

THE ECONOMIC CRISIS IN THE CONTEXT OF GLOBALIZATION

Carmen E. Stoenoiu^{1,2}, Amalia Nedelcut³

¹Department of Finance and Accounting, Gh. Dima Music Academy

25 I.C. Brătianu St., 400079 Cluj-Napoca, Romania

²Management and Economic Engineering Department, Technical University of Cluj-Napoca,

28 Memorandumului St., 400020 Cluj-Napoca, Romania

³Babes-Bolyai University, Faculty of Economics and Business Administration

58-60 Theodor Mihali St., 400591 Cluj-Napoca, Romania

Abstract

The economic crisis which started in 2008 is considered by the economic analysts to be without precedent after World War II. This crisis forced measures of change by rethinking some plans to protect the financial banking systems on national and international level in the context of worldwide globalization. The aim of the present research is to achieve a comparison between the results obtained by the European states by certain economic indicators before and after the economic crisis. Considering that a modern nation-state approach is required in the current world order we attempted to identify its ability to adapt to the new requirements imposed by the economic globalization. In this sense we conducted an analysis of the effects that globalization brings by interlinking the economic actors on the world market. A comparison was drawn by grouping the European countries into two distinct groups: those in Eastern Europe (former communist) and the rest of Europe (considered as more developed). In conclusion it can be said that the current effects of globalization on the economy during the economic crisis could not make possible to overcome the discrepancies that exist in the Eastern European countries compared to the rest of the Europe, as the former recorded values below the EU average in nearly all indicators comprised in the study.

Key words: *economic globalization, financial crisis, development*

1. INTRODUCTION

In the specialized literature it is considered that globalization is a modern term used to describe in one form or another the changes recorded on macro- and microeconomic levels resulting from international trade and cultural exchanges. When speaking of globalization, the literature considers that it can be treated considering four aspects: flows of goods / services, of people (migration), capital and technology.

Zygmunt Bauman claims that "globalization divides as it unites; the causes of division being identical with those which promote the uniformity of the globe. (...) Mobility becomes one of the most coveted values, and freedom of movement - always a rare and unevenly diffused feature - rapidly becomes the main factor of stratification in the postmodern era we live in. We are moving, although physically we stay still". (Bauman, 2007)

At the core of globalization are considered to be: the internationalization of trade flows driven by exports (of goods and financial services), transnationalization or financial and "borderless" investment flows,

the effects of the strong development of communication and the transfer of information leading to networks of technology transfer and information worldwide.

World globalization is defined as "the very dynamic process of increasing the interdependence of the national states as a result of the expansion and deepening of transnational ties in the ever wider and more varied economic, political, social and cultural spheres, the issues become rather global than national, creating in their turn a global rather than national settlement". (Bari, 2001)

2. GLOBALIZATION AND ITS INFLUENCE ON GOVERNMENTS WORLDWIDE

The phenomenon of globalization is based on several concepts: technological development, financial market development and cultural development, each contributing to a greater or lesser degree to the changes in economies of the states subject to this phenomenon.

Technological development has enabled progress as well as its transmission as a result of the electronic devices that have been developed and which enable remote communication. Overcoming the spatial dimensions led to the spread of information, thus exceeding the temporal dimension as well, and all this led to a rapid intervention on every market in the world, a step which contributed to the development of global financial markets.

The financial development enabled the fluidity of the capital flows which led to the development of new tools and mechanisms which allow the usage also in financial matters of the principle of communicating vessels, i.e. moving financial assets where there are opportunities for transactions, where there exists market demand.

The financial revolution is deemed to have been achieved when the conservative approach of the financial markets as simple intermediate tangible (financial assets) passed to its derivatives (forwards, futures, options). The derivatives were meant to provide the lowest cost for transactions such as contracts, currency values, certificates of deposit, commodities, etc.. Later they became the target for speculators and even betting tools. An important role in the financial development of the capital markets was played by the actions of deregulation of capital markets, which led to the removal of restrictions on operations, of the control of the risk associated with them and moreover it erased the political boundaries separating the states to allow the free movement of capital.

The cultural development did not stay still, but allowed the flow of information and helped to eliminate the boundaries through globalization, leading to the media and behavioral globalization. It is believed that both the financial and the technological development could not have known such a development lest the cultural development by means of distance communication, which eliminated, where there existed, the isolationist tendencies of some states and led to the spread of information on a global scale.

Following in his study three aspects (considered important): economic integration, social integration and political integration, Axel Dreher demonstrates that globalization causes economic growth in all countries (Dreher, 2003). He makes an analysis by means of two indicators measuring the degree of economic globalization: one index measures the current flows: trade, foreign direct investment and portfolio investment (all in percent of GDP); the second index measures the restrictions on trade and capital using hidden import barriers, mean tariff rates, taxes on international trade (as a share of current revenue) and an index of capital controls.

