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Abstract
Almost in any field of human activity there are concerns about failures that may occur within it and in this context we will analyse the causes, mode of occurrence and manifestations. Crises are such failures and are studied by different economists after specific criteria. Crises have assigned characteristics of some phenomena with adverse consequences for organizations, institutions and social groups affected. Among these phenomena we can nominate: inflation, unemployment, stagnation, recession etc.
Crises can be defined as situations of pronounced instability which are accompanied by volatility and uncertainty growing. During crisis we are in a constant state of anxiety and insecurity about the future, fear or even panic. Our defence instinct and preservation urges us to behave irrationally and emphasize even more the volatility because each of us, with ours cognitive ability, we can filter the information and we can understand the phenomenon in our way, then translating it in a particular conduct relating to the market.
The objective of this paper is to highlight the impact of the fiscal policy decisions taken both at global level and in Romania. This paper is structured so that any reader can understand what the crisis is, how it manifested and what measures have been adopted to counteract the effects.
Keywords: *crisis; fiscal policy nonperforming loans.*
JEL Classification: G01; H12.

1. INTRODUCTION

The global economic crisis began in December 2007, when the loss of investor confidence in mortgages securitized U.S. led to a liquidity crisis that prompted a substantial injection of capital into financial markets by the U.S. Federal Reserve, the Bank of England and European Central Bank (ECB). TED indicator (describing the perceived credit risk in the general economy) jumped in July 2007 and then increased again in September 2008, reaching a record 4.65% on October 10, 2008(Norris,2007).

This paper is structured as it follows: section 2 presents the effects of the financial and global economic crisis, focusing on timing, place of occurrence and effects worldwide. Section 3 describes the fiscal measures adopted for counteract the crisis effects and section 4 highlights some prospects for the Romanian economy in the context of the taken measures.

2. THE EFFECTS OF GLOBAL FINANCIAL AND ECONOMIC CRISIS

The crisis was aggravated in 2008, as the world's stock markets have collapsed or have entered a period of acute instability. A large number of banks, lenders and insurance companies went bankrupt in the weeks that followed.

The collapse of the Federal Housing Administration (U.S.) is often held responsible for the production crises. But the vulnerability of the financial system was caused by complicated financial contracts and operations that have been subject to leverage, U.S. monetary policy setting a negligible price for credit and thus favouring a very high rate of leverage and, according to the American economist John Bellamy Foster, a “hypertrophy of the financial sector" (Foster,2008).

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In 2007 and 2008, Americans have lost a third of their personal property. Values of houses and buildings, estimated at 13 trillion dollars in 2006 fell below 8 trillion in 2009. Direct savings of citizens have fallen by 1.2 trillion. In the same period, private pension funds were devalued from 11-8 trillion. These losses skyrocketing shocked the American population. To avoid worsening the panic, the U.S. Federal Reserve made promptly available to the pension fund an amount of 540 billion dollars and 700 trillion allocated for use by banks and insurance companies in threshold bankruptcy (Nicolae,2012).

In January 2009, the share of U.S. stock markets fell 50% from the value that they had in the first half of 2007. These losses have reported that the United States is in the worst recession of the past 75 years. In the past two years, government deficit spending in Washington has created huge debts.

In September 2007, the federal government owed 5.8 trillion, equivalent to 41% of gross domestic product (GDP) of the country. Due to the worsening economic situation and the additional anti-crisis measures, American experts expected the U.S. government debt will increase by another 2 or 3 trillion dollars over the next two years. U.S. GDP, as well as state tax revenues have declined substantially in the second half of 2008 and will continue to decline in 2009 (Ministry of Public Finance,2010).

Over half of the government loans from Washington were made abroad, especially in China, Japan and oil-exporting countries in the Gulf region. If these countries were to decide to get rid of accumulated foreign currency, the U.S. dollar would collapse. This would have adverse consequences for both U.S. and global economy. Financial and economic crisis from America has spread rapidly in the world.

Europe went also into recession. Trying to stabilize the domestic financial entities and to revive the economy, the rulers of Western Europe have invested huge amounts in domestic financial structures have nationalized a large part of banks and reduced taxes to stimulate the economy.

Industrial production from the developed European countries, such as Germany, France, England, Italy and Spain, fell in the 2008 by 20-25%. Unemployment, lack of consumer confidence and the feeling of insecurity of citizens increased in most EU states. The German government has allocated 100 billion to guarantee loans granted by banks. Because the effect was insufficient, governors ordered another 60 billion to be allocated to stimulate the economy.

