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IMPACTUL SOCIAL ŞI ECONOMIC AL FONDURILOR EUROPENE NERAMBURSABILE ÎN EUROPA CENTRALĂ ŞI DE EST

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Contents:

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Sythesis: The present work attempts to explore economic and social development historically, theoretically and in an applied way, starting from how we can define economic and social development, explained in a theoretical economic context. Later, I examine international

institutions and their influence in the economy of a country. The focus of the work then moves towards the European Union and its influence in economic and social development.

The first chapter explores from historical, theoretical, conceptual and practical points of view the premises of social and economic development, shedding light on the most important aspects, which could be explained from the lens of the concepts and economic history in order to understand the important factors which are present for economic development.

From a macroeconomic point of view of the business environment, economic development is the process through which national economies with a beginning simpler production structure and lower incomes were transformed into industrialized economies. Although economic development and economic growth can be understood as generally overlapping, development relates to changes in the production structure of a nation, including both qualitative and quantitative improvements.

Economic development became an international priority following the 2 World Wars. As such, the dismantling of colonial empires led to the fragmenting of production structures based on urban centers, selling markets sustained by multiple production centers, the creation of a world mixed between developed states and underdeveloped or developing states, the first category containing former colonial powers, while most of those in the second category being former colonies.

Following the 2nd World War, underdeveloped states meant countries which had economies with lower added value and reduced living conditions. This was contrasted with developed states, which at the time were Canada, the United States, most of Western European Countries, The Soviet Union, Japan, South Africa, Australian and New Zealand.

Based on technological exchanges, the new paradigme of multinational companies and then digitalization, underdeveloped countries were later called, more in accordance with economic reality, and based on optimistic theories of economic convergence as developing economies.

The economics of development can be compared to another field of study called the economics of growth, which is mainly focused on the long term study of stable growth for developed countries. With regards to developing countries, the economics of development is necessary since the economics of growth bases its premises on the existence of a marked based economic system, with many actors and financial institutions, which does not apply to developing countries.

Developing countries are a large and very mixed group of countries. They are very different in terms of surface area, population density, natural resources, legislative systems, accounting practices, organizational economic culture. Also, they are situated in different phases of the developing of market institutions, finance institutions and an administrative body which can sustain this kind of system, These differences make impossible the generalisation of causes of underdevelopment or of clear previzions to reaching economic development.

Theories of economic development and theories of economic convergence are based on the premise as a model of Western states, that simple economies, primitive or poor can better themselves in sophisticated and prosperous economies by way of increasing the national production structure.

At present, there is no objective and universally accepted definition in economic science to what is a developed country or of what would be a process of mandatory development so that a country would be classified as developed. There are though more approaches which define a developed state, of particular importance being two fundamental approaches.

The first is based on the structure of production factors and presumes a state which has progressively gone through economies based on agriculture, then the emergence and spread of income based on industry and, later, the emergence of services. This approach encompases the majority of countries in Central and Eastern Europe, although the quality of development of human life, the quality of industrial production as well as the incomes of citizens, seen as added value in production are in a wide disparity with those of Western countries.

The second approach is that of incomes, expressed in GDP per capita, measured and classified by the world economic organization, most notably the World Bank and International Monetary Fund. Most member states in the first category are members as well in the second category, with several exceptions. To these 2 fundamental approaches are added clasifications through the Human Development Index (most notably based on medical treatement and education), as well as the introduction of micro states where the service sector is the larges, such as Singapore, Luxembourg and Hong Kong, which do not have primary and secondary significant sectors but which focus on value added services.

Income per capita, adjusted to the parity of purchasing power in a national stat is consideret empirically the best indicator available to measure the value of goods and services available to a person, over the course of a year in the respective country. Although there are important criticisms which can be made in measuring the income per capita (such as the rate of currency exchange or the emission of currency), this indicator mainly expresses mathematicaly and presents an easy to use measure, in comparison, for the development of a country's economy.

Probably the most well known form of assistance in international funds is the funds on behalf of the World Bank. These have a refundable character and are constituted by long-term loans to government institutions (periods of several years).

The second chapter of the work focuses on the role of economic institutions in development, exploring information related to the World Bank, The International Monetary Fund and the World Trade Organization. The outcomes of this chapter are based on creating an image of these institutions as well as understanding their achievements and exploring some criticisms.

