situation in the South Eastern Asia in the late 1990s'. The fact that capitalism knows periods of equilibrium punctuated by financial crisis is nothing new. The challenge is how to possibly prevent these crises through good regulation of the system and, if this is not possible, how to best cope with the crises once they happen. In this respect, we see that the G8 is not very efficient and that almost no effective measures have been taken to re-balance the system at the global level since 2008. Now the problem of the EU is that, unlike the US, it is particularly ill-equipped to face this kind of external shocks. The financial crisis brutally unveiled the fragility of the European Monetary Union and this is how a global crisis originating in the excessive credit policy generated huge but groundless profit for Wall Street became the Euro crisis. What we should be concerned about is that, in the absence of effective response at the global level, we will have to face another convulsion of the financial system in the coming years. It is therefore crucial for the EU to build decision-making and problem solving capacity in the meantime ... **p.2**

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EIR publication _____

Romanian Journal of European Affairs - Summer Issue 2012

In this year's second issue the authors propose several topics related to the European Cohesion Policy (a possible evaluation model), a comparative analysis of the South Eastern Europe economies facing the crisis, the national and European identity before and after the most recent EU enlargements, the presidents of the European Commission - between professional paths and political circumstances, and to the theory of the optimum currency area and the practice of the Euro ... **p.6**



... In a lecture given last year in Romania you also spoke about the political roots of the current crisis. Can you elaborate more on them as they are less spoken about in the mainstream media?

My argument is that it is not primarily a monetary and economic crisis but rather a political crisis of Europe. Throughout the crisis, the Euro remains a credible international reference currency. Neither is, contrary to the political doxa in Europe, public debt the main problem. For sure, the debt level of Greece is not sustainable. But the Greek GDP stands for less than 3% of the EU's GDP, i.e. it is similar to the weight of Alabama in the US context. Moreover, public debt is as high as in Europe in other parts of the world such as in the US. So, what makes these minor problems in the US context so crucial and detrimental in the EU? It is mainly the lack of confidence in the political EU project. We know that "the markets" (i.e. investors, bankers and speculators) are averse to risk and uncertainty. With the inability of EU leaders to make rash decisions when faced with an external shock, the absence of solid governance institutions for the Monetary Union and the total lack of citizens' confidence and appetite for a more integrated federal Union, risk and uncertainty are very high for the European economy as a whole.

What are in your opinion the failures of the political management of the economic crisis?

The first failure is the timing: heads of States, and more particularly Angela Merkel, were too slow in realizing the potential consequences of the crisis and bringing answers in late 2009. The German Chancellor was reluctant to assume the German responsibility of the hegemony of Europe. The Germans see it more as a burden and, for historical reasons, are reluctant to play that role. However, with the largest and most dynamic economy in the EU, Germany has also become the political heavy weight thus supplanting France. The second failure was that, when a reaction came, it took the form of an exclusive French-German tandem. It may have been more a necessity than a will, at least on the German side, but it generated frictions with the other partners inside and outside of the Euro zone. A duopolistic leadership of the EU is just not democratic and not viable in the long run. Thirdly, policy and institutional outcomes are not sufficient yet. Institutions of the EMU have been strengthened but the EU has failed to make the federal step that is needed now, because France still defends an intergovernmental vision of Europe inherited from the past (mainly from the General de Gaulle) and Germany would prefer to enjoy the benefits of its economic success rather than share the burden of economic interdependence.

Amandine Crespyis assistant professor for political science and European studies at the **Université Libre de Bruxelles**. Her research interests are related to conflicts over the economic and social integration in the EU (with a focus on the politics of services liberalization and, more recently, the euro crisis). She was invited as a visiting fellow at the Freie Universität Berlin, Science Po Paris and Harvard University. Besides a number of articles in French-speaking and international journals, she has co-edited *L'Europe sous tensions* (L'Harmattan, 2010) and *Qui a peur de Bolkestein? Conflit, résistances et démocratie dans l'Union européenne* (Economica, 2012).

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In a time of turmoil the political extremes are prospering. How do you perceive the evolution of extremism on the European stage? Is it something to fear regarding its evolution?

If European integration has not meant a decisive commitment towards federalism, it has also, unfortunately, not meant the end of nationalism. On the contrary, we can see nationalism spreading to the regional level with extremely vivid and politically successful forms of regional claims for independence in Flanders, Northern Italy, Catalonia or Scotland. Besides, xenophobic and populist parties are prospering in France, Scandinavia and in many Central and Eastern European countries where immigration issues are at the centre of the political debate. What we are witnessing at the moment and that should raise many concerns is that the ideas defended by these parties are making their ways into the political mainstream, either because these parties come to power in government coalitions (like in Italy or Denmark), or because mainstream parties now promote these ideas, like the UMP, Nicolas Sarkozy's party, in France. This makes our individual societies less tolerant without bringing solutions as to how to manage the increasing flows of immigrants due to economic inequalities or political persecutions in Europe and the world. Furthermore, the risk is that these parties will at best make Europe a fortress - which is absurd because it is an aging continent that needs immigration to prosper - and at worst destroy the European project: extremists have never been

advocates of EU integration and they are totally unable to coordinate and bring solutions with regard to collective problem-solving.

