

THE ROLE OF ECONOMIC AND FISCAL INSTRUMENTS IN SOLVING THE ECONOMIC – ECOLOGICAL CONFLICT AT THE COMMUNITY LEVEL

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The environment is a present problem of high priority that needs immediate solutions. The preeminence of economics in the social and political life of the last decade, the concentration of activities for an immediate profit, has led to the ignorance of environmental aspects.

The year 1960 is considered the beginning of the environmental crisis when the environmental problems became of high priority as compared to other aspects of any other nature, be it political, economic or cultural. Thus, there has been developed worldwide a series of economic and fiscal key factors for the environment protection, with the purpose of facilitating the economic – environmental conflict solving process. The European Community whose member Romania is today has a very good environmental policy and other EU member can serve as a model as far as the environmental strategies are concerned.

This paper aims to study the evolution of environmental problems as well as the change of the old mentality “The economic has priority“ into a new vision consisting in the priority of environmental problems. It is considered that conciliation between economic and environmental will succeed in getting the society out of the environmental crisis, but it will also bring changes on the economy, that is the implementation of a new type of development, “the sustainable development”. The paper presents particularly the economic and fiscal modalities meant to improve the environmental protection process both for the present and for the next generations.

Key-words: environment, sustainable development, economic, environmental conflict

The environment protection is the centre of present concerns and has also become an individual's right and fundamental freedom.

The environment protection is a public responsibility, an obligation of the state, fact that implies the regulation of protection and public control activities.

The environment protection views the escape from the negative influences on the environment, either natural or entropic, by finding the causes and eliminating them, attenuating the effects of pollution and, if possible, completely eliminating them for the sake of human kind.

“Starting from the indisputable truth that the establishing of ecological balance and the protection of different environmental elements cannot be realized only by the spontaneous action of the different natural factors, the human intervention needs to take place through a complex, rational and scientifically structured activity having as purpose the prevention and control of pollution, the reestablishment of the damaged environment and the improvement of its quality.”¹³⁰

The development of society should somehow change its trajectory that is it has to observe the environment and its natural resources. Thus, the economic growth has to take into consideration the environment problems, as well. The agreement between ecological and economic has hardly been concluded, taking into account the interest for immediate profit, in most cases to the detriment of the environment.

At a community level,^{through the fifth action programme} “towards a sustainable development” there has been admitted the more and more important role of the economic and fiscal instruments in promoting the environmental protection objective, and the European Commission estimated that “the best way of reaching the set

¹³⁰ Daniela Marinescu, *Tratat de dreptul mediului (Environmental Law Treaty)*, Lumina Lex Publishing House, Bucharest, 2003, p. 8;

environmental objectives is by combining the fiscal instruments with other measures implemented in a coherent manner in order to change behaviors.”¹³¹

The economic and fiscal instruments of the environmental protection

This subchapter presents the main economic and fiscal key factors of the environment protection from an integrated perspective. After the EU adherence, Romania has harmonized its legislation and has aligned its environmental policies and strategies to the community specificity first of all.¹³²

For the realization of an efficient environmental protection there has been imposed the co-operation and coordination of more factors - political, judicial-institutional, economic and educational ones. Thus, at a community and international level there has been realized a certain uniformization of the environmental protection techniques and modalities.

The environmental protection has become a constant of life and human kind that, in time, has created its own system of judicial economic and institutional measures trying to reach a happy end: a sustainable development, a healthier environment and resources for the future generations, as well.

The most used economic and fiscal key factors are:¹³³ *charges, price policy, loans (advantageous credits), insurance, detaxation and subventions, pollution markets, consignment systems, green label (eco-label or ecologic label).*

Charges

One of the most used economic and fiscal key factors of the environmental protection is the charges system, used for the penalty of products or activities damaging the environment. In the category of charges there are included:

- charges depending on the quantity or quality of the polluting substances with effects on the environment;
- charges on the polluting substances;
- administrative charges paid for different administrative services such as the registration of chemical products or for the implementation of certain regulations;
- royalties used for the collectivity expenses, for example for waste treatment .

The system and type of charges and their implementation are different from one country to another, and there is a diversity of hypostases. The common element is the role of these charges and their double hypostasis is on the one hand their fund collection function for a given purpose (in this sense the charges are relatively low); on the other hand the charges are meant to stimulate a favorable and controlled behavior towards the environmental protection problems.

From a community perspective, the subject of eco-taxes must be considered from two perspectives: on the one hand the already taken initiatives or those which will be taken by the European Community itself, on the other hand, the national regimes that are compelled to a community discipline. Concerning the first aspect, the European Commission suggested in 1992 a CO - energy combined charge; the initiative has come across so many obstacles from the industry and the community states that the community court finally changed its strategy, suggesting the taxation of all energetic products and increasing the existent charges.

The national ecotaxes of the community states began to comply to the community demands, the northern countries being the most open to these incitation systems.¹³⁴

“It has become clearer and clearer that countries admit the power of fiscal systems, not only of increasing incomes, but of modeling the individuals’ and companies’ economic decisions”.¹³⁵

¹³¹ *Comunicat asupra fiscalității în Uniunea Europeană...*(Communiqué on Taxation in the European Union) Doc. Com., (96) 546;

¹³² The three hypostases of the environmental law are: the national law, the community law and the environmental international law are in a strong interdependence. In spite of this, for Romania the basis is the national environmental law, followed by the environmental community law (for EU state members), and last the international environmental law.

