

ABSTRACT

The doctorate thesis entitled „**Mechanisms of matching the demand - offer relation within market economy**” deals with a macroeconomic problem of tremendous present interest that regards concurrent market economy and the mechanisms of matching the demand - offer relation within a market economy as a whole and within Romania’s economy in particular.

Scientific and political societies, university and business environment, specialized and informing publications have exhaustively approached various aspects of the above mentioned problem; nevertheless their approaches have been fragmentary, sometimes even limited. There is no all-inclusive specialized work able to gather all the aspects of the main idea of concurrent market mechanisms, namely the matching of the demand - offer relation within market economy. There are important works about transition and reform, about demand and offer, economic balance, prevision, strategy, and economic policy, about market study, and European economic integration, about European economy, and Romania’s integration in the European Union with the whole range of short, medium or long term positive and negative consequences implied. Accordingly, starting from all these works elaborated at an international and national level, we intend to draw out a synthesis that is able to emphasize the fact that the matching of the relation between demand and offer is an extremely complex process; it is influenced by transition, reform, and European integration, and it is only possible through a conceptual system and an extremely elaborated statistic and mathematic device. We have adopted a gradual approach, starting from the market and market economy, the integration in the European Union and its implications upon Romania’s concurrent and functional market economy and ending with the manners of matching demand and offer within Romania’s economy. We have also tried to leave aside, as much as possible, certain paradigms of traditional approaches on property, liberty, autonomy, and the unquestionable virtues of market economy from the point of view of the main coordinates of the economy of the future; this attempt is to be noticed in many foot notes.

In order to clarify all these we have structured the doctorate thesis according to four chapters having different length depending on the analyzed issue; each chapter is divided in subchapters and paragraphs as follows:

Chapter I, entitled „*Concurrent market economy, a form of present - day performing economies*”, deals with the following matters: concurrent market, a complex and dynamic reality, the place of concurrent market within modern economies and transition to the concurrent and functional market economy in Romania; market structure, capacity, and dynamics, concurrent market framework, and markets failure. Starting from the references found within specialized works regarding such matters, we have also formulated a series of opinions and considerations having a personal character. Noticing that market economy implies the

autonomy of private companies, we advance a thorough and gradual analysis of theoretical thinking dealing with property in general, and with private property in particular as well as with the interdependencies between property and liberty. The evolution of the doctrine about property influences the conception about market and its part played in economy and society. Accordingly, the existence, in whatever country, of a form of market economy is determined by the evolution of the options of existing social and political forces, by social psychology. Concurrent market economy is based upon the principles of free market where demand and offer are not regulated. According to such an approach concurrent market economy is an economic system where resources are exclusively allocated on the basis of the relation between the demands and offer that manifest on concurrent market. In order to correctly define market one should notice a series of elements such as: the economic and geographic environment that represents the background of such exchanges, the producers or tradesmen that are the vehicles of offer, and the buyers that represent the vehicles of demand. The vast issue of transition social costs can be solved when, through economic and financial mechanisms, a balance among prices, incomes, and the amount of goods and services offered on the market is achieved. In order to characterize market capacity we have proposed the use of a system of indices that includes: the amount of offer, the amount of demand, the amount of sales, the amount of imports and exports, apparent consumption, the number of consumers, market quotation, the degree of market saturation, the rate of market increase. In order to characterize the background of concurrent market we have also chosen a system of indices. We consider, under such circumstances, that the issue of markets failure does not consist in their crisis but mainly in their responsibility, in their intrinsic and attributed part in settling economic matters as well as matters belonging to society as a whole.