In the last period the European leaders moved towards a closer union at least in the economic area. How will this process affect the political integration? Will we assist to the birth of the United States of Europe?

What results from the crisis is the well-known spill-over effect in action: problems and crisis generate new steps towards the integration of our governance. But what is missing is a political consensus for a decisive step towards federalism. It is interesting to see that, a few years ago, only two or three years, federalism was considered as an idea of the past, a relic of the 1950s'. Today, there is a revival of the federal idea because many realize that it might be the only way out of the crisis. After Mitterrand, Kohl and Delors have gone from the European political stage, no leader has really committed him/herself to advancing the construction of the common house. The Sarkozy-Merkel-Berlusconi-Kaczynsky-Orban generation of

European leaders is rather a sad one for Europe. They believed (or actually still believe) that it is possible to benefit from integration while keep on telling a tale of national autonomy if not sovereignty to their electors. The Euro crisis showed that this is an illusion.

How is the present economic and financial turmoil really perceived outside Europe? Do we have a different interpretation than the classical one offered by the European think-tanks and experts?

It is hard to tell. I would say that two feelings - that are not contradictory - are prevailing. The first is that, whatever happens, Europe is in a historical phase of decline: its

population is ageing and the engine of the world's economic growth is now located somewhere else. Therefore it is quite logical that the EU's economic as well as political power decreases to reflect better its actual size in terms of the world's population. However, US, China and others are afraid of Europe's power to harm. Since the European crisis can only have detrimental effects on other parts of the world, its partners are quite eager to see the EU to fix its governance problems.

Interview by **Mihai Sebe**

analysis/opinion

ANALYSIS OF THE TRAINING NEEDS of the public administration in Romania – 2011

At the end of 2011, the European Institute of Romania analysed the training needs at the level of the public administration, its main objectives being, on the one hand, to identify the areas of interest for the continuing training of employees in public administration (in order to substantiate EIR's offer for the next two years), to identify factors influencing the choosing of training programmes and, on the other hand, to increase the visibility of EIR's training offer.

The target group included employees of institutions of the central administration (*ministries, the Parliament and institutions that are subordinated to/coordinated by them or under their authority, autonomous institutions*) and institutions of local administration (*county councils, prefectures, town halls* from county capital cities and from larger urban centres), as well as of bodies providing **decentralised services** (*county health departments*). Participants from the private sector, NGOs and students (trainees in programmes of EIR) were added, according to the evolution of the scope of beneficiaries of the training courses organised by EIR.

The analysis was carried out by means of a **self-administered questionnaire**, sent by e-mail, drawn up in two forms: one to be completed by employees exercising *executive functions* and the other to be completed by persons performing *management functions* within the institution in question. The goal was to involve both the management staff of the institutions, who are interested in improving the activities of the bodies they manage, and employees exercising executive functions who wish to improve their performance and gain experience in order to boost their career.

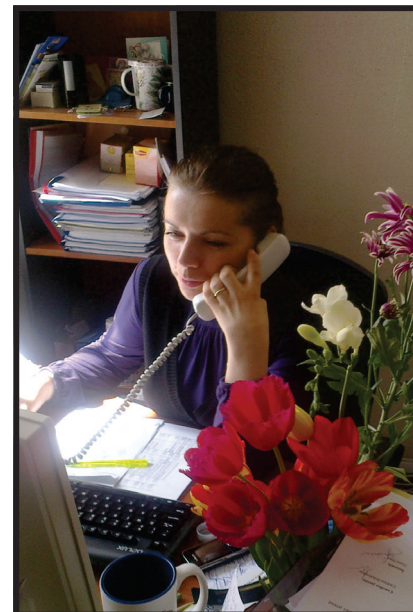
Starting from the objectives of the analysis, the questions in the questionnaire were grouped into 5 sections:

1. areas/topics of interest for professional training over the next period
2. the procedure of identifying and choosing training services
3. the visibility of EIR's training offer
4. ways to optimise EIR's offer from the point of view of the organisation structure and content
5. identification data of the participants in the analysis

According to the results centralised after receiving the completed questionnaires, a series of conclusions can be inferred:

1. There is a great interest for the continuing training of employees in public administration.
2. The analysis was a success from the perspective of the feedback received from public institutions, since 135 of the 232 contacted institutions, both at central and local level, responded to EIR's call.
3. 1153 questionnaires for the executive function and 355 for the management function were received.
4. The areas in which respondents expressed the greatest interest are:
 - **project management (general concepts and methodology, as well as applied to projects financed by European funds),**
 - **accessing European funds (expert in accessing European structural and cohesion funds),**
 - **communication in foreign languages (English and French),**
 - **computer skills,**
 - **European Union law and the implementation of European legislation,**
 - **ECHR Case-law,**
 - **Institutional communication and transparency in decision-making, public relations,**
 - **Public procurement,**

- General knowledge in European Affairs,
 - Management and leadership,
 - Training of trainers,
 - Risk management,
 - Performance and human resources management,
 - Ethics and integrity in public administration,
 - Document management,
 - Personal development (time management, communication skills).
5. From EIR's current offer for the future there is demand for:
- Programmes for the management of projects financed by European funds and expert in accessing European structural and cohesion funds,
 - Training of trainers,
 - Training seminar for the European institutions' competitions,
 - Legal system,
 - Public procurement,
 - Programme for general training in European Affairs.
6. 74% of the respondents performing an executive function participated or intend to participate in at least one course offered by EIR.
7. 66% of the respondents exercising management functions sent or intend to send employees to the above-mentioned programmes.
8. Around 40% of the questioned persons did not attend any training activity in the last two years.
9. In almost half of the institutions represented in this analysis, training programmes are chosen both by management structures and by direct beneficiaries (employees), being subsequently approved by hierarchical superiors, based on the training needs identified in the institution.
10. The most important criteria that beneficiaries take into account when choosing training programmes are **the topic of the programme (structure, its relevance for trainees' activity), diploma recognition, organiser's prestige and trainers' reputation.**
11. **The degree of satisfaction of the trainees regarding a training programme depends mainly on trainers' performance** (how well prepared they are in the field in which they teach, but also the way they communicate their knowledge and how they relate to the participants) and **the structure of the course** (the way in which it is conceived so that it conveys in the best possible way as many skills as possible that have a direct impact on the professional development of the trainee - prevalence of practical applications, the degree of interactivity and the methods used by trainers for skill training and development).
12. The most **important sources** the target group uses to obtain information on training opportunities are: **the human resource department, direct offers sent by training services providers, the hierarchical superior, newsletter of the training services provider or of specialised web sites.**
13. EIR's training offer is known by less than 40% of the respondents. Their main sources of information are, besides the internet (the website www.ier.ro and invitations sent by e-mail), recommendations from other persons, search engines (such as Google).
14. The preferred course formats are: **5-day courses**, in which participants can choose modules in which they wish to participate and the **2-3 day seminars**. At the moment, the 5-day courses and 2-3 day seminars can be found in EIR's training offer.
15. The most appropriate training session schedule is the time period **corresponding to the normal working hours**, during working days, the programme that EIR is currently adopting.
16. **Subsidising the participation in training programmes through projects financed by non-repayable funds and organising closed training programmes for the employees of the institution** are the main means identified by respondents, through which EIR could facilitate the participation of employees working in public institutions in its training programmes.



Based on the conclusions drawn from the results of the analysis, a few proposals can be made for drafting the activity plan for the next period:

- Continue to organise "traditional" programmes, such as General training in European Affairs, the Legal system of the European Union, Public procurement expert, but also the Training session for the preparation for competitions organised by European institutions.
- Continue and consolidate the programmes "Project Management" (combining general concepts and methodology and the application in the field of projects financed by European funds), "Expert in accessing European structural and cohesion funds", "Training of trainers",
- Analyse the opportunity to create new programmes in the field of foreign languages (English and French), institutional communication, environment and sustainable development, diversifying the topics related to the European Union law or ECHR case-law, developing computer skills, human resource management, financial management, risk management, performance management, ethics and integrity, auditing, personal development, as well as other high-ranking topics in the classification related to the fields of interest.

Diana Popa

Editor's note: To our deep regret, this article happened to be published after the sudden departure of our colleague Diana Popa. Confronted with this unexpected loss, we take this unfortunate opportunity to express our profound sorrow. May God rest her soul!

A minute's value

If we want to find out a few things about Denmark's labour market, we must first understand how modern Danes perceive work and how they use their time. Despite the fact that the length of the work week has decreased to 5 days and the annual leave has increased to 6 weeks, work has become more and more important in the life of Danes. It seems to be a paradox. In fact, there are various causes leading to this phenomenon. The first cause is based on economy, more precisely on competition. In order to sell their goods and services, Danish companies compete on the European and international markets, with a serious competitive disadvantage due to high salary costs, which are higher than in most other countries. In order to stay on the market, companies have to work with as few employees as possible, who must produce as much as possible. Employees must be very efficient in order to achieve high productivity. This way, most jobs are becoming increasingly complex, technical, stressful and, thus, more and more demanding. Work intensity is very high and they must keep up the pace.

