

# THE INVESTMENTS, ECONOMIC GROWTH FACTORS OR CONSUMPTION OF DEVELOPMENT POTENTIAL?

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*In Romania, in the last year the economic growth is a real phenomenon that is not our subject for demonstration or for analyze in this paper. Our concern is related with the way of manifestation for economic growth in the economic system. We study if not the economic growth on the contrary of development for current or further performance (regardless of economic aspect or level of analyze) can unstuck in consumption of the availed resources for consolidate potential for development.*

*Key concept: investments, economic policies, economic growth*

Investments represent the build up through which the humanity reached the actual development stage, being also, the way through which it succeeded in accumulating the means for satisfying its necessities. In almost all the economic theories, investments appear as an integrant part of the development theory in which the investment policy determines the economic growth trend, and their structure, influence the reaching of different production ascendant trends in economic sectors, ultimately sustaining shifts in the economic structure of the system; investments are being influenced by several growth and development hypostases. (Huru 2007) The paradigmatic analyze on investment quality in this sense would be useless, through the investment act, we can naturally create the premises for material and spiritual growth. But, the paradigmatic analyze in Kuhn's view does not solve the problem, the Popper view (Fuller 2003), leads us to a critic of an implicit argument, leads us to a question: Can economic growth be a mean of destructing the development potential, through an inefficient distribution of resources to the present economic growth?

In the economic growth events people have to accumulate, to save. When people save, they in fact accumulate, so that they can access the needed money for a bigger future consumption not for a future supplementary consumption. We understand bigger future consumption as expenditure resulted from higher incomes appeared from supplementary profits realized after sacrificing the present one. Through sacrificing the present consumption; we need to understand a rearrangement of incomes in a long period of time. Investments should be orientated to consolidate the economic development resources, in case they sustain a bigger present consumption without future implications, they could be transformed in the consumption of potential economic development elements.

Investments in an economy which wants to become competitive and assure the success of the process of European integration, have to consolidate the human capital, technologies and knowledge which became important elements in the economic development processes. The mode in which they integrate in the functional processes for reaching a higher growing trend is a specific one, and relatively new to the economic science. In any historical period, every economic transformation process was marked by the producing of two essential different goods: consumption goods and production goods destined to future development. (Inada 1966). The development processes have to be studied starting from the distinction between these two economic sectors. They should not be mistaken, even in the situation in which a good through its constructive characteristics can evolve in being useful for both processes. The economic growth stability could be reached through the consolidation of competitive real assets.

We believe that in Romania appears a new period of erroneous economic policy in the investments field. Until 1989, we could all debate about inefficient capital allocation in the sense in which the efficiency and economic rationality criteria faded in front of politic rationality. (Zaman 1998, Postolache 1991). In present, it is possible that the economic policy in Romania skipped over or the instruments needed to create the future direction (BNR position) became less strong in orientating the investment capital to

consolidate the economic development . We try to underline that despite the raising of the GDP / person in present , the phenomenon acts in an inflationary gap. It is normal to perceive at macroeconomic level , that we are witness to an economic growth but this fact was influenced by the passing over the recession period through a boom and bust policy . In case in which the personal or company investments do not prepare the field for future growth we could all be witness to an eviction effect of economic policy and the Romanian economy entrance in a structural crises determined by the economic policy context presented . The romanian consumers euphoria could affect the proper development conditions appeared through multiple causes: the nominal convergence process sustained through macroeconomic governance , real convergence determined by the European Union integration , the catching – up process influenced by real vertical and horizontal integration in the European economy . We cannot formulate a scientific judgment in this direction , we only propose to start an alternative analyze , the described problem is in the center of government , corporate governance and scientific debates.

The decline of economic growth performances is not only a problem for Romania , is a real problem for the European Union too .( Oughton 1997 ). The critics are formulated around the investment policies for competitive development of real assets who could ultimately develop competitive goods to the European and international market. The debate on this aspect always points out the controversy about the mode in which the economic policies should be defined in order to achieve the compatibility between the business field and the international standards. The debates on the assistance to a sector who could promote winners through government economic policies or the mode in which the policies for market failure were replaced by a new gravity centre: how can we design the economic policies so that we can include a variety of policy measures (not just economic policy) to sustain a future economic development? The analyze center moves from an integrant vertical to a horizontal economic action approach. (Romer 1993).

The our dilemma reveled in this paper can not be explained though the lack of our capacity to observe the right incitation of economic action now in Romania (we can explain in this manner the expectation of growth failure in Romania- Walker and Sharp 1991) or as a attempting to express the failure of government policies (Pitelis 1993) as we can find in economic literature. On the another hand it is necessary to find a manner to organize the resources allocation witch make possible the exploitation of every possibility to grow the efficiency of resources allocation or processing of that in economic medium. The extinction of individual consumption for durable or current goods from Romanian economy is generated from the lack of perspective in the business environment of emergent economy for post-communist country (Dinu, 2007) and from highly opportunity cost for savings and for investment in the lack of coherent policy in the investment field which can concords with comparative advantage who can be transformed in competitive advantage in Romania. In the condition of one economy in full process of integration, investment policy (Huru 2007) is must to consider the new condition and characteristics who claim to concord in the business environment tendencies of economic development.

The priority for investment policies is not to assure a highly rate of growth. The priority is represented by the assurance of economic development for a long time can allow a consistent real capital accumulation. That's tendency implies growth of production capacities simultaneously with the growing of development potential who enable the growing of real investment weight in GDP for the further. The European development policies implies (since before Romanian's integration- CE 1994) the growing of importance for investment in technology, the development of cooperation and the reduction of asymmetric information, the improvement of concurrency and the modernization of public management. Without consideration of these aspects the present economic growth is possible to response in a powerful recession wit effects in the entirely European economy. The solution in this case consists in generation the good condition for predictability in business environment with immediate result in growing the real capital on the suzerain territory of Romania, capital capable to be competitive in this result and who can admit the further development even in the condition of multiplies the concurrency bat in the situation of improvement the for of that.

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