We consider that the economic globalization seen from the point of view of the beneficial effects that it propagates within a country can be addressed by three categories of effects: 1) *monetary effects* based

on the decision of the states to control the inflation, the rate currency exchange and interest rates through macroeconomic policies, 2) *social effects* regarding social welfare that can be produced depending on the financial policies of the governments or conversely to reduce the dependence on these policies, labor market deregulation measures and encouraging the privatization of the public sector, 3) *structural effects* which do not pertain to a single state policy, but target the global financial market, being caused by systemic risks and the great financial powers that can sway and influence the national financial systems. These monetary, social and structural effects allow the emergence of financial flows of the type shown in Table 1, which are the resultant effects of globalization.

Table 1. International financial flows generated by globalization

Types of financial flows	Characteristics
- direct foreign investments	- are past the concentration stage in the main industrialized countries being deployed globally;
- international bank loans	- are granted by banks in the national currency but also in Euro-currencies (foreign currencies);
- international bonds	-the process of financial deleveraging occurs (being no longer necessary to establish direct relationships between buyers and equity bidders) to help reduce operating costs and to adapt the transactions to the specific needs of the borrowers. The issuers are governments and multinational corporations, while the main holders are the institutional investors, especially the pension funds. On the European continent, the main state holding international bonds are Sweden, France, Germany and the UK;
- derivated financial instruments such as futures and options	- are based on major currencies, assets linked to interest rates, stock indices and several main goods. The development of trade with derivative exchange products loomed ever larger after the creation of the largest market in the world of this type: "Chicago Options Exchange";
- Transactions in foreign currencies	- are the main source of demand for the traditional currency market, at present the value of these transactions being higher than that of global trade flows. Most currency transactions are performed on the markets in London, Tokyo, New York, Hong Kong, Frankfurt, Zurich and Paris.

3. THE FINANCIAL CRISIS BEYOND GLOBALIZATION, CAUSES AND EFFECTS

The National Bureau of Economic Research's defines a recession as "a significant decline in economic activity spread across the economy, lasting more than a few months, normally visible in production, employment, real income, and other indicators" (excerpt from Jordà, 2010, who quotes from NBER 2008).

Studying the financial crisis triggered and felt for the first time in the U.S. economy, V.V. Chari noted its following effects: 1) several major financial institutions have failed, 2) various stock markets have fallen dramatically, especially in the week after the bailout plan was passed, 3) spreads on a variety of different types of loans over comparable U.S. Treasury securities have widened dramatically (Chari et al, 2008). Subsequently Gerst and Wilson in their study highlight how after the financial crisis occurs the fiscal crisis in most of the states as a result of macroeconomic slippage, added to their inability to introduce effective policies to combat the shock (Gerst & Wilson, 2010).

A first cause that contributed to the crisis was excessive credit granting, such as subprime credits, which included mortgage loans secured by the value of goods purchased and which were granted to American citizens without fulfilling the conditions of creditworthiness. Converted through financial mechanisms (securitization) into bonds (CDO - Collateralized Debt Obligation), they were transferred to banks and investors worldwide (Barnett-Hart, 2009). The effect grew when the real estate assets began to lose value, while the loans were not paid and were neither possible to repay, leading to losses for buyers of securities based on such loans.

Another reason was that the saturation of the markets in former socialist countries, which led to a global economic blockage generated by the three engines simultaneously involved: relocation, credit and consumption. A). *Relocation* has been used by the large corporations which led to the displacement of production facilities to areas with cheap labor, usually in the less developed countries (former socialist countries). These changes led to big profits for corporations and unemployment in the countries they left, leading to the relocalization of production, the need for a transfer of technology and knowledge. In the first stage globalization reduced the price of production, but in the second stage, the trend was reversed: salaries in target-states of relocation were followed by growth and, although they did not reach the level of the ones in the countries of origin, due to differences in productivity, it was found that the gain brought by relocation was canceled by the lack of technology and human resource skills. B). *Credit* has become easy to access, creating the image of a substitute of wealth. By easing the credit conditions was created the possibility of buying expensive goods by the population, thus encouraging consumption without being linked to the production by the population in the same states. On the other hand the profits of the large corporations did not have as effect the investments in those countries but rather their relocation to other countries of origin or sometimes to tax havens. If during the previous period the profits were distributed among the shareholders (as dividends) and employees (as wages) in the same state, relocation resulted in diverting part of the profits that were deserved by the employees in the countries of origin to the employees of the target-state. On the other hand the availability of some economic agents to purchase luxury properties led to an artificial increase of the latter, in most cases these investments being carried in the countries developed due to the wealth acquired in the emerging countries. In the capitalist countries was noted the presence of a mass phenomenon that led to a growing number of citizens acquired properties through loans, realizing a chain effect of increasing the value of these properties. The amounts available for borrowing as a result of owning the property also increased, allowing other new acquisitions, which in turn have resulted in the chain increase of the price of real estates. C). *Consumption*, which should have been a positive engine of economic growth, was affected by the uncontrolled and unjustified growth in property prices and the increase of the amounts that could be accessed by loans. This general trend of consumption and of encouragement of the lending policies was embraced both on the level of the individual, of the enterprise, but also on national level, being transformed into a state policy.