Nowadays, there are almost no suitable jobs left for less efficient employees. When an inefficient employee is dismissed, the remaining employees are subject to an even greater pressure. If a company must reduce costs, it resorts to the so-called redundancy rounds. Such collective redundancy is quite frequent. A recent example is Vestas, the world's leader of the wind turbine manufacturing industry up until recently. The company faces strong pressure from a Chinese company that produces these turbines cheaper. In order to reduce costs and, at the same time, regain its position as world leader, Vestas had to dismiss around 2 000 employees. At the same time, the number of orders increased, and now fewer employees must accomplish greater tasks.

In Denmark, the service sector is very developed, in general, and very extended to the public sphere. Many public services operate non-stop, for instance the sector of care services for seniors, children and disabled persons, senior and social homes, home help services, as well as public transport, hospitals and other medical care establishments. In order to understand the scope of the public sector, we can relate to the number of the employees of Aalborg Town Hall, a town with a population of 200 000 people, which is 16 000, the same as the number of European Commission's employees. Many of these employees have a difficult job, because they deal with people having serious social or personal problems. When administrative cuts take place, and this happens quite often, it means that the same problems must be solved at the same level of quality by a smaller number of employees. Employees work under time pressure and become stressed.



Often, employees are busy with their job even outside of working hours, when they spend time with their families, out on a picnic or during their holidays, etc. Most of them answer the phone, emails and SMS in their free time. Their boss can't ask them to keep their phones on, but many prefer to keep in touch, since they are afraid they might miss some decisions made in their workplace. A digression is necessary in order to explain the fact that most Danish companies have a very flat hierarchical structure, with a minimum of hierarchical levels, which is why employees have a very informal relationship with their bosses, work a lot independently, are consulted and contribute to the decision-making process.

Another aspect is that their job, as well as the work they do, no matter what that work is, represent, to a very great extent, the identity of Danes. It should be mentioned that all persons performing any kind of manual labour or skilled workers in any trade or field enjoy the same respect in society as a university professor, a doctor or a researcher. Sociological studies show that Danes prefer to be known for their work, because in their workplace, among their colleagues, clients, patients or the people they work for, they make themselves known and appreciated easier than in their families. That is why many people dedicate a great part of their life to work, many times to the detriment of their family.

With such a busy agenda, it is no wonder that Danes must plan long before their meetings with their friends and relatives or any other events. Otherwise, they risk to be left only with the taste of their work, interrupted only by leisure and voluntary activities, of course rigorously planned.

Notes from Denmark,
Adelina Băleanu

EIR publication

Romanian Journal of European Affairs - Summer Issue 2012

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Alina Bouroșu (Costăchescu), PhD in Political Science at the National School of Political and Administrative Studies Bucharest, tackles in her article the European Cohesion Policy (ECP) issue from a mixed point of view: putting into practice the principles of the new governance theory, theories of economic convergence and divergence and also the governance of common goods. The author discusses the ECP applying three different theories, focusing on the structural funds implementation system, directing the discussion on the evaluation part of this policy, by proposing a model of performance evaluation of the system, in order to outline key principles for creating effective management mechanisms of ECP.

In their joint contribution to the journal, **Andreea Paul (Vass)** (PhD, Lecturer at the International Business and Economics Department of the Academy of Economic Studies in Bucharest, and former State Adviser to Romania's Prime Minister) and **Ileana Alexe** (PhD candidate of the same Department) analyze the effects of the global economic crisis in ten South Eastern European countries (Albania, Bulgaria, Bosnia and Herzegovina, Croatia, Greece, Kosovo, Macedonia, Montenegro, Romania and Serbia), from a European perspective. They also point out the main transmission channels of the economic crisis, by outlining the strong economic and financial ties with the EU, acting like contagion corridors in the event of global downturns. In terms of macroeconomic policy responses of the countries, these mainly led to increased fiscal deficits and public debts. Taking as benchmark the Romanian experience during the crisis, the authors outline several important structural reforms intended to boost competitiveness in the area. The paper concludes that, in spite of the recent negative evolutions, the SEE-10 region has an important economic potential for the future. In the final recommendations the authors explore the creativity potential of the region, as a strategic opportunity for putting the region on the global competitiveness map.

In his article, **Sergiu Gherghina**, PhD in Political Science from Leiden University and Research Officer at the Department of International Data Infrastructure, GESIS Leibniz Institute for the Social Sciences Cologne, investigates whether changes do occur in the national and European identities of the citizens from the old and new Member States following the 2004 and 2007 enlargements. Complementary, his paper seeks to identify the major attitude determinants of national and European identities for the EU citizens. The analysis focuses on the 27 EU Member States and uses individual level data from the 2002-2009 Candidate Countries and Standard Eurobarometers. The descriptive statistics and multivariate quantitative analyses reveal that no relevant changes occur in the levels of national and European identities. The two types of identities coexist and are shaped at various levels. Their determinants appear to be quite stable over time, thus indicating no major alterations after the enlargement.

