COORDINATES AND OBJECTIVES OF ROMANIAN FISCAL POLICY

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Fiscal policy includes the totality of methods, means, instruments and institutions which are used for procuring financial resources necessary for financing public activities and also for influence the evolution of the economy of a certain geographic area, usually by direct reporting to a state's territory “(1)” (El-Agraa 2004: 319).

Fiscal policy is promoted in a close relationship with measures of budgetary policy, monetary policy and in interdependence with policy of prices and policy of labor occupation and other economic policies “(2)” (Voinea 2009: 75).

I consider that only an efficient coordination in fiscal and monetary policy may have as a final objective the stabilization of economy, with a high degree of labor occupation and a price stability.

A current controversy especially with Anglo-Saxons is the one according to which fiscal policy has the sense of financial policy, including, on the one side the objectives of the deciding factor of one state as regard to procuring budgetary resources by means of taxes and fees, and on the other side the objectives appearing out of the activity of making public expenses. On the opposite side are the materials in different languages of which origin is Latin, where, fiscal policy is seen as being state's policy that makes reference strictly at taxes, being ascertained that the part regarding the expense of the public resources makes express reference to budgetary policy.

In this sense, the author Iulian Văcărel, subscribes to the last position presented, respectively to the Latin one, and separates fiscal policy of the budgetary policy. Therefore, according to him, "Romanian language being a Latin language, has in its vocabulary, for centuries, distinct expressions for state's policy referring to taxes (fiscal policy) and the one regarding to public expenses (financial policy in matters of public expenses or simple budgetary policy)” “(3)” (Văcărel 2001: 40-41).

On my opinion, certainly, the fiscal policy is an important component of the financial policy, although there are different points of view within this approach. Thereby, there is the tendency to define fiscal policy strictly by means of collecting public financial resources under the form of taxes and fees. In this sense, according to Mr. Ioan Condor, "fiscal policy comprises the assembly of regulations regarding the establishment and charge of taxes, fees and other public incomes, that characterizes state's options in matters of taxes and fees” “(4)” (Condor 2002: 16).

In the same context, Mr. Babaita I. considers fiscal policy "a mechanism of sampling one part of the incomes made by the economic agents, households and enterprises, for constituting the funds necessary for public expenses “(5)”(Băbăita, Silași and Duță 1999: 294).

Of course that all these definitions are heavily criticized by the supporters of the Anglo-Saxon opinions, or of the international organizations. Such, the last years witnessed to more frequent critics against the definitions presented previously, of the fiscal policy.

Paul A. Samuelson, defines fiscal policy as being "a process consisting in the manipulation of taxes and public expenses", emphasizing also that "governmental expenses and taxes have three major effects.. First of all, they are affecting the general distribution of the national product between public consumption and investments. Secondly, by means of direct expenses, indirect incentives and regulation empowerments, the government influences the production and price of the products made in different activity fields. At the end, budgetary policy influences the macroeconomic activities - the fluctuation of the aggregate production, prices and unemployment “(6)” (Samuelson 2001: 364)“.

Here's by consequence the relief of the tight connection between taxes and budgetary expenses. His opinion is sustained also by Richard G. Lipsey which believes that "the ability of the government to use its power of taxation and expense for influence its
national level" must be verified and followed with great care, especially in the context where "the governmental plans for taxes and expenses are defining the fiscal policy, with important effects over the level of income both on long term and also on short term. “(7)” (Lipsey, Chrystal 1999: 624)."

Leaving on one side the opinions of origin other that Romanian, there are also specialty authors in Romanian literature that subscribe to this opinion. For example Ms. Mihaela Onofrei which considers that "the main deficiency is that in the content of the fiscal policy is not made any reference to public expenses “(8)” (Onofrei 2000: 22)."

Also, the connection between the fiscal incomes and budgetary expenses is strongly emphasized also in the next definition, where fiscal policy represents the mechanism of collecting one part from the incomes that follow to represent the funds necessary for budgetary expenses. In this sense, the success of fiscal policy is conditioned by the "ration between expenses and fiscal incomes that may be delivered by the economic agents, without being discouraged in their activity. “(9)” (Băbăiță, Silaș and Duță 1999: 294)."

Dan Drosu Șăguna defines fiscal policy by means of an "assembly of intervention instruments of the state, generated by financial fiscal-specific processes: forming by taxes and fees, budgetary expenses, allocating budgetary expenses, ensuring budgetary balances “(10)” (Șăguna 2001: 602)."