¹³³ Mircea Duțu, *Dreptul mediului: curs universitar (Environmental Law: university course)*, C.H. Beck Publishing House, Bucharest, 2007, p. 226 – 234;

¹³⁴ Mircea Duțu, *Cited papers*, p. 229;

The price policy for the preservation of the environment

The price policy is an important economic instrument for the protection and preservation of the environment. It is frequently paid by the whole society as the prices of products do not reflect the product environment cost or the cost of the emissions resulted from their use.

Therefore, policies reflect the requirements of “the polluter pays” principle and can guarantee the consideration of the environment cost of goods and services. (for example when the state is the owner or controls the natural resources, as well as the forests or the mineral reserves).

Detaxations and subventions

The suppression of taxes for certain products due to their importance for nature protection to the detriment of others considered harmful, is an advantageous modality of promotion of certain ecological objectives. For example, the increase of no lead fuel price allowed in many countries the setting of lower prices to the regular fuel, thus encouraging the use of a cleaner fuel.

As far as subventions are concerned, there can be mentioned as examples the national financial support for water and air cleaning, or those offered at the community level for the environmental friendly agricultural activities.

There is also the community support for investments meant to facilitate the adaptation to new economic norms, the aid for information, formation and social work activities. As for the community instruments available for the environmental projects funding, the most significant are the structural ones and Life programme.

Loans (advantageous credits)

Loans are a form of economic stimulation of environmental friendly activities. Thus, for some pro-environment activities, such as the construction and implementation of ecological installations or for the recycling systems, low-interest credits are used, even with governmental support.

This system is more frequently used at the community level, France being one of the countries currently practicing advantageous loans in order to stimulate those actions which are benefic for the environmental protection.

Unfortunately, in Romania this system is not applied yet on a large scale, but gradually it will become an obligation for all agents causing pollution.

Insurances

Insurances have been directed towards the environmental protection with the purpose of repairing the ecological damages produced by high-risk economic and social activities. The insurance covers only accidental events, and if the damage is caused by deliberate acts or by an insurance omission, it will not be repaired by the insurance system.

At the community and international level there is a tendency of the insurance companies to form specialized pools which accept the insurance of new risks, relatively unknown under the control of legislation on the environmental protection. The extension of the insurance on the gradual pollution risk has been more and more admitted, as well.

Consignation systems

The consignation systems are a market mechanism that has become more and more active nowadays having the role of stimulating the return and recycle process of different types of recipients.

Initially this system was used for glass recipients, the idea being their reuse and the return of expenses. Later, the system was extended in some states for the plastic bottles, as well.

From country to country there are some particularities of using this system. For example, in Germany the system is envisaged for a wider range of packing (drinks, detergents, paints, lacquers). In Norway there is a unique and efficient system of depositing cars since 1978 with the purpose of avoiding the uncontrolled spread of waste.

¹³⁵ Lester Brown, J. Larsen, B.F.Roberts, *Politica ecologică a planetei*, Editura Tehnică, București, 2002, p. 143;

It is to be noticed the idea of creating a bail by the sand or stone career exploiters reimbursed after its re depositing in the initial state of the place.

At the community level, a special situation was registered in Denmark where a Decree in 1984 limited the import and sale of drinks whose packing was not agreed and set a consignment system. The European Court estimated though that the Danish regulation was disproportioned in relation with the established report. The concerns for the environmental protection have to be in harmony with the principle of free competition and of free circulation of goods within the Common Market.

As a result, the EU member states need to obtain the license of the European Commission for the different forms of support and stimulation of technological investments concerning the environmental protection.¹³⁶

Pollution markets

As an economic-financial instrument, the system of pollution markets is difficult to implement seeming rather a utopia than a viable, real environmental protection technique. What is the most difficult to use is the control an implementation of this instrument in case of non-observance of the set objectives.

The pollution markets have appeared in the USA for water and air and they are not extended on a large scale as it is a controversial subject.

For short, the principle supposes the following: a plant (enterprise) can purify more than is asked and allowed to than another enterprise for a certain amount of money. This way pollution receivables are being sold. In the USA there are even specialized persons dealing with this type of transactions.

It is desired that the system should be introduced at an international level as well, implying the reduction of gas emissions with a global warming effect by negotiable “emissions permits”, a state being able to sell to another one its right to pollute and even to borrow, that is reporting the emissions overflows on to the next generations.

At a community level, the system of pollution markets was experienced in Germany, under the form of “transferable authorizations”. This unique type of implementing the pollution markets was named “the pollution bubble” that represents the total quantity of the pollution admitted in a certain area, as established by the authorities.

Each enterprise has to obtain from the local authorities an emission authorization within those limits. Thus, the economic units investing in pollution reduction technologies and procedures can change and sell their authorizations to other enterprises placed in the same area, but less efficient in the environmental protection.