Victor Negrescu, PhD in International Relations at the National School of Political and Administrative Studies, MA in European and International studies at IEP Grenoble, former adviser at the European and Romanian Parliament and presently teaching at the Dimitrie Cantemir University in Bucharest, tackles the sensitive issue of the role of the European Commission and of its President mostly during the periods of crisis. The author suggests that the Commission's President started to play a double role by preserving the bureaucratic image while dynamically acting as a spokesman for the European austerity measures. Mr. Negrescu emphasizes the importance of the personality of the European leaders in the role they play at European level and the necessity to study the social and professional background of the EC presidents in order to better understand their role in the European Union's evolution.

Peter Róna, Senior Research Fellow in Economics, Honours degree in economics at the University of Pennsylvania, and **Annamária Artner**, Senior Research Fellow of the Institute for World Economics at the Hungarian Academy of Sciences, focus in their contribution upon the determinants of the euro crisis, starting from factors such as regulatory failure or fiscal indiscipline. The original optimum currency area ("OCA") theory appears to have been valid, and the departure from it, as embodied in the Maastricht Treaty, amounted to an unjustified departure in light of the experience of the five weak countries of the eurozone (PIIGS). These experiences have proved that, after the introduction of the common currency, overcoming significant differences in initial conditions seems quite difficult. The authors affirm that only the countries having international companies with very strong positions on the world markets could take advantages of the euro, while the disadvantages resulting from the deterioration in competitiveness were left to the weaker ones.

Full articles are available on www.ier.ro/rjea. For the printed copy, please contact sales-rjea@ier.ro.

Oana Mocanu

event

How pro-European Romanians still are?

The Representation of the European Commission in Romania and the Ministry of European Affairs together with the European Institute of Romania have organized on 9 May 2012 a debate called How pro-European Romanians still are?

The accession to the European Union has been waited for by most Romanians with particular enthusiasm. Organized on Europe Day, the exchange of views was intended to analyse, in an informal setting, our citizens' attitudes towards European

Union at present, five years after Romania's accession to EU. Influenced, undoubtedly, by the effects of the overall economic crisis, the opinion polls indicate a diminution of the numbers of persons who trust the EU. Why? How will this situation evolve and what responsibilities arise from it? These are just a few of the questions to which, the participants, through their complementary views, tried to find some pertinent answers.

The event was honoured by the presence of Mr **Leonard Orban**, Minister of European Affairs, Mr **Niculăe Idu**, Head of the Representation of the European Commission in Romania, Ms **Gabriela Drăgan**, Director General of the European Institute of Romania, Mr **Valentin Lazea**, Chief Economist at the National Bank of Romania, Prof. Dr **Daniel Dăianu**, National School of Political and Administrative Studies, correspondent member of the Romanian Academy, Prof. Dr **Dumitru Sandu**, Faculty of Sociology and Social Assistance, University of Bucharest, Prof. Dr **Vintilă Mihăilescu**, National School of Political and Administrative Studies, Prof. Dr. **Dumitru Borțun**, Faculty of Communication and Public Relations, National School of Political and Administrative Studies, Mr **Mircea Kivu**, sociologist, Mr **Florin Pogonaru**, Chairman of the Romanian Businessmen's Association, Mr **Aurelian Dochia**, economic analyst, Concept Managing Partner and Mr **Andrei Mocearov**, Director, Chamber of Deputies. The debate was also honoured by the presence of Mr **Cristian Ghinea**, Director of the Romanian Centre for European Policies, Mr **Ovidiu Nahoi**, Senior Editor, "Adevărul" and by the presence of Mr **Radu Soviani**, economic journalist, "The Money Channel" producer and Mr **Luca Niculescu**, Editor-in-Chief, Radio France International.

The debate was opened by Mr **Niculăe Idu**, who said that the *Eurobarometer* reflects that the Romanians feel the European institutions do not serve their interests as they would like to, thus being disappointed in them. A few years ago, the Romanian citizens' level of confidence in the European project was very high. That is why it is important to see whether the perception is correct and based on concrete facts, if in this context the relation between Romania and the European Union produces added value for both parties, especially in the current framework of discussions on the Fiscal Pact and on the delegation of sovereignty.

Mr **Leonard Orban** expressed his concerns that Eurobarometer's analysis suggests that members of the civil society begin to manifest in a reserved manner regarding the European Union. In his opinion, Romania's accession to European Union was a significant advantage and the post-accession advantages should be maintained. Thus, the elections in France and Greece disclose a worrying situation, an increase in polls of the extremes and of the desire for isolation. Equally worrying is a poll recently conducted in Austria, indicating that the population favours the reintroduction of border checks, which would abolish the freedom of movement in the EU, earned with great difficulty.