If the first effects of the economic crisis were felt in the U.S., subsequently they were spread through the global financial system within all countries. The main effects were: the bankruptcy of financial banking and credit institutions, bankruptcy of some companies due to the decrease of stock market shares (domino effect: withdrawing shareholders - decrease of capital - financial jam), making mergers and takeover of assets by the large companies, actions based on financial decisions of survival and strengthening the market position.

These effects were forwarded to the labor market by increasing unemployment due to lower labor demand both nationally and internationally (Spain, Italy, Germany, Portugal, and England faced the problem of rising unemployment).

In his study Robert Hall presents the changes in the second quarter of 2008 in the four components of GDP (Gross Domestic Product) during the crisis (net export, Government purchases, consumption: nondurables and services, investment: consumer durables, business residential) that recorded a continuous decrease in the second quarter of 2008 until the second quarter of 2009, by processing data from the U.S. National Income and Product Accounts (Hall, 2010). The effects of the international financial crisis have spread amid globalization in all countries due to the interdependence between economies, resulting in larger or smaller effects on the financial system of each country. It is considered that the financial crisis begun in October 2008 in the U.S. and other countries is the largest after the crisis of 1929-1933, which was triggered by the financial sector. In his study John B. Taylor emphasizes the existence of a deficient system in the U.S. that allowed overgrowth of household lending; the heavy growth in asset prices, especially housing market; crediting the traders who were not creditworthy and had high risk (Taylor, 2009). He believes that in order for an economic recovery to take place a clean up of the financial system should be performed, which can only be achieved by following the following principles: "1) returning to the set of principles for setting interest rates that worked well during the Great Moderation; 2) basing any future government interventions on a clearly stated diagnosis of the problem and a rationale for the interventions; 3) creating a predictable exceptional access framework for providing financial assistance to existing financial institutions". (Taylor, 2009)

On international level the major institutions like the International Monetary Fund, World Bank, European Union Council etc., intervened post-factum with measures to counter the effects of the crisis, these imposing certain restrictions on the states to which they offered loans or financial support (especially prudent measures as far as credits were concerned, to restore confidence in financial markets).

In April 2011, the permanent subcommittee on investigations led by Carl Levin presented the US Senate a report on: how high risk lending by U.S. financial institutions (securitizations, high risk mortgages, hybrid ARMs, pick-a-payment or option ARMs, home equity loans, alt a loans, stated income loans, volume and speed); regulatory failures; inflated credit ratings (credit ratings generally, structured finance, cash CDOs, synthetic CDOs, ratings used to market RMBS and CDOs, record ratings and revenues, conflicts of interest, mass downgrades); and high risk, poor quality financial products designed and sold by some investment banks (shorting the mortgage market, proprietary trading, market of lenders, oversight of securities firms, statutory and regulatory barriers, systemic risk), contributed to the financial crisis (Levin, 2011).

Peter Datels together with his team in the International Monetary Fund report (April 2013) also drew a comparison between October 2012 and April 2013 of the main indicators which define financial stability, and through the global financial stability map there is noted a significant reduction of the risk on global level of the indicators: emerging market risks, credit risks, market and liquidity risks, and less significant on the level of the macroeconomic indicator *risks* and also a slight increase in the indicators: monetary and financial conditions and higher risk appetite (Datels et al., 2013). In Chapter 3 of the same report Erick S. Oppers, along with his team, presents empirical evidence that measure the financial stability. He quantifies the monetary policies of the four central banks: the Federal Reserve, the European Central Bank (ECB), the Bank of Japan (BOJ), and the Bank of England (BOE), and then identifies possible risks to domestic financial stability and to the financial health of banks.

