

BUDGET AND PUBLIC DEBT

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The issue of public budgeting is an important issue for public policy of the state, for the simple reason that no money from the state budget can not promote public policy. Budgetary policy is official government Doctrine vision mirror and also represents a starting point for other public policies, which in turn are financed by the public budget.

Fiscal policy instruments at its disposal handles the public sector in its structure, and the private sector. Tools such as grant, budgetary allocation, tax, welfare under various forms, direct investments and not least the state aid is used by the state through their budgetary policies to directly and indirectly influence sector, and the private.

Fiscal policies can be grouped according to the structure of the public sector in these components, namely fiscal policy, budgeting and resource allocation policies for financing the budget deficit.

An important issue is the financing of the budget deficit budgetary policies. There are two funding possibilities, namely, the higher taxes or more axles site and enter the second call to public loans. Both options involve extra effort from taxpayers in the current fiscal year when they pay higher taxes or a future period when public loans will be repaid.

We know that by virtue of "fiscal pact" structural deficits of the member countries of the EU are limited by the European Commission, according to the macro structural stability and budget of each Member State. This problem tempers to some extent the governments of the Member States budgetary appetite, but does not solve the problem of chronic budget deficits.

Another issue addressed in this paper is related to the public debt, the absolute amount of its relative level of public datoriri, about the size of GDP, public debt financing and its repayment sources.

Sources of public debt issuance and monetary impact on the budget and monetary stability are variables that must underpin the justification of budgetary policy official.

Volume and structure of public debt will strike in the future state finances and income citizens who in turn will pay these debts. Regarding payment of public debt in the future, in literature often put morality issue grevarii income of future generations of rulers moment.

Another issue addressed in this paper is that of public debt issuance conditions in international financial markets, the international financial institutions or domestic.

Substantiating the link between the amount borrowed and realizing their destination in credit is needed to determine the economic and social effects on the budget and on income taxpayers will bear the burden of public debt.

Contents:

Consolidated budget, functional or outdated.

When talking about the public budget, we consider the state budget, namely centralized budget of state social insurance budget, budget health insurance and unemployment fund budget.

The term "enhanced" is mostly a deconsolidation, because to make a budgetary resources raised by way of taxation, centralized state budget, resources from contributions and social contributions, the latter being money "semi" contributions of the insured to network state pension paid by the insured in accordance with the principle of solidarity between generations, contributions to the health and unemployment, in the name of solidarity with those who temporarily lose their health or work.

Reforming the budget, by splitting the social insurance budget, budget health insurance and unemployment insurance budget, which would generate a large deficit for some of the four budgets and surpluses for others. It requires therefore a rearrangement of the tax burden and social security contributions, a reform of the distribution of the tax burden and social security contributions, so as to allow independent operation of these budgets.

Consolidated	budget	revenue	budget -mil lei-	components
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	2011	2012	2013	2014	2015	2016
Total, of which:	181.920	193.146	205.964	216.808	230.169	242.083
1. State budget	79.379	81.171	95.318	100.932	106.491	112.145
2. Social Security Budget	48.144	48.858	50.242	52.200	54.334	57.545
3. Unemployment Budget	2.407	1.915	1.875	2.072	2.069	2.099
4. Budget health insurance	17.821	19.085	22.830	22.560	22.617	23.202

Evolution budgets consolidated budget revenues in the period 2011-2014 is positive and also prefigures the same trend in the coming years.

	Current	prices	-	billions	Lei-	
	-	Percentage	change	over	the previous	year -
	2013	2014	2015	2016	2017	
GDP	625.6	658.6	692.2	730.3	771.6	
- Real growth,%	2.2	2.2	2.5	3.0	3.3	

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To achieve transparent mirror as current budgetary situation of our country, it is necessary to present the same time and the evolution of the budget deficit for this period.

Budget deficits during 2012-2016

Budget deficits	2012	2013	2014	2015	2016
Deficit ESA	3,0	2.6	2.2	1,4	1,4
Structural Deficit	2,7	2,0	1,7	1.0	1,0
Deficit cash	2,5	2,5	2,2	1,4	1,4

Source: MFP, www.mfinante.ro.

As can be seen, the evolution of the nominal budget deficit, but the structural and, also is positive, that deficit drops to around this period.