Mr **Daniel Dăianu** highlighted that the more reserved emphases indicated by Eurobarometer are natural in any functional democracy. The real debate, in his opinion, should be centred on the fundamental question: *What do we do with the European process from now on?* At present, solutions should be found for what is considered to be "the crisis of a type of capitalism". We are dealing with profound changes in people's life and that is why a social-political Pact is needed. The main difficulty faced by the European Union is trust deficit. For Romania, the accession's advantages were higher



than the disadvantages it brought about, as the European Union helped us transform our institutions. The data which is worrying so far, will become even more obsessive for us unless Euro zone crisis will be sorted out. As for the political aspect of the issue, Professor Dăianu is concerned about the nationalist rhetoric of the last elections in Europe.

In his speech, Mr **Florin Pogonaru** pointed out the benefit resulting from "the import of institutions", after Romania's accession to European Union. He brought to attention that in the context of the current economic situation, dominated by crisis, Europe tends to turn to its own problems and to deal less with the process of import of institutions and convergence. These aspects have determined the business environment's discontent, but Mr. Pogonaru underlined that integration involves not only benefits, but also costs, an example of cost being the privatisation in the banking system. For the business environment, European integration has as main benefit the import of institutions and the increase of competitiveness.

Mr **Valentin Lazea** pointed out the great advantages of EU membership: (I) *discipline* (binding fiscal framework), (II) *prestige* (if we had not been in the European Union we would not have been so attractive for foreign investors), (III) *financing* (post- and pre-accession funds).

In her intervention, Ms **Gabriela Drăgan** pinned the Romanians' high scepticism on the current economic-social situation. All these take place in a specific context, that of the negotiations for the new multi-annual financial framework, which reflects the Europeans' concerns: Common Agricultural Policy, cohesion etc. It is very important to keep the citizen in mind and, to this effect, the model of a social Europe has a critical role, in the context of an emerging new economic development model for Europe.

Mr **Aurelian Dochia** stressed out in his speech that the European project represents a chance of modernization for Romania. He pointed out that integration began to take effects both in institutions and at the level of the citizen. As for the poll results about how pro-European the Romanians are, Mr **Dochia** states that he can (indicate) locate a signal according to which the citizens became more exigent regarding the European Union. He also mentioned that this awareness should increase the citizens' participation to the remedy of the issues emerged. In the end of this speech, Mr **Dochia** pointed out the need to create institutions accountable to citizens.

For the full summary of the event, please visit EIR's website, Previous events section: http://www.ier.ro/index.php/site/arhiva_evenimente

Mihai Sebe

Conference

Social Romania - between demographic crisis and silver economy

On the 21st of May, 2012, the European Institute of Romania organized a conference entitled **Social Romania - between demographic crisis and silver economy**. The starting point of the discussions was the result of the research undertaken by the study *The analysis of the evolution of EU social policies in the last three years - supplementary-private pensions and the impact of an ageing population*, made under the aegis of EIR's Strategy and Policy Studies project, SPOS 2011.

The event was attended by Mrs. **Domnica Doina Pârcălabu**, President, National House of Pensions and other Social Insurance Rights, Mrs. **Valentina Vasile**, PhD, scientific director of the Institute of National Economy, coordinator of the study, Mrs. **Ileana Tache**, PhD, professor and member of the research team, Mr. **Ion Dumitru**, General Director, National House of Pensions and other Social Insurance Rights, Mr. **Cristian Roșu**, General Director, Private Pension System Supervisory Commission, Mr. **Radu Crăciun**, member of the Board of Directors, The Romanian Pension Funds' Association, Deputy Director, Eureka Romania, Mr. **Cristian Pârvan**, Secretary General, Romania's Business Association, Mr. **Bogdan Iuliu Hossu**, President, Cartel Alfa, Mr. **Sorin Ioniță**, President, Expert Forum and Mrs. **Gabriela Drăgan**, Professor PhD., Director General, European Institute of Romania.



The conference was opened by Mrs. **Gabriela Drăgan**, who presented the general framework of the debate, highlighting the serious consequences of the current demographic crisis. Mrs. Drăgan emphasized that Romania will age extremely fast over the next years and, as a result, in 2050, the medium age of the population would be around fifty years, this situation leading to severe implications on the pension system, which, therefore, should be rethought.

Mrs. **Domnica Doina Pârcălabu** brought into question the Law no. 263, that incorporated into the public system all the Romanian pensioners. Within this context, the disability criteria were also revised leading to the halving of disability pensions. Moreover, as a result of this law, the early retirements decreased.