In his study John Krainer asserts that "a key ingredient of an economic recovery is a pickup in household spending supported by increased consumer debt" (Krainer, 2012). Evidence suggests that the process of regaining creditworthiness is lengthy. Borrowers who terminated their mortgages for reasons other than default returned to the market about two-and-a-half times faster than those who defaulted. This has

important implications for the housing recovery (Hedberg & Krainer, 2012). Another study made a comparison between the economic crisis and inflation expectations, making a comparison between the U.S. and the United Kingdom, where until 2008 there existed only formally the term *inflation* (Trehan & Zorrilla, 2012). Most finance specialists agreed with the need to increase the bank reserves as a measure of financial stability. Explaining why it is necessary to create reserves by the bank holdings, Todd Keister and James J. McAndrews motivated that "first, we showed that the liquidity facilities and other credit programs introduced by the Federal Reserve in response to the crisis have created, as a by-product, a large quantity of reserves in the banking system; second, we showed that while the lending decisions and other activities of banks may result in small changes in the level of required reserves, the vast majority of the newly created reserves will end up being held as excess reserves"(Keister & McAndrews, 2009). On the other hand Michael Bauer makes a prediction about the future evolution of short-term interest rates expected on monetary markets. He uses data on financial derivatives that have a higher degree of uncertainty (Bauer, 2012).

It is considered that the effects of the financial crisis were stopped in the first half of 2012, Travis Berge showing in his study of 2011 a prediction on the probability to exit from recession, taking into account the domestic venture (2010 and 2011), international risk resulting in combined risks that were linearized in 2012 (Berge et al, 2011).

4. ANALYSIS OF THE EFFECTS OF THE FINANCIAL CRISIS ON THE EUROPEAN COUNTRIES

In order to analyze the effects of the economic crisis on the countries in Europe we conducted a comparative study using the Eurostat data on the situation of these countries before and after the crisis. For this analysis were formulated three hypotheses:

Hypothesis 1: *The countries in Europe noted a decline of the economic indicators in 2009 due to the global financial crisis;*

Hypothesis 2: *The effects of the economic crisis are visible in the eastern European states that were affected by the economic, technological and cultural gap;*

Hypothesis 3: *The year 2012 marks a stabilization of the financial effects induced by the financial crisis.*

These effects were studied taking into account three points:

- recorded *monetary effects* which were followed by the evolution of the indicator: central bank interest rates - annual data (official deposit rates, official lending rates, official refinancing operation rates);
- *social effects* regarding social welfare were followed through the evolution of indicator labour productivity per hour worked, government deficit / surplus;
- *structural effects* that are not connected to a state policy but target the market on global level have been studied in terms of the indicators: research and development (R&D) expenditure, general government expenditure, general government revenue.

5. RESULTS

The monetary effects based on the decision of the states to control the interest rates by economic policies were studied for the years 2003-2012 (Figures 1-3).