Eco-label

In western countries where the concern for the environment and its protection are more advanced, a special attention is given to the ecological label (brand). It is based on the fundamental principle of the environmental law according to which it is easier and more efficient to prevent environmental problems than to repair them after they are produced.

“The ecological label is a graphic symbol and/or a short descriptive text applied on the packing, in a brochure or other informative document accompanying the product and offering information on at least one and no more than three types of impact on the environment. “¹³⁷ This method requires the producers to examine the entire life cycle of the product (production, distribution, use, and elimination) in order to prevent the degradation of the environment in all stages and for all sectors: air, water, soil.

The role of the ecological brand consists in informing the consumers on the products considered less destructive for the environment than similar ones.

The system was practiced for the first time in Germany (By “the blue angel brand” in 1978), extended then in Norway, Sweden, Finland, than in Austria, Portugal, France. At presents, it is estimated that there is about 4,000 products ecologically labeled belonging to approximately 70 categories.

¹³⁶ In accordance with art. 92 și 93 of the Treaty of Rome, <http://www.europa.eu>

¹³⁷ C.P. Romițan, *Dicționar de dreptul mediului (Environmental Law Dictionary)*, All Beck Publishing House, Bucharest, 2004, p. 83;

By the Government Decision no. 335/2002, there have been adopted new measures for the implementation in Romania of the “Blue Flag” programme (the sign of an exemplary management of environmental problems concerning sea shores, lake shores or the beach).

The Romanian legislation has also introduced, by the Emergency Order no. 91/2002 (coming with modifications to the Law no. 137/2002), a way of implementing the elementary principles and “the recognition of the products with reduced impact on the environment by granting the ecological label”. (art. 4 letter b) ¹³⁸

Conclusions

Economic and fiscal instruments have certainly begun to play a more and more important role in promoting the environmental protection objectives. The use of these instruments is limited at a national level, but is more extended at a community, respectively international level. Despite all these, Romania’ accession to the European Union supposes the alignment of all regulations and approaches of environmental problems in accordance with the community level.

The role of economic and fiscal instruments concur at the same time for a co-operation of the economic and the ecological, fact that represents an evolution in the contemporary mentality meaning a sustainable development of the economy. This economy takes into account both the present resource necessities and the future ones. The economic development and the immediate profit do not represent any longer a way of solving the society problems, as nowadays the ecological crisis is so evident and can no longer be avoided. The whole economic vision has to take into consideration the priority of environmental problems, as an essential principle of an eco-economy concerned with the ecological aspects of the planet, as well. “The experience shows that some procedures have a limited effect, even though they suppose considerable administrative tasks which significantly reduce their efficacy. Moreover the efforts of the environmental protection can even lead to an economic growth”. ¹³⁹

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¹³⁸ In accordance with art. art. 4 letter. b, within Law no. 137/2002;

¹³⁹ Mircea Duțu, *Cited papers*, p. 234

SLOVENIA ON ITS WAY TO THE FINAL STAGE OF ECONOMIC AND MONETARY UNION

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Abstract: The Maastricht Treaty states certain criterias that have to be achieved in order for a EU Member State to qualify in undergoing the 3rd stage of UEM, the introduction of the euro. In 2007 Slovenia passed this stage, following a well defined and coherent strategy, based on a long time planning, based on the cooperation between the Government and the National Bank. Thus, the experience of switching to euro implemented in Slovenia represents a model for other countries, including Romania.

Key words : nominal convergence, real convergence, inflation, euro

1. The convergence criteria for adoption of euro

Nominal convergence

The Maastricht Treaty specifies that, in order for a EU member State to adopt euro, it is necessary for it to fulfill certain criteria of nominal convergence:

- the rate of inflation criteria: the rate of inflation should not exceed with more than 1.5 pp the rates of inflation of 3 EU member states that have the highest price stability;
- the criteria of the interest rate: the interest rate should not exceed with more than 2 pp the average interest rate of the 3 EU member states previously taken into consideration;
- Fiscal criteria: the lack of a decision of the Council regarding the existence of an excessive budgetary deficit (based on respecting the limit of 3% of the GDP for the deficit and maximum 60% of the GDP for the Public Debt);
- The exchange rate criteria: the exchange rate has to respect the normal fluctuation margins provided by the Exchange Rate Mechanism for a period of at least 2 years before the examination, without the devaluation of the currency related to the euro.

After the candidate state has become an EU member, the next step represents the adhesion to ERM II with a view to the adoption of the euro.

Real convergence

Regarding the real convergence process, there are no formal criterias and no complete agreement regarding the variables that should be taken into consideration; some of them refer to the growing rates of the GDP per capital and of the productivity in the different sectors of activity from the GDP share.

Until the 1990s the EU was formed by states that were sharing the same economic structure, thus the real convergence became a fact (even if the Maastricht Treaty doesn't refer to it) only after the joining of Central and Eastern countries.

In regards to the real convergence there are no formal criterias and no total agreement regarding the variables that should be taken into consideration; some of them refer to the rates of growth of the GDP per capital and of the productivity as part of the different sectors of activity from the GDP, others to the evolution of the degree of economic integration.