Mrs. **Valentina Vasile**, coordinator of the study, brought into attention the necessity to stimulate the participation of citizens to the private pension funds and the issues regarding the first Pillar of pensions: a demographic deficit and a constituent deficit. As proposals to reform the pension system, she proposed one “soft” solution, which follows the current reform process and proposes a set of adjustments that will modernize and streamline the system, making it more attractive for potential contributors and a more “radical” solution, based on immediate, innovative and important changes, relying on building a “healthy culture” with regard to old age insurance, as an active approach towards decent income for the elderly. Mrs Vasile emphasized that in both cases, the measures concerning this issue must be implemented on a long-time scale.

The second session of the event, “Social Policies in Romania and the European Union: challenges and solutions” was moderated by Mr. **Iulian Oneașcă**, project coordinator, Studies and Analyses Unit, European Institute of Romania. In the beginning of the session, Mrs. **Ileana Tache** highlighted the problem of the ageing population, caused by low birth and fertility rates, and by the important increase of the share of middle-aged category, issue faced by all developed countries at the moment.

Mr. **Cristian Pârvan** raised the issue of job quality and of special skills and qualifications of the employees, which determine their income level, their contributions to public pension system and thus, the sustainability of the system. On the other hand, Mr. **Bogdan Iuliu Hossu** highlighted the need for greater labour productivity, because in the current situation it is impossible to finance an unproductive, uncompetitive system. He also supported the idea of a multi-pillar system, emphasizing the need for risk distribution that relies on an appropriate balance between Pillar 1 and Pillar 2.

Mr. **Ion Dumitru** stated that there is no single best pension system which should be adopted at the European Union level, the solution being the coordination of the existing systems. From the same perspective of the balance between systems, Mr. **Cristian Roșu** sustained the need for a private pension system, as a complement to the public system, in order to ensure decent incomes for the future pensioners, but also to avoid a situation in which the public system would no longer face the pressures. Also, Mr. **Radu Crăciun** sustained the multi-pillar strategy as being the only viable option. In his opinion, there should be more alternatives for the pension system, and people should be let to choose between these alternatives.

Mr. **Sorin Ioniță** noticed that, from 2005 to 2009, Romania had the most spectacular rise in pension spending, as a percentage from GDP. This represents a problem, as Romania collects much less to GDP than an average European country.

For the full summary of the event, please visit EIR's website, Previous events section: http://www.ier.ro/index.php/site/arhiva_evenimente

Cristina Juverdeanu

EUROPEAN PARLIAMENT NEWS

Strasbourg plenary session, 21-24 May 2012



Sursa: http://www.flickr.com/photos/european_parliament/

On Monday, in the opening of the May session, European Parliament's contempt for the perpetrators of the recent bombing of a school in Brindisi, Italy, was voiced by its president, Martin Schulz. In the same message, the Parliament conveyed its sympathy to victims of the bombing and to their families, as well as to victims of the earthquake that hit the Emilia-Romagna region of Italy on Sunday.

Ahead of the European Council meeting scheduled for Wednesday, the European Commission's President José Manuel Barroso and MEPs debated - in the framework of the procedure on the Commission's declarations - economic growth and investment, correlated to jobs. In a joint debate with the Council and the Commission, the **subject of SMEs**, that are key drivers of growth and job creation, was approached and the definition of the term "SME", with an emphasis on access to structural funds, was examined.

Regarding the **consumers' rights**, the European Parliament voted on a report upon this topic, bringing forward problematic sectors: financial sector, food, transport, internet, liberalised markets. Thus, 70% of financial institutions present basic information containing errors (products, prices) and, in this way, they can mislead consumers. The financial services sector should offer clear and simple explanations on the nature of the products and services supplied, the report calling upon all interested parties to develop efficient financial literacy programmes. As far as foodstuffs are concerned, the report shows advertising promoting food with a high fat, salt and sugar content is especially attractive for children, proposing the introduction of stricter rules on advertising targeting children and youth. The report and MEPs call upon the Commission to take into account the revision of the legislation on vulnerable consumers, especially people with low mobility or disabled persons. Regarding social networks, the Commission is called upon to analyse the impact of misleading advertising on vulnerable consumers.

The European Parliament also debated the issue of "intelligent" fiscal consolidation - **the key for stimulating economic growth and financial transaction tax (FTT)**, since 66% of the European citizens favour the introduction of this tax. MEPs drew attention to financial transactions in shares of European companies, which are traded by institutions in other world regions and, therefore,

would fall outside the scope of FTT. MEPs think that the tax rates proposed by the Commission (0.1% for shares and bonds and 0.01% for derivatives) are suitable.

The debates dealt with several delicate aspects related to the implementation of this tax: Should it preferably be applied at EU level or on a smaller scale? How would this affect the Single Market? Could FTT result in a reduction by about 50% in national contributions to the EU budget?