GDP of UK decreased alarmingly in 2008. Struggling to survive, English companies have turned to the state. In January 2009, the British government has allocated 20 billion pounds as collateral for loans miade by banks to small and medium enterprises.

So far, China has resisted the best to the current crisis. Although exports fell 2007, imports fell even more, so that China's trade balance remained positive in 2008, amounting to 460 billion dollars. With huge foreign exchange reserves, with great capacity to stimulate domestic consumption and solid trade surplus, China will continue its economic rise**.**

In Russia, the financial crisis raged spectacular. Because last year the price of oil on international markets fell by two-thirds, revenues from oil exports have deteriorated substantially. Reacting to the ruble devaluation, foreign and domestic capital to flee abroad restarted. In 2008, market share decreased by 70%. Instead of taking monetary measures, Prime Minister in this period Putin Vadimir decided to fight economic crisis by controlling information and through political repression. Like "do not frighten the population", he forbade the media to discuss the financial and economic crisis.

During the international financial crisis, demands for natural resources, products and services fall. Exports from Taiwan, Japan and South Korea have been degraded by 25 to 50%. Global economic growth, which was 5% in 2007, fell to 0.2% in 2009(Cosea,2012). Many countries in process of development survive by exporting raw materials and agricultural products. IMF did not have enough funds to save the most undeveloped states hit by the recession.

In the case of Romania, the effects of the financial crisis has been felt indirectly in the economy but the impact was major. The closer connection of the Romanian economy to the international economic flows (real and capital) favoured during 2000-2008 the catching-up process, but the spreading of the economic-financial crisis from the USA and Europe also affected the Romanian economy, that from a growth of 7.3% of the GDP in 2008 it found itself in the situation to experience in 2009 a significant decrease of the GDP of7.1%. At the same time, the budget deficit in 2009 increased from 8.3% of the GDP as compared to 5,4% of the GDP during the previous year(National Bank of Romania,2010).

3. THE ANALYSIS OF FISCAL POLICY MEASURES DURING 2008-2013

Most European countries have had to adopt a series of austerity measures by which to adjust spending in the public sector. Anti-crisis measures taken at European level are similar to those adopted by the Romanian Government in 2010.

The decision to reduce public sector wages was made in eight countries except Romania, namely the Czech Republic, Estonia, Greece, Latvia, Lithuania, Portugal, Slovenia, Spain. While the austerity word is on the agenda in European countries, in Romania it was replaced by the caution word. We can say that we were one step ahead of Europe in terms of necessary measures, really tough, rebalancing of economic fundamentals. These measures include freezing or cutting salaries and pensions, reducing the number of state employees, public spending and increase revenues to the state budget by raising taxes, such as VAT or excise duty and income tax and pensions. As a result of monetary and fiscal stimulus measures taken by governments in the second half of 2009 there were signs of stabilization and recovery in economic activity across Europe and globally, which paved the exit from the crisis global financial and economic installed in 2008. Exchange activity recovered, access to financing through bonds has improved and consumer confidence indexes have been improved.

Thus, in the fourth quarter of 2009 economic activity across the EU-27 recorded a GDP growth compared to the third quarter by 0.2%, due to the fading of temporary factors in the exceptional crisis measures imposed around the world to support the request. The positive trend continued in the first quarter of 2010, but with the same amplitude and 0.2% respectively. Thereby, even Italy, which in the fourth quarter of 2009 had again an economic decline of 0.1%, achieved in the first quarter of 2010 a raise with 0.4%, growth which was maintained also in the second quarter of 2010. In the second quarter of 2010 compared to first quarter, growth was 1.0%. As in the first quarter most of our major trading partners have registered growth (Ministry of Public Finance,2010).

Hereby, Germany's GDP, after in the first quarter of 2010 increased with 0.5% compared to the fourth quarter of 2009, in the second quarter compared with the first quarter of this year increased with 2.2%. Austria, after stagnation in the first quarter, registered a growth of 0.9% in the second quarter of 2010. France's economic growth was 0.6% compared to the previous quarter (Ministry of Public Finance,2010).