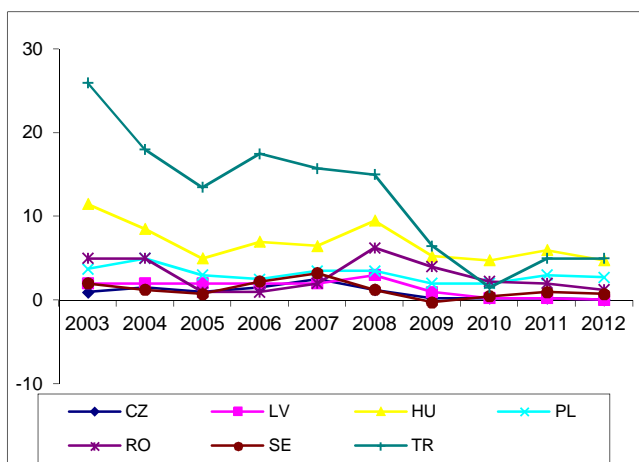


Figure 1. Evolution the official deposit rates

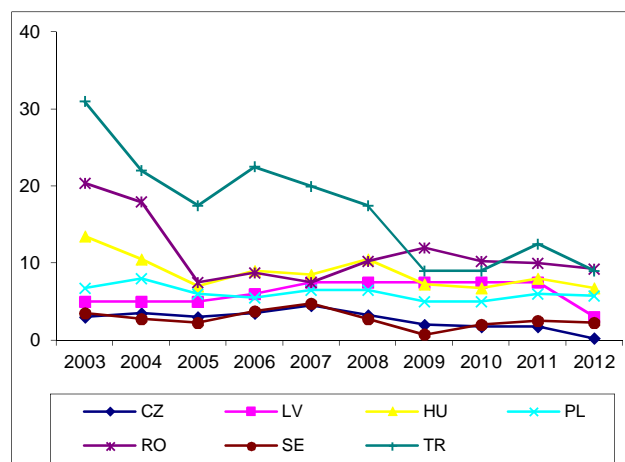


Figure 2. Evolution the official lending rates

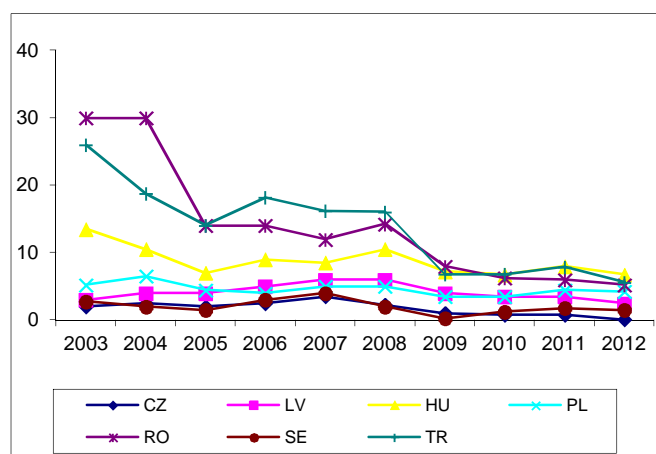


Figure 3. Evolution the official refinancing operation rates

Source of data: <http://epp.eurostat.ec.europa.eu>

From the analysis of Figures 1-3 we note a decrease in these rates due to some financial policies of the central banks in each state since 2004 and then the largest decrease recorded is around the years 2008 and / or 2009 (for some countries) when the financial crisis emerged, whose causes could not be controlled and removed. We also note that the chief differences were present in Turkey, Romania and Hungary, on the one hand because of the existence of some measures of uniformization imposed by the European Union but also because of the effects of the financial crisis. A relatively constant level was recorded by Poland, Latvia and the Czech Republic, where it appears that the crisis did not produce significant differences from one year to another. This analysis took into account only a limited number of countries due to the lack of data about other countries (in the Eurostat database).

Social effects regarding social welfare are highlighted by the labour productivity per hour worked indicator, whose evolution is shown in Figures 4 and 5 below:

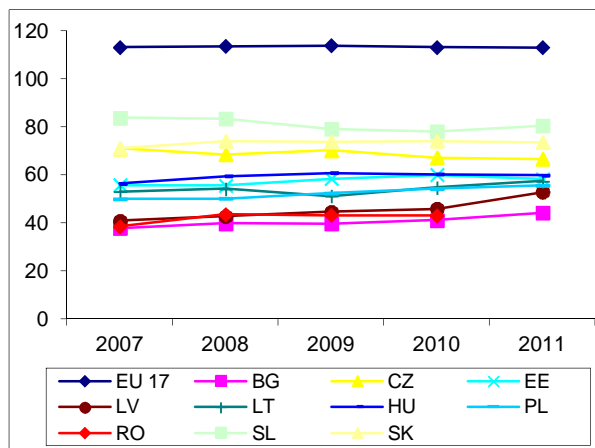


Figure 4. Labour productivity per hour worked in the states of Eastern Europe

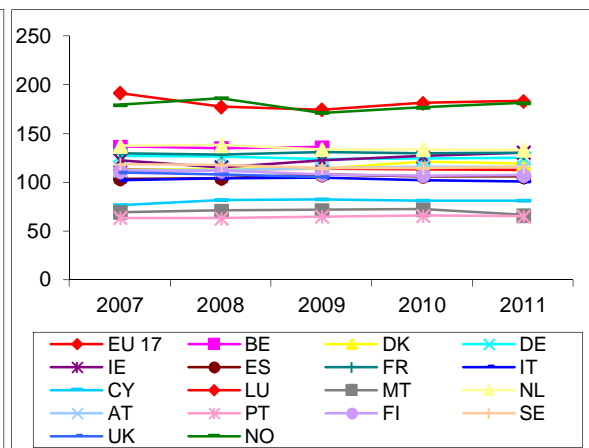


Figure 5. Labour productivity per hour worked in other European countries

Source of data: <http://epp.eurostat.ec.europa.eu>

The analysis of Figures 4 and 5 shows that although there is a significant difference between the values considered, the two groups of countries (eastern European countries and the other countries in Europe) all recorded a fall in GDP in labour productivity per hour worked in 2009, which were to further increase until 2011. Also it is observed that the highest values recorded in the Eastern states were in countries such as Slovenia, the Czech Republic and Slovakia, while the lowest values were recorded in the following countries: Latvia, Romania and Bulgaria. In the other European countries the highest growth was recorded in the following countries: Norway, Luxembourg and the Netherlands, and the lowest in Cyprus, Malta and Portugal.

The labour productivity per hour worked indicator expresses by the measured values and the output level from the economic crisis registered worldwide and also shows the economic growth which the states succeeded to register. Due to the economic crisis it is seen that the Eastern European countries could not offset through the measures imposed by the EU the economic gap distancing them from the developed countries.