In order to be beneficial to the real economy, the opinion maintains the initial proposal to exempt transactions made on the primary market. The purchasing of securities from the issuer, when such securities are placed on the market for the first time, will be exempt from this tax.

Following the debates, although MEPs had requested more exemptions, the most substantive exemption was that granted to pension fund transactions.

Concerning **foreign policy and human rights**, MEPs condemned the violations in Ukraine (selective justice) and called for democratic changes in this country. The interest in Ukraine is due to concerns about Yulia Tymoshenko's condition. Regarding this case, EP President Martin Schulz and Ukrainian Prime Minister Mykola Azarov reached an agreement (16 May) by which the European Parliament will send medical experts to monitor the developments in Ukraine.

EU's involvement in this case was explained at the EP debate by the European Commissioner for Enlargement Stefan Füle, who mentioned that, in order to make progress in the negotiations for signing the Association Agreement for the strengthening of bilateral relations, Ukraine must show respect for the spirit of political association.

The debate also dealt with EU's relations with China, both parties being correlated in an open economy. Since the EU is China's largest trading partner and the main importer of Chinese products, EU has experienced an increase in its trade deficit (from 49 billion EUR in 2000 to 168.9 billion EUR in 2010) and MEPs draw attention to the fact that it is necessary to rebalance trade relations. The analysis shows several causes for these imbalances, such as: complex and unclear Chinese public procurement rules, barriers to European companies seeking to enter the Chinese market, China's currency devaluation, inadequate protection of intellectual property rights in China.

Although it was voiced in the early 70's, an important question continues to worry Europe today and MEPs voiced it in many of their interventions in this session: are EU states and peoples ready to pay the price of Community solidarity only if and only as long as things go well, or will they withdraw when their economy will suffer from this solidarity or from the lack of performance of other Member States or of those aspiring to become EU Member States?

For details, please visit <http://www.europarl.europa.eu/news/ro>

Mariana Bara

European economic forecast - Spring 2012

Released on the 11th of May 2012 by the European Commission, the spring macroeconomic forecast concentrates, as all the main economic forecasts do, on the Member States, the euro area and the EU and has a two-year time horizon covering the current year and the next.

As far as the recent forecast is concerned, as Marco Butti, Director General of Economic and Financial Affairs put it, “a recovery is on the horizon, but it will be a long stony road before the EU economy reaches sustained growth”.

The aggregate level

Firstly, the forecast describes the main tendencies for the period to come. In spite of the strong policy actions, the economic and financial situation is still fragile. However, the first months of the year have brought about improved financial market conditions especially thanks to the fading of the prospective of the credit crunch and to the EU non standard monetary policy measures such as refinancing operations. Furthermore, the global economy is showing signs of recovery, visible both for the most developed economies such as the US but also for the emerging market economies, such as China, which are remaining robust.

However, projections for 2012 estimate a slight contraction of 0.3% followed by the stabilization of the GDP. As private consumption is going to be restrained by unemployment and the slow growth of real incomes, the domestic demand is unlikely to support GDP growth in 2012. But, as an increase in export growth is forecasted for the second half of 2012 and in 2013, the external side might have an important influence on the economic recovery.

For 2013, economic activity is projected to increase by 1.0% in the euro zone and by 1.3% in the EU. At the level of member states, despite some common beneficial measures such as the consolidation of the public sector and the improvement of competitiveness, there still are major disparities between states. These cross-countries disparities are also due to the labor market current situation characterized by further decline tendencies, even though not at the same extent for all member states.

Inflation is expected to abate gradually but, on the other hand, budget deficits are expected to continue to narrow throughout 2012 and 2013.

Apart from indicating contrasting tendencies, this overview also has the drawback of being uncertain. In a changing economic climate some risks may be identified but through efficient economic policies their effects may be decreased or even eliminated.

The prospects for Romania

From the general perspective of the aggregate level, the analysis focuses on member states as well as on some candidate states. As far as Romania is concerned, the main idea is summed up by the title of the chapter: “Recovery continues to be driven by domestic demand”. The study notes that after two years of negative readings, in 2011 the growth exceeded expectations. This evolution was driven by a significant increase in industrial output as well as by an “exceptional agricultural harvest”.

For 2012, even though the growth is expected to slow down, it will still be perceptible. Its main source is going to be the domestic demand. Actually, even if households and corporations are expected to adjust their spending, the acceleration of investments and, in consequence, the improvement in employment together with lower inflation should lead to an economic growth.

The general government deficit is expected to continue decreasing, reaching 2.8% of the GDP in 2012. Still, problems persist in the labor market area, but this domain too is expected to slightly “improve over the forecasted horizon”.

For more details please see: http://ec.europa.eu/economy_finance/publications/european_economy/2012/pdf/ee-2012-1_en.pdf



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