From my point of view, this dilemma of the fiscal policy is clearly presented by Mr. Vacarel Iulian which considers that the notion of fiscal policy makes strict reference to "taxes and fees, differentiating budgetary policy against the fiscal one.” “(11)” (Văcărel 2001: 40)

For obtaining an adequate system of voluntary acceptable of the fiscal obligations by the taxpayers, exists four major ways to act, to which - within an efficient fiscal system - is necessary to have granted a permanent attention “(12)” (Mihăilescu 2002: 68):

1. the continued operation of certain programs as comprehensive for fiscal education of the taxpayers;
2. simplifying the system for declaring and paying taxes and fees;
3. detecting with promptness and forced execution of the taxpayers that are not complying with the obligations against the budget;
4. the continued improvement of the fiscal control in the purpose of identifying and fighting against fiscal evasion.

In my opinion the main objective that must become priority is the one of a good tax and fee collection for state budget and not the increase of the fiscality.

In conclusion we can say that, by fiscal policy are established, mainly, the volume and provenience of the public financial resources, methods of sampling the fiscal incomes, fiscal facilities - if they are granted, under what form, targeted finalities, global objectives of the fiscal policy, and also firm ways to achieve them.

Between the fiscal policy coordinates from Romania, we can remember:
- level of the public financial resources, possibilities to maintain/ ensure the budgetary balance, provenience of the public financial resources, number/ multitude of the fiscal assays, methods and techniques of fiscal assay, level of the rate of fiscal pressure, modalities for fighting against and limiting fiscal evasion, granting / not granting fiscal facilities.

The volume of the public financial resources, their quantum, is dictated in the largest part by the level of the public expenses form the considered period. In practice of public finances, from the past years is seen that there doesn't exist a total equity between public incomes of ordinary nature and public expenses within the budgetary year, which generated budgetary deficiencies of which source of finance is of public credits nature.

An important coordinate of the fiscal policy consists of the provenience of public financial resources: from ordinary or extraordinary sources, procuring the ordinary ones on way of direct or indirect taxes, from legal persons or individuals. Normally, the highest proportion must return
to the ordinary financial resources, comparatively with procuring a public credit. The monetary emission without coverage represents a source of public incomes presented only on theory, because of the strong inflationist effects that it causes.

In a fully structuring economy, an important decision regarding the provenience of the public financial resources is connected to the method of taxation of the private economic agents comparatively with the companies and companies with state major capital and with autonomous administrations. The fiscal authority may promote a fiscal policy which to treat all of them in the same way or differently. As regard to the taxation of legal persons and individuals, may be considered a proportional taxation, or in simple progressive shares or composed shares. Because of certain considerations the poet establishes taxation shares depending on the activity field, geographical area or the headquarters of the economic agent.

Depending on how will answer to such aspects, the fiscal policy will choose to ensure horizontal and/or vertical fiscal equity, so as to achieve the objective of social justice, and also the one of ensuring a decent way of living for taxpayers with small and middle incomes.

By fiscal policy are established also mandatory assays under the aspect of the number and ways of assay. Also the ones in charge from the fiscal policy field must follow permanently the evolution of the fiscal pressure in economy, at the level of the economic agent and at individual level and to correlate its level with the volume of the fiscal incomes form the budget.

Another coordinate of high importance within the frame of fiscal policy is consisting of locating, measuring, limiting and preventing the phenomenon of fiscal evasion. In this respect, a special importance returns to certain aspects, such as: level of fiscality, degree of collection of fiscal assays, degree of realism in establishing fiscal incomes in the budget, level of professionalism of the activity of fiscal inspection, duration of the sanctions provided in cases of fiscal evasion and firmness of their application, etc.

I consider that state's fiscal policy has an important role in ensuring the general economic balance, by maintaining the budgetary balance. Within this matter, the analysis must target aspects such as: the difference between the volume of public expenses and the one of public financial resources possibly to mobilize in normal conditions within the budget, the ratio between the budgetary deficiency and gross domestic product (under conditions in which must be complied with the recommendations of the international bodies in this field), sources of coverage for the budgetary deficiency, etc.

The fiscal policy acts over the consumption by modifying the solvable request of the population. Thereby, when is followed the reduction in consumption, generally, is used the increase in fiscality. Is intended the orientation of the consumption request to certain products, the instrument is represented by general consumption taxes or special consumption taxes - by selecting the subject products and differentiation of the tax rate. The public expenses are affecting directly the consumption by goods and services acquisitions and, indirectly, particular request, by social transfers and remuneration granted to public clerks. On their turn, taxes reduce the income of the legal persons and individuals, affecting, as a consequence, consumption and investments "(13)" (Cioponea 2007: 372).