Chapter II, „*Aggregated demand and offer - basic variables of macro economy*” displays the content, function, elasticity, and prevision of demand; the content, function, and elasticity of offer; the interdependency of aggregated demand and offer; the balance of aggregated demand and offer, a condition of general economic balance. Aggregated demand and aggregated offer are both fundamental concepts with which macroeconomic theory deals with and decisive elements of the analysis of goods and services production, of inflation, and economic growth as well as of elaborating economic policy. As regards the issues approached we have noticed the following: the vast and complex problems of demand require various manners of approach; aggregated demand and offer are more than the sum of individual demands and offers due to the effect of synergy; the elasticity of demand and offer are quantified owing to elasticity devices - useful tools in analyses and previsions; the opportunity of visualizing, through graphic representations, the various behaviors of demand and offer; the need of a rigorous theoretic and methodological system; the opportunity of using modern statistic and mathematic devices. The evolution of inflation economic theory has been influenced by the appearance of the model of Phillips curve that represents an empiric relation that reflects the behavior of salary

and inflation as compared with unemployment rate: the more increased unemployment rate the less decreased inflation rate. Each point on Phillips curve can be regarded as a possible variant of economic policy. In our opinion, on a long term there is no option between unemployment and inflation; under such circumstances Phillips curve is vertical and results after uniting the points to which economy returns after each expansionist stage. Economic policies have an important impact upon the interaction between aggregated demand and offer: demand policy stimulates economy, namely the increase of the national product and decrease of unemployment; offer policy avoids the option between inflation and unemployment. We consider that in order to carry out macroeconomic balance one should pay a special attention to the turning to good account of the opportunities offered by IS - LM model that makes the junction between the balance on goods market and the balance on monetary market according to the evolution of the interest rate and income. The model can also be successfully employed in analyzing conjuncture policies.

Chapter III, „*Matching aggregated demand and offer within concurrent economy*” reflects the carrying out of an all - inclusive perspective of present - day economic thinking regarding market forces and their matching as well as the neat translation from the theory of aggregated demand and offer to our country’s reality and from it to value judgments. Concurrent market economy owns mechanisms of adjustment and self - adjustment. The demand - offer relation belongs to self - adjustment mechanisms; yet, it can be an object of adjustment owing to the macroeconomic plans having a guiding character. Concurrent market economy does not a-priori reject conscious prevision activity (although there are vivid debates regarding this topic, especially implying ideological connotations) that provides useful data with a view of settling economic strategies and policies. Prevision activity permanently interacts with the mechanisms of concurrent market in order to carry out previously established strategies. The field of conscious activities of analyzing and matching the demand and offer relation also includes those market researches that employ refined techniques and methods. Market study is a goal of marketing researches; yet, in our opinion, marketing researches should not be mistaken with market study; the last one is an organized and hierarchical range of data regarding various markets; such data are methodically gathered in order to prepare the decisions regarding future development. The ground of investigations is the demand and offer of goods and services, prices, consumers, competitors, distribution, and environment. Market study cannot neglect the division of concurrent market and the identification of target-market nor the position of the product on the target - market nor consumer’s behavior. We should also stress the possibility of modeling consumer’s behavior; accordingly, several more or less ready to be implemented schemes or models have been elaborated or conceived. In order to adapt to the conditions of real concurrent market, companies should elaborate and make use of adequate strategies depending on the stage of the national economy or on the evolution stage of the organization or product.

Romania's integration in the European Union has major effects upon a functional, efficient, performing, and competing concurrent market economy due to the changes determined by the assimilation of European standards in all the fields of economic, social, and political life, and especially in the field of macroeconomic stability, of competition, and business environment. Goods, capital, and labor mobility massively influences the demand - offer relation due to the positive effects it generates; population's incomes grow, and, as a result, demand grows, high quality production is stimulated, and competition also grows. Accordingly, both the demand and the offer grow quantitatively, structurally, and qualitatively; at the same time the impact of government policies decreases.

Chapter IV „*Manners of matching demand and offer in Romania's economy*”; we have approached this extremely vast and controversial field from a macroeconomic point of view, carrying out an analysis based upon a series of official statistic data regarding the demand - offer relation on the goods and services market, on labor market, monetary market, and capital markets of Romania. Our country's integration in the European Union demands a continual and sustainable growth so that, through the implication of the capital and labor internal potential, economic and social discrepancies between Romania and the other member states are diminished. The key elements of the analysis of production's economic growth, of inflation, and of the part played by economic policies are aggregated demand and aggregated offer. Accordingly, we have proposed the use of the model of aggregated demand - aggregated offer in order to explain and envisage IGP' s fluctuations along the trend as well as the fluctuations of the level of prices. Last years growths have determined the gradual diminishing of the discrepancies between Romania and the countries of the European Union; they have also determined the continuation and broadening of the reforms capable of carrying out the general goals of Lisbon Strategy: „*more economic growth and more employment*”.

