

Editorial

It is well known the fact that fiscal policy can support the economy especially during the crisis even with running budget deficit and accumulating public debt stock. This deterioration of fiscal policy can be used only as a temporary measure. When this becomes a current practice it increases the likelihood of a fiscal crisis. In this circumstance, it matters the economy state which must be able to generate enough resources in order to sustain government payments. But in time of a great uncertainty governments must take actions in order to improve the fiscal position without affecting the economy as a whole. These actions consist mostly in tax increases and/or expenditure cuts. But what really matters are those particular measures capable to induce positive effects in the economy on short and long term. This is difficult to achieve because the government interventions in the economy using its own revenues and expenditures have multiple effects that may differ according with the time horizon. Other factors that must be taken into account involve the ability and the willingness of the government to apply appropriate measures even that it is possible to conduct to political capital losses. Also, it is important the citizen confidence in the government dedicated to the improvement of the living standard.

Despite all these the governments must face 'expensive' demographic changes in the long run. Successful management of the demographic challenge in Europe continues to depend on a prosperous and dynamic economy, with productivity growth and effectively functioning markets. The way forward in this difficult economic situation consists in applying all the necessary measures to ensure rapid overcome recession, according to European Economic Recovery Plan, and implement a credible exit strategy to restore the economy. In addition, it is important the public investment in

increasing the long-term potential growth, as outlined in the Lisbon Strategy, to address the consequences of the demographic change based on structural reforms. More specifically, it will involve longer working lives and increasing participation of youth, women and older workers, reforming tax and benefit, reforming pension, health and long term care systems. Paying special attention to these policies in the current situation will help governments to emerge stronger from the current recession and challenges of an aging society. It should thus be a time for innovation inspired by the positive experiences and reform processes already in the EU Member States. Supporting reform is essential not only for economic reasons. They promote health, education and quality of life for present and future generations.

Therefore, in the context of social, economic and technology challenges, the government must reinvent itself in order to adapt to the new contexts. Reinvention is driven by the need to meet the challenges of each period by creating, developing and improving the whole system of government at central and local level. Thus, it meets the collective needs of the citizens that are more and more complex. As a result, it comes to shape a new governance framework based on changes in legislation and institutions able to boost efficiency, effectiveness and efficiency in the public institutions designed to meet the social needs of the citizens.

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August 2011