Gross domestic product (GDP) is a measure for the economic activity in an economy. It is defined as the value of all goods and services produced less the value of any goods or services used in their creation. GDP per hour worked is intended to give a picture of the productivity of national economies expressed in relation to the European Union average. Basic figures are expressed in PPS, i.e. a common currency that eliminates the differences in price levels between countries allowing meaningful volume comparisons of GDP between countries. Expressing productivity per hour worked will eliminate differences in the full-time/part-time composition of the workforce.

In Table 4 are given the values recorded by the countries in Europe in the period 2008-2011 for the indicator: government deficit / surplus, debt and associated data.

Table 4. Government deficit/surplus (% of GDP)

No. crt.	Country/ Years	2008	2009	2010	2011	No. crt.	Country/ Years	2008	2009	2010	2011
1	EU 16	-2.1	-6.4	-6.2	-4.2	16	LU	3.2	-0.8	-0.8	-0.3
2	BE	-1	-5.5	-3.8	-3.7	17	HU	-3.7	-4.6	-4.4	4.3
3	BG	1.7	-4.3	-3.1	-2	18	ML	-4.6	-3.9	-3.6	-2.7
4	CZ	-2.2	-5.8	-4.8	-3.3	19	NL	0.5	-5.6	-5.1	-4.5
5	DK	3.2	-2.7	-2.5	-1.8	20	AT	-0.9	-4.1	-4.5	-2.5
6	DE	-0.1	-3.1	-4.1	-0.8	21	PL	-3.7	-7.4	-7.9	-5
7	EE	-2.9	-2	0.2	1.1	22	PT	-3.6	-10.2	-9.8	-4.4
8	IE	-7.4	-13.9	-30.9	-13.4	23	RO	-5.7	-9	-6.8	-5.5
9	GR	-9.8	-15.6	-10.7	-9.4	24	SL	-1.9	-6	-5.7	-6.4
10	ES	-4.5	-11.2	-9.7	-9.4	25	SK	-2.1	-8	-7.7	-4.9
11	FR	-3.3	-7.5	-7.1	-5.2	26	FL	4.4	-2.5	-2.5	-0.6
12	IT	-2.7	-5.4	-4.5	-3.9	27	SE	2.2	-0.7	0.3	0.4
13	CY	0.9	-6.1	-5.3	-6.3	28	UK	-5.1	-11.5	-10.2	-7.8
14	LV	-4.2	-9.8	-8.1	-3.4	29	IL	-13.5	-10	-10.1	-4.4
15	LT	-3.3	-9.4	-7.2	-5.5	30	NO	18.8	10.6	11.2	13.6
Net lending (+)/Net borrowing (-) under the EDP (Excessive Deficit Procedure)											

Source of data: <http://epp.eurostat.ec.europa.eu>

The analysis of the table shows that in 2009 was registered the largest deficit in most countries (except for Norway) and in 2011 it appears that following the efforts and policies adopted by these countries, in some countries were recorded surpluses (Estonia, Hungary, Norway). Of course this deficit does not take account only by the financial crisis, but in our opinion, the jump between 2008 and 2009 is influenced mostly by this crisis. This deficit can be attributed to the financial crisis due to the following reason: the public sector costs were recorded at a level (the same or different), while in the private sector the revenues have decreased as a result of problems in the market and thus on the economic level these countries recorded deficits (to this effect can be noted the evolution recorded in figures 10 and 11).

Structural effects that are not connected to the politics of the state but have in view the market on global scale have been studied in terms of the indicators: total R&D expenditure (% of GDP), total general government expenditure for sector general government (% of GDP), total general government revenue for sector general government (% of GDP).

The total R&D expenditure indicator was chosen because we consider that the level of this indicator expresses the values which each country assigns for research and development, with direct implications on their ability to support these expenses, which subsequently lead to effects in the economy of these

countries. The evolution of total R&D expenditure indicator (% of GDP) is shown in Figures 6 and 7 below:

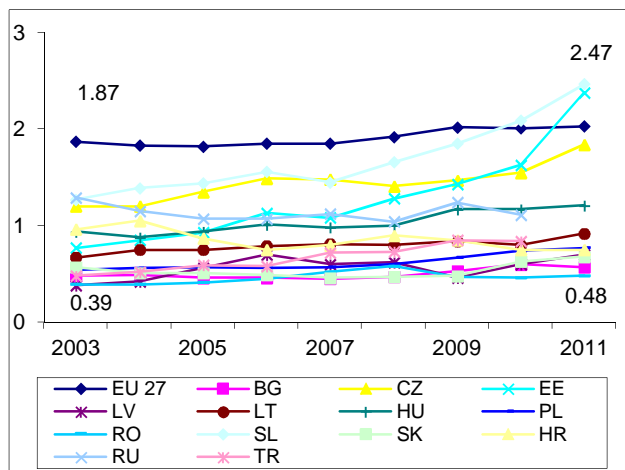


Figure 6. Total R&D expenditure in the country of East Europe

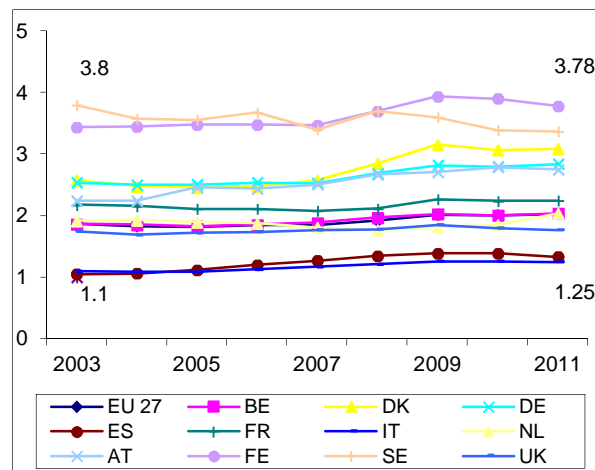


Figure 7. Total R&D expenditure in the all other country of Europe

Source of data: <http://epp.eurostat.ec.europa.eu>

It is also noted that all of the Eastern European countries have values below the average of the EU 27, the lowest values being recorded in Romania, and the highest are in 2011, above the EU 27 average, as recorded by Slovenia (Figure 6). Regarding the developed countries in Europe (Figure 7), these values are higher or close to the EU 27 average, the highest values being recorded by Sweden and Finland, and the lowest by Spain and Italy. The indicator provided is GERD (Gross domestic expenditure on R&D) as a percentage of GDP. "Research and experimental development (R&D) comprise creative work undertaken on a systematic basis in order to increase the stock of knowledge, including knowledge of man, culture and society and the use of this stock of knowledge to devise new applications" (Frascati Manual, 2002 edition, § 63).

The evolution of total general government expenditure indicator for the general government sector (% of GDP) is shown for the years 2003-2012 in the Figures 8 and 9 below:

From the analysis of the data in Figure 8 we note that the total general government expenditure indicator in Eastern Europe shows an increase in 2009. The highest values are recorded by Hungary and then Slovenia (in 2012), values that are close to the EU 16 average. In the other European countries (Figure 9), the highest values are recorded by Denmark and Finland (2012) and the lowest by Switzerland, Malta and Norway. We also note that in 2012 the values recorded in both groups of states are at a level above that of 2003, which implies stabilization and a recovery of those states, and an exit from the financial crisis respectively.

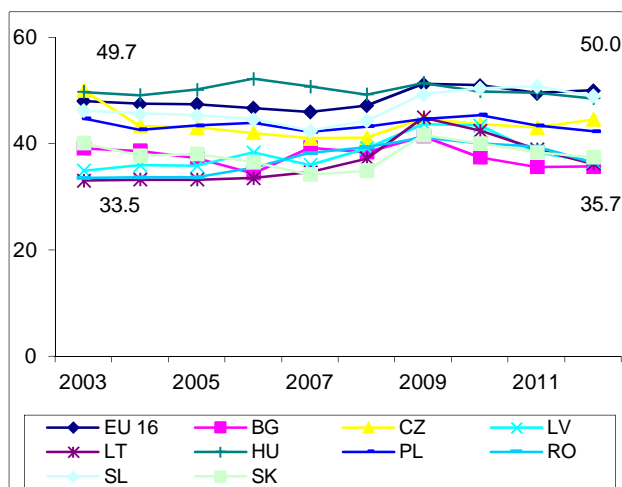


Figure 8. Total general government expenditure for East European countries

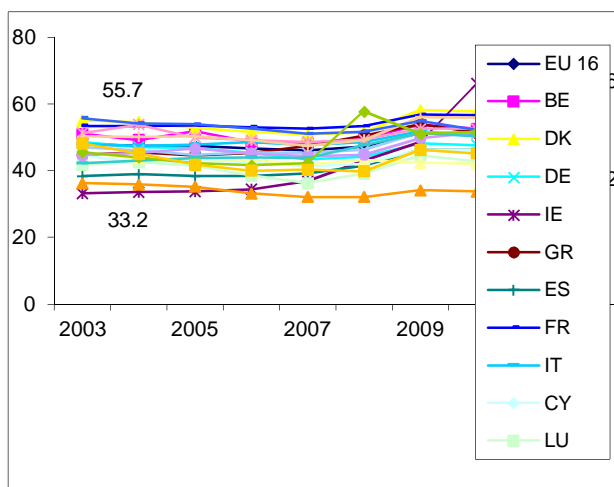


Figure 9. Total general government expenditure for other European countries

Source of data: <http://epp.eurostat.ec.europa.eu>

Another indicator studied is the total general government revenue for sector general government (% of GDP), which is presented for the years 2003-2012 in Figures 10 and 11:

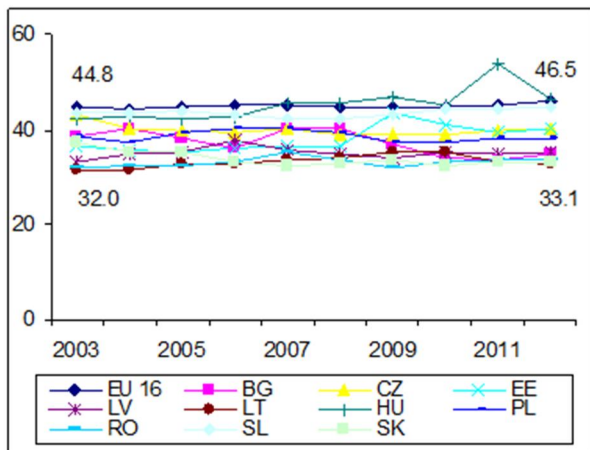


Figure 10. Total general government revenue for East European countries

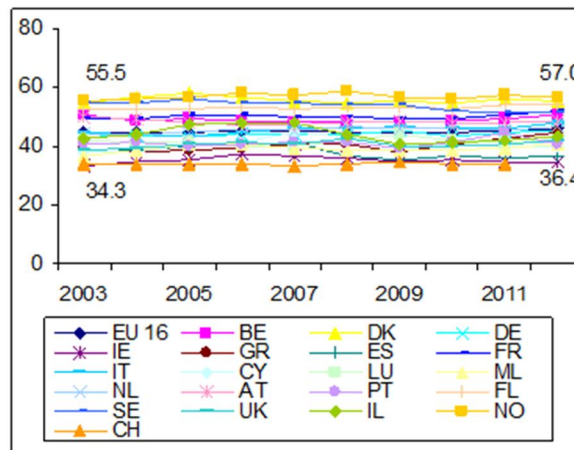


Figure 11. Total general government revenue for other European countries

It appears that these indicators recorded a decline around 2009, and subsequently this indicator would be stabilized. The lowest values (Figure 10) were recorded by Lithuania (2003 and 2012) and the highest by the Czech Republic (2003) and Slovakia (2012). Figure 11 shows the lowest values recorded by Switzerland (2003) and Spain (2012) and the highest recorded by Norway (2003 and 2012).

5. CONCLUSIONS

The study conducted shows that hypothesis 1: "The countries in Europe noted a decline of the economic indicators in 2009 due to the global financial crisis" has been verified through the results of the economic indicators illustrated in Figures 1-5. Hypothesis 2: "The effects of the economic crisis are visible in the eastern European states that were affected by the economic, technological and cultural gap" have also been verified by Figures 6 and 7; one can see that these states were unable to reach the other more developed countries. The indicator "total R&D expenditure" also presents the differences between the two groups: the countries in Eastern Europe have values ranging between 0.5-1.5 GDP per hour worked, while the other European countries have values in the range of 2.5-4 GDP per hour worked. Figures 4 and 5 indicate that there is difference in the labour productivity per hour worked indicator, where the values obtained by most countries in Eastern Europe are concentrated in the 50-80 range while in the other European countries this indicator is found with values concentrated in the range 100-150.

Hypothesis 3: "*The year 2012 marks a stabilization of the financial effects induced by the financial crisis*" is considered to be also checked both through the data presented in Table 1 and through the indicators: total general government expenditure and revenue (Figures 8-11).

The data recorded in this study also reveal a greater decrease in the indicators mentioned regarding the East European states, which in addition to the existing economic difficulties as a result of joining the European Union were also faced with the effects of economic crisis, which were felt especially by the population.

Through this study one may say that the beneficial effects that globalization can give are to reduce the economic disparities in the economic relations established among countries and which often create differences in gain, which can be corrected and / or dimmed by politics of international globalization meant to correct the differences among countries.

We consider that the great challenge which globalization has to "manage" and which falls in the concern of the developed countries is to make policies to allow access on equal terms on the market and also to prevent through their own mechanisms the actions that can cause economic shocks. On the other hand the developed countries through the international forums are believed to have the responsibility to support and assist the less developed countries in their efforts to reduce the existing gap. Although the financial crisis affected the developed countries as well, still we believe that they have the experience, the means and the mechanisms that will allow them to take over the role of "actors" in the world space. This requires the coordination of the economic policies for managing issues of international trade and international financial relations, of global issues, of the conventional ones, by rethinking the institutional systems governing the international economic relations.

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