Global recovery in the second half of 2009 and, in particular, the rise in Asia should help economic growth in the Eurozone in 2010. Regarding the conditions in the financial markets, they have improved in 2009, but remain uncertain. The labour market was strongly affected by the crisis, although somewhat less than originally anticipated. Job losses were limited by using short-term measures and labour hoarding in some Member States, but also as a result of reforms implemented.

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At the same time, the cooperation among the main central banks of the world became tighter, so, in order to ensure the financial stability, they elaborated reorganization measures of the financial regulatory and supervisory structure (for example, Blueprint for a modernized financial regulatory structure in the USA or De Larosière Report in UE). In response to the global economic and financial crisis and following the recommendations of the Larosière Group, a new design of financial supervision in the EU was designed through the establishment in 2011 of an European system of financial supervisors (ESFS), consisting of three European Supervisory Authorities – an European Banking Authority, an European Securities and Markets Authority, and an European Insurance and Occupational Pensions. Also, in 2011, a European Systemic Risk Board (ESRB) was established which was in charge of monitoring and issuing recommendations regarding the potential threats to the stability of the European financial system (European Commission,2011).

On the Euro zone level, the actions consisted in taking some firm measures for the safeguarding of the common currency, such as the set up in 2010 of the European Financial Stability Facility or the design of the European Financial Stabilization Mechanism (EFSM).

4. PERSPECTIVES OF THE ROMANIAN ECONOMIY

Global financial and economic crisis was the factor that triggered the adjustment of macroeconomic imbalances accumulated in Romania until the end of 2008. Current account deficit and budget deficit were two major structural imbalances that have created a high vulnerability for economy and explaining the extent of the economic contraction in Romania in 2009-2010.

Fiscal policy in Romania in the pre-crisis period was a pro-cyclical one, characterized by a dominance of short-term political considerations, without paying much attention to the consequences on the sustainability of public finances in the medium and long term.

In order to restore fiscal sustainability, it requires a considerable effort of fiscal consolidation, coupled with deep structural reforms to create conditions conducive to sustainable economic growth. In particular, the restructuring of public expenditure and the release of fiscal space for investment should be a major objective of government policy. Although in 2009-2010 have made strides to correct fiscal policy unsustainable from pre-crisis period, additional efforts are needed to strengthen the structural reforms necessary to restore sustainable public finances and resume growth.

Fiscal Responsibility Law approved in March 2010 aims to strengthen fiscal discipline and should contribute to improving the medium-term budgetary programming. It introduces a number of fiscal rules that should lead to prioritization of expenditures, and a prudent fiscal policy in times of economic upswing, which preserves the necessary fiscal space to stimulate the economy in periods of recession.

Radu Gratian Gheţea, President of ARB and CEC Bank , believes that the Romanian economy will stagnate in 2014 or will register a real growth of about 0.5%, taking into account the economic context internaţional dificil and the results of a poor agricultural year. Romania's GDP growth in 2013 with 1,6% compared to 2012.The share of exports to the EU is 70%, and given that the desired orientation is towards external demand growth, we must orient to non-EU markets to offset the effects of lower demand from the euro area.

One thing is certain: the restructuring of the banking system will continue at least with the same intensity that was achieved in 2013 by resizing the number of employees and banking units to current needs. The lending will remain anchored in economic constraints, regulatory and cost.

5. CONCLUSIONS

Compared to the biggest crisis of the years 1929-1933, the current crisis has forced international authorities, to rethink the mix of fiscal policies anti-crisis.

If a few years ago, both the IMF and the ECB recommends using automatic fiscal stabilizers and publicly condemned “fiscal activism” and particularly tax incentives through calls to a policy of keeping the balance budget and keeping public debt under control, now provides loans and support recovery programs adopted by national authorities.

The set of measures taken by Romania is characterized by lack of consistency, which translates into poor efficiency and prolongs suffering and increasing social costs of the crisis. A number of measures taken regarding an array of “expansionary policies - policies restrictive” lead us to conclude that the two policies are not converging.

Tax policy should be based on a partnership between the government and taxpayer, so the fiscal behaviour of state must not be abusive. Rationality level of taxation will allow better responsiveness to the taxpayer burden and correct tax and incentive revenue overall is an important means to strengthen this partnership.

It would perhaps be too simplistic to conclude that fiscal policy is the most important tool of financial correction and consolidation, especially that undertaken by the government. However, there is no reason to neglect this very powerful tool that is in the hands of governments and central banks the world over. Used properly, fiscal policy can determine the broad direction the economy of a given country is going to take.

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