Current budgetary situation is incomplete if you do not analyze and funding sources abugetului, ordinary ones we leave aside for this analysis, and we take into account only the Extraordinary sources, namely, public loans, internal and external, embodied in public debt situation our country to date.

Romania's public debt at the beginning of the year 2014.

Debt situation of our country is presented below based on data provided by the Ministry of Finance, in the year 2013 and in January 2014, namely:

**Foreign debt at January 31, 2014 *
and external debt service in January 2014**

- milioane euro -

	External debt		External debt service in January 2014p
	Balance at 31.12.2013 ^p	Balance at 31.01.2014 ^p	
IExternal debt and long-term	76951	78354	1302
I.1. Direct public debt of which:	28353	29509	509
I.1.1. Loans from the FMI	1121	1135	0
I.2. Publicly guaranteed debt	1218	1195	19
I.3. Non-guaranteed debt	36219	36494	509
I.4. Medium and long-term deposits of non-residents	6453	6499	157 ^e

- milioane euro -

	External debt		External debt service in January 2014p
	Balance at 31.12.2013 ^p	Balance at 31.01.2014 ^p	
I.5. Loans from the FMI	4708	4657	108
II. Short-term external debt	19491	18291	3270^e
Total external debt (I + II)	96442	96645	4572

The balance is calculated on a cash basis (excluding accrued interest not matured); Also not included in the FMI's DST allocations.

a) external loans directly from the MFP and local authorities under the law on public debt, including Government Emergency Ordinance. 99/2009 ratifying the Stand-By Arrangement between Romania and the IMF;

b) Loans guaranteed by MFP and local authorities under the law on public debt;

c) loans from the IMF under the Stand-By Arrangement with Romania, excluding the amount received from the IMF PFM according to OUG. 99/2009 (section I.1.1. of the table)

Source: MFP, www.mfinante.ro

Foreign debt at January 31, 2014 is EUR 96.645 million, consisting of: external debt and long-term in the amount of EUR 78.354 billion (81.1 percent of total external debt), up by 1.8 percent compared to December 31, 2013 and short-term external debt of the euro 18.291 billion (18.9 percent of total external debt), down 6.2 percent from December 31, 2013.

External debt service ratio in the medium and long term was 27.9 percent in January 2014 compared to 41.4 percent in 2013.

Foreign debt rose from 15 bn euro in 2001 to 101 billion in March 2013 to 96.6 billion euros at the end of January 2014.

Currently, the state owes out to about 41.7 billion euros, while banks and private companies 54.9 billion.

In December 2008, when the crisis began, the country's total external debt was 72 billion in public debt was 11 billion and private debt was 61 billion euros of additional foreign debt accumulated during the crisis, the accumulated extra 26 billion, while the private sector has increased external debt only 3 billion euro.

In other words, four-year, 90% of the money coming from abroad in Romania are loaned by the state and private companies and banks only renew their debts.

In late 2008, public external debt was around 11 billion euros, representing more than 15% of total debt, and now heading for 30% of total external debt.

Evolution is influenced by borrowing record of almost 20 billion euro, Romania contracted since 2009 from foreign donors.

Compared to other countries in the EU, at the end of 2013, the external debt is as follows: in EU countries had the highest public debt as a percentage of GDP, were: Greece (169.1%), Italy (133, 3%), Portugal (131.3%) and Ireland (125.7%) and the lowest public debt as a percentage of GDP were recorded in Estonia (9.8%), Bulgaria (18%), Luxembourg (23.1%), Romania (38.6%), Latvia (38.7%) and Sweden (40.9%).

In this comparative context, our country has a dire situation, only this debt in the biggest part of it is the medium and long term contracts and effort will largely be passed to future generations, a situation that raises the question of burdening our children and mortgaging a portion of their income.

In the same context, we have to put the problem of ability to pay and arrears rates generated by these loans. Perhaps in future years, as has happened in previous years the government will resort to debt rescheduling policy, given caare growth will not cover the entire public debt service and the executive will call back the other to repay loans from some of the oldest and maintain debt service running. In terms of this work is the inevitable question "if the country's balance of payments will also withstand public debt service and that is unbearable threshold of debt repayment."

Bibliography:

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- 2.www.anaf.ro;
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