For sensing the fiscal directions of the Romanian economy I consider that we must have in point a provision and an anticipation of the decision of the governmental responsible and political responsible, but which, usually, are difficult to anticipate and quantify. Must be seen some tendencies of certain general coordinates detached from a pragmatic attitude which emphasizes the efficiency of the actual system.

Fiscal system represents an instrument of assay and directing of the state's income, used with interventionist purpose in economy. It produces a conflict in modifying the price, generating re-distributions of income that may influence negatively the activity of economic agents and
taxpayers, in general. The fiscal policy may therefore confront with problems connected to the optimization of the fiscal system capable to stimulate the effort to produce, to save and to invest. Romania is currently confronting with a very large number of taxes and fees and some of them are unjustified or are against the principles of taxation. For ensuring the maximization of the fiscal system flow, without the fiscal pressure to become unbearable, is imposed the rejection of the fiscal facilities that destroy neutrality and stimulate legal fiscal evasion.

The deterrence and removal of fiscal fraud asks that, together with the increase of the fiscal penalties, to be modified also the legislation of fiscal evasion, being introduced administrative and criminal penalties more drastic and more diversified. The fiscality is not neutral in relation with the investment decision, but influences the evolution or collapse of the investments in economy.

Both fiscal and monetary policy intervene over the economics flows, acting over the growth or decrease of the distributed incomes, used for consumption, saved and invested. Level and distribution of the incomes at national level influences the decisions of fiscal policy. The maximization of the national income per inhabitant must have in consideration the influence over the taxes on different incomes realized. The increase of the pressure exerted on these must be avoided for determining the decrease of the production in general. Also, the tax on salaries, on profit and on consumption reduces the incomes that may be saved and invested at individual and global level.

The increase of the profits invested is stimulating, in my opinion, the increase of the wage incomes and capital accumulation. The facilities which must be included in fiscal legislation must have in consideration the constitution of the monetary excess for new investments and increase of the computation base for future taxes.

Public authorities use the fiscal policy to achieve new non-fiscal targets, of economic order, such as: influence of economic processes, correction of the economic cycle, removal of the imbalance from economics. In this sense, following the most general directions on which sits fiscal policies, we can distinct, as global objectives of the fiscal policy the following:

- economic stabilization, conjectural adjustment and re-launching the economy, economic restructuring and growth, modernization of the productive apparatus.

The main objective of the fiscal policy, in my opinion, targets the economic stability. For achieving this objective, in recession period, the fiscal policy, targets the reduction of taxes and fees concomitantly with the increase in public expenses. In the period in which the aggregate request tends to become excessive generating mainly the increase of prices and budgetary deficiency, the fiscal policy uses an increase of the taxes and/ or reduction of the public expenses.

The conjectural adjustment and re-launching of the economy is tightly connected to the mix of financial - monetary policies. For achieving the objective regarding the restructuring and economic increase, the fiscal policy encourages the development of certain economic sectors or activities either by reducing tax rates, either by granting fiscal facilities. These activities are targeting among others social objectives often directed to discouraging the consumption of certain products bad for health, the stimulation of the taxpayers for charity, etc.

The modernization of the productive apparatus is an intermediary objective of the fiscal policy which is tightly connected to the development of the external trade and increase of the competitiveness of the autochthonous economy on the international market. This objective is achieved, many times by reducing the tax rates for economic agents according to the profit that is invested, by granting fiscal deductions for a share of the value of the investments made, by favoring the saving, etc.

In my opinion the objectives of fiscal policy are very close correlated with the functions of the policy and with their effects over the national economy, and also with results obtained by using
taxes, state loans, budgetary expenses, as intervention instruments at the disposition of the public authorities.

**Conclusions:**
A state's fiscal policy affects directly all the taxpayers, both legal persons and individuals. A well based fiscal policy, that considers the strict conditions of the social and economic life, the exigencies of the present and imperatives of the future, may be prove to be beneficial for the progress; in return, unless is referring them or considers them, fiscal policy may obstruct the development and may lead to recession. Therefore the fiscal policy must be approached in close connection with budgetary policy. Their objectives must support the achievement of a durable development of the entire Romanian society.

The fiscal policy must be used in favor of the economic growth, for reducing the inflation, the unemployment and deficiency of current account; the budgetary deficiency and public debt must be held under control, fiscal policy must be made so as to support the nominal and real convergence, in the same time being sufficiently flexible for alleviating the eventual internal and external shocks generated by the adhesion, regarding the successful integration in the monetary and fiscal structures of the European Union.

**Note:**
11 Vacărețel, I., op.cit, p. 40.

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