The evolution of Romania's labor resources has also been placed, during the last decade, under the impact of certain demographic and social phenomena such as: fertility decrease, and high mortality; emigration growth; poor quality of medical services and sanitary assistance. Wise employment policies should fix as goals: employment increase through stimulating the creation of new jobs; efficient measures of supporting unemployed persons; improvement of the quality of vocational and technical education; improvement of continual professional training; development of social partnership; regional development according to natural and labor resources as a 500 thousand persons decrease of inactive population capable of working is to be expected during the period 2006 - 2013. As a result of economic, and demographic evolutions and policies to be implemented we consider as necessary the following priority coordinates in order to increase labor employment: continuation of economic growth supported by the development of the field of small and medium size companies, and the turning to good account of the development potential of certain fields such as tourism, and information technology; struggling against illegal labor,

with no legal documents and the initiation of certain measures, especially regarding fiscal policy, capable of decreasing jobs' cost and stimulating employers in order to observe legal stipulations; substantially increasing labor incomes through a better correlation of employment active policies with incomes growth policy (a higher rate of growth of the minimum gross income at the level of the country, poverty diminution); efficient measures capable of fighting against and preventing unemployment especially among young persons (15 - 24 years old) with a view of increasing this category's employment rate; adapting the system of initial and continual training to the medium and long term tendencies of employed population in a society relying upon knowledge and the use of new IT technologies.

The economic evolution of world market is going to reflect in 2009 all the changes that took place in 2008, namely: bankruptcies of certain companies; personnel diminishing; jobs' blocking, and bank loans restrictions. The acute labor crisis that has been felt during the last two or three years and the present campaign of dismissals determined by recession are circumstances that suggest the need of certain coherent measures capable to regulate labor market. Subsequently, the Government Program during the period 2009 - 2012 has in view the following goals: establishing a balance at the level of the labor market and diminishing sector labor deficits; increasing the degree of labor market flexibility; improving the access of less favored groups to the labor market; developing inclusive labor market and active ageing; strengthening social dialogue at all levels with a view of increasing its contribution to the economic and social development. Economic crisis can be an opportunity for Romania in case the measures taken by the authorities do not rely on austerity but on development and investment programs.

The evolution of monetary market in our country has been influenced by monetary policy, namely by the whole range of goals, instruments, measures, and methods owing to which the public authority (the State) tries to influence macroeconomic conditions through adjusting money demand and offer. The fundamental goal of monetary policy was, during the period 2000 - 2006, prices stability and inflation limitation; after 2006 the fundamental goal has been direct inflation targeting and the maintaining of the internal and external value of the national currency. The responsibility of carrying out the goals of the monetary policy is incumbent on the National Bank that systematically controls the currency offer in order to achieve its goal.

Romania's capital market has been positively influenced during the last years by: the increase of economic growth; the admittance of the statute of functional market economy; inflation diminishing; improvement of the rating given by specialized agencies; increase of market transparency; quotation introduction of new companies; launching of new transaction devices. Due to these factors, Romania's capital market has registered significant growth year by year; it detains, at present, an important position in the hierarchy of the most active and attractive markets in the area.

We consider that our approach materialized in this doctorate thesis is part of the

macroeconomic sphere and preoccupations as Romania's all - embracing economic targets are not possible without an all - inclusive and coherent strategy, a faultless management of phenomena, either positive or negative, determined by the implied processes. A concurrent market economy cannot attain performance if its key element does not function properly: the demand - offer relation. The matching of the demand - offer relation is, in our opinion, the quintessence of macroeconomic activity in a society based upon private property and legitimate State.