Where foreign investment is concerned, these can be done in 2 ways.

First of all, they are made through enterprises, in a direct way: the purchase of shares in a company, the foundation of a branch through foreign capital or other possible forms of direct sponsorship having, usually, the motives of ownership and future profitability.

Foreign direct investments can also be done through international economic or supernational actors of government, a collaboration of governments, or international institutions.

Among the international economic institutions which can intervene globally, the most proeminent are The World Bank, The International Monetary Fund and the World Trade Organization. The World Bank and the International Monetary Fund are the oldest institutions of this nature and were created following the 2nd World War, in 1944 as part of the Bretton-Woods international Treaty.

Subsequently, the World Trade Organization was funded in 1947, replacing the General Agreements on Tarrifs and Trade. Then, other international cooperation institutions were created in order to focus on a specific international geographical region as the Asian Bank of Development in 1966 or the New Bank of Development in 2014, which replaced the BRICS Bank of Development. The 3 institutions which were initially founded, remain the most influencial at a world level and can influence the economies in the greatest number of countries.

The type of funding that international institutions can perform can be of refundable character (usually credits with a certain interest rate gven for a certain term, with imposed conditions) or nonreimbursable (transfers done on the basis of a contract).

Probably the best known form of assistance in international funds is represented by the funds coming from the World Bank. These have a refundable character and are formed of loans to government institutions on the long term (periods of a few years).

The International Monetary Fund was founded in 1944, following the conference of Bretong Woods, with the purpose of ensuring international monetary collaboration, stabilizing exchange rates and extending international liquidity rezerves by access to currencies which cannot easily depreciate. Following the Financial Crisis of the 20th century and the 2nd World War, which economically affected Europe, Asia, the United States, the idea took hold of creating an international monetary system to stabilize exchange rates without there being need of sustianing currencies with gold, to reduce the frequency and severity of balance of payments deficits.

The World Trade Organization is an international institution which was founded with the declared purpose of supervising and liberalising world trade. The World Trade organization suceeded the General Agreement on Tariffs and Trade, which was created in 1947, in order to be replaced by a specialized institution of the United Nations which would bear the name of World Trade Organization. Although this later organisation did not manifest in existence, The General Agreement on Tariffs and Trade proved a considerable success in influencing commerce over the course of 5 decades after its foundation. In the 80s, there was expressed will for a stronger multilateral organization which would check trading acrivities and rezolve diverse commercial disputes. Following the Uruguay multilateral commercial negotiation round (1986-94), the World Trade Organizaion was founded on the 1st of January 1995.

The third chapter of the work makes the transision to probably the most important international institutional actor with regards to Romania. Here, European institutions and programs are explored. It also explores critics and achivements brought to the European Union.

International economic integration does no longer represent an abstract concept as it might have done a few decades ago, before the opening of international markets, digitalisation and expansion of economic systemts which encompass large multinational enterprises.

Today, international integration, at least at a continental level if not even global, represents a more visible fact of normal lives of people, with litle respect to the living or area or occupation.

Specifically, we have assisted to a revolution of consumer goods, with more advanced consumer goods being produced more efficiently in production chains which include a large portion of global time zones. These goods are made more cheaply as a historical consideration to a person's income with respect to previous goods which satisfied part of the same needs and are made at a level which is difficult to atttain, which cannot be attained in the absence of the collaboration in the global system of minds, human abilities, diverse natural resources from different parts of the world (such as rare metals in China), diverse types of material capitals functioning in colaboration from different cities and countries of the world which have specialized towards certain eficiencies, valorising their local advantages and transforming them in comparative advantages in global production structures.

From the point of view of the person, internationalisation and globalisation have brought advantages such as the raising of incomes in some parts of the world; the development of living conditions, of education, of the possibility of social and civilisational and cultural advanced, friendships and international collaborations. However, many of these effects work in reverse for different parts of the world. An important mention here is digitalisation, which allows information, personal and professional education without historical precedent, but also presents the danger of isolation, exaggerated competition and many others.

A challenge of digitalisation is the easier access of large companies, mostly Western to the natural resources of emerging economies, with a potential for polution and distruction of the environment in so doing. Thus, there comes the needs for sustainable resource exploitation and a rewarding of the local population, preferably with possibilites to develop by the sharing of information and competences for their sustainable integration in international value added chains.

The liberation of the circulation of persons, ideas, goods and capital is conductive to the development of economic activity since differentiated human activity leads to the formation of aglomerations of certain economic niches. For example, the zons in Northern Italy, certain regions in Switzerland and regions of southern Germany have been for hundreds of years in a confluence due to commerce and economic collaboration. Through global integration and the possibility of the movement of people, investment and ideas, this region as well as many others in the world can increase their collaboration result, and together can form aglomerations of comparative advantages in relation with the rest of the world and global production chains. Some caution is needed when examining investments, however, since they can choose winners and losers and markedly alter a local situation.

Similarly and at a larger scale, european farmers, on an aggregate if not individual level can be considered in an extended regional collaboration due to subventions and of the circulation of equipment and knoledge. These European farming regions form agricultural aglomerations which for the international environment present specialisation and efficiency in agriculture, permiting other zones to better valorise the freedom of their own resources and advantages.

European integration, as a process of globalization, together with other extended international economic collaborations such as the African Union, ASEAN, OPEC, form a relatively new structure of economic collaboration extended between countries. The European Union, unlike other international economic collaborations, is the most extended, being somewhere between a collaboration and a super state, with elements of logistic collaboration, economic, political, financial, of the armed forces, of internal security, etc.

The European Union as a bloc presents in its objectives clearly the wish to develop and retain relevance for the bloc at an international level from conomic, cultural, symbolical, scientific, foreign aid and democratic aspects.

From the premise of a continent filled with armed political conflicts, the European Union managed an integration without precedent for the economic collaboration in the european space. From initiatives which retrospectively may seem simple, such as the collaboration for industries of coal and steel and then agricultural, the European Union incorporated newer tehnologies, at present also seeking a certain digital union of its members.

The European Union, as a space of economic collaboration leads to the good working of the economies of its members states but also of their neighbours by promoting regional peace, commerce, stability, a system of rules applicable in the blov and initiatives of cultural exchange and information.

The beneficiaries of the European Union do not enjoy these gains in an uniform fashion, but, on the contrary, in a very diversified way. Some may gain due to the safety promoted, others due to investments and other can exercise their influence within the European Union framework, making the collaboration a field of frequently realised interests, both in the interest of the member states but also of the European Union as a governing entity outside national borders and own interests.

The last chapter of the work proposes to explore the influence which the European Union can have economically and socially in Central and Eastern Europe and Romania, through its more specific model of ilustarating the role and situation of small and medium enterprises in Romania, in an attempt to establish a link between european fonds offered in through the European program Start-up Nation for the development, or if this is not possible in unfavourable economic conditions, at least the assistance of the Romanian business environment, and as a consequence, the economy and society.

Through the long term budget of the European Union, more than half of the European financing was channeled through 5 European structural and investment Funds. They are managed through a collaboration between the European Comission and the member states of the European Union. Member states could alocate funds for it up to the end of 2023.

The purpose of these funds was to invest in the creation of jobs, as well as a healthy and sustainable economy, also taking the environment into account. Through the focus on jobs, sustainable economy and environment, these initiatives also had a social component.

We can ask to what extent this tip of funds have economic purposes and to what extent social, because they stimulate the employability and environmental protection. Even if the focus is not on economic development in a capitalist style, sustainability and the participation of humans in society I believe to be much more important than the business environment, which, in the last years before the writing of this work, is excessively focused on profitability, especially the large companies, neglecting, sometimes with dezastruous effects the environment and social integration, situation which determines exclusion and persistent poverty.

Another discussion can be made in relation to the financing period, the capacity to absorb the funds and the alocation towars useful projects for the economy and society. In the conditions in which Central and Eastern Europe can consider to have had, if not a large difference, at least at different direction in economic and social development during the Soviet period, based on bureaucracy and hierarchy, european funds appearing as a challenge to this system. The challenges consisted in the ability to redact and argument some projects in order to attract financing, as well as in the difference between reality and the projects themselves, with regards to the registered information.

Later, funds with impact over Central and Eastern Europe were analyzed. I created an estimation study of the impact of European funds for SMEs and their performance through a panel type analysis.

Finally, I analyzed European nonrefundable funds through the Start-up Nation program. Through the case study over a situation in Romania, I have tried to verify if it is possible to objectively notice a influence of the European Union over the economic and social environments through small and medium companies.