

The public debt management and the political marketing in the context of negative economic fluctuations on a global level

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Abstract. *The economic crisis which affects a globally states economy is capable to change the economic system based on continued economic growth. Thus, the economic shocks which take place in the economy, could affect the activities of individuals in different periods of time. The mix of economic measures must create a healthy economic development. The institutional regulation represents a fundamental element to prevent the economic crises. The article aims to present the influences that have caused the economic crisis on the political marketing strategy and the public debt management. The cyclicity of the global economy reveals that the economy is adjusted by economic crisis that take place at different time intervals. The prevention of major economic slippages represents a way of guidance policies which having been performed at the state level. Creating a solid financial and economic system, based on the supply and demand freedom must lead to a stable economic environment, which is favorable to economic growth.*

Keywords: economic fluctuations, the economic crisis, political marketing, public debt, economic development.

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Introduction

The political marketing strategy has been changed over the period of economic crisis as a result of the turbulences arising from symmetrical and asymmetrical economic shocks from economic and financial market. The economic crisis which broke out in 2008 imposed a particular economic conduct. It has moved from the economic and financial deregulation to the economic and financial regulation and building a more secure economic environment. The economic growth must be achieved in a healthy way by lowering the unemployment, increasing investments in the economy, GDP growth and GDP per capita growth. Thus, the policy makers must realize a proactive measure of economic growth. The political marketing is achieved by adapting the communication strategy to the needs which individuals have. The feedback should be a fast one, through which the political parties and the candidates should be able to express the political ideas in a proactively way.

The global economy, through onset of the economic and financial crisis in 2008, revealed which is characterized by a new paradigm of market, governed by supply and demand. The globalization is the new economic and political order of the world (Dinu and Socol, 2004, pp. 28-36). The autoregulation of a global economic system is achieved by economic crisis, which occur at different periods in time. Treating the panacea in a definitively way of an economic crisis does not exist, but it has created economic rescue plans both in the USA, TARP (Troubled Asset Relief Program), as well in Europe, the Europe 2020 plan. Economists such as Nouriel Roubini, George Soros, Joseph E. Stiglitz, achieved a broad overview of the current economic environment, which is influenced by economic instability, as a science of life. The reinvigoration of a global economic and financial system located in an identity crisis is necessary by imposing a regulation, which aimed at sustainable economic growth over time. Thus, it is necessary to achieve a healthy economic development of the current economic environment. The reconstruction of a sense for confidence in the economy is a key factor in creating an economic system which promotes economic growth.

The international economic context, dominated by economic uncertainty after the outbreak of the economic crisis has imposed a mechanism of sustained and healthy economic recovery. The political marketing in the actual period must to cope some challenges which have never faced before. If after the end of Great Depression of the years 1929-1933, came to power the extremist parties in Europe (the Marxists in Italy, the Nazis in Germany and the Communists in Russia), after the contemporary economic crisis has achieved a regulation of economic and financial market gradually. The article is composed of five chapters: 1) the negative influence of economic shocks on the global economy; 2) the public debt

management in the context of economic crisis; 3) the political marketing in the context of economic crisis; 4) the economic recovery policies and their influence on the activities of individuals; 5) the influence of economic cycles on political elections.

1) The negative influence of economic shocks on the global economy

The Great Depression which took place in 1929-1933 was the greatest economic and financial crisis which the humanity has lived up to that moment. The economic crisis that broke out in 2008 is an economic autoregulation which the world had to confront. Breaking the speculative bubbles in a real estate and a financial field has generated an economic system characterized by uncertainty. The globalization process created a strong interdependence between states. For this reason, the phenomenon of contagion has contaminated the global economy with instability and great financial problems. If till the down of Iron Curtain existed a bipolar economy, today there is an unipolar system. Thus, if in the past the global economy was headed by the USA and the USSR, at present was developed an economic mechanism focused on continuous economic growth of the United States of America. The world economic system is centered around a dominant state, which through the political, economic and military power governs an interdependent world. The American economic model, based on the inclusion of the economic growth and political freedom, but excludes the social cohesion, has become vulnerable, with the outbreak of the economic crisis. The global economic context has made as the democratic value system imposed by the USA to be put to difficult trials. Thus, it has reached to a situation of reducing all economic and financial activities (Dinu and Socol, 2004, pp. 24-40).

If the economic crisis of the years 1929-1933 was a crisis of overproduction, at present the global economy is facing with a crisis of speculative bubbles breaking. Also, the contemporary economic crisis has propagated from the center of the global economy (the USA) to the periphery of countries with developing economies. Since the beginning of 2007 in the US, has produced a crisis of mistrust and denial of reality, as a result of financial deregulation, which led to the creation of an economic environment characterized by a freezing market supply and demand. The unhealthy swelling of prices in asset markets has generated a strong sense of panic. This feeling of distrust has led to the phenomenon of withdrawing money from banks and financial institutions. If the Great Depression has favored the occurrence of the Second World War, the current financial and economic crisis can generate economic shocks which the hardly mankind will correct in the future. The negative economic fluctuations has led to a self-regulating of the economy, as a science of life (Roubini et al., 2010, pp. 33-43).

The world economy is currently in constant motion due to the dynamics of the financial transactions which take place. The globalization process made out of economic crisis an entity for correcting the unhealthy economic increases of the past. Any economic decline should end in a certain period of time. The problem of the economic crisis is the fact that it may appear anytime and can propagate in the economy through a breaking of speculative bubbles. It functions like a circular system of creating shocks in the economy. For this reason, policymakers should take appropriate steps to proactively prevent the occurrence of any economic crisis. In 2007, the US real estate bubble burst. The credit has dropped dramatically and in this way, has dropped the population consumption. The high cost of the credit has caused a decrease in stocks and a reduction of GDP (Stiglitz, 2010, pp. 81-88).

Today the global economy has reached a state of high vulnerability as a result of the financial mistakes which have been made in the past. Both the EU as well as the US must carefully manage a public debt. The global economic context has created an economic environment which can self-regulate through major economic crises in the future. The economic market regulation trend must be made gradually, to actively attenuate any possible shocks that may appear over time. Policy makers must shape an economic system based on continued economic growth and to get well a disrupted mechanism of deregulation.

2) The public debt management in the context of economic crisis

In 2008, broke out a large-scale economic crisis which swept both the USA as well as the entire globe. Thus, a large number of people had lost their homes and jobs. The uncertainty has seized the global economy. Financial and economic crisis, which has erupted in the USA, has affected worldwide through the contagion phenomenon. Thus, in China more than 20 million of people have lost their jobs, and several tens of millions of people reached poverty. The excessive deregulation and financial engineering too sophisticated have affected at global level the economic environment. It was necessary an effective risk management and public debt to create an economic environment conducive to welfare (Stiglitz, 2010, pp. 15-26).

The needs that it has the world states must be met by an efficient management of public debt. The public debt represents all financial obligations achieved both directly as well as indirectly by the central and local institutions (Moșteanu and Câmpănu, 2008, pp. 7-15). At the end of the second quarter in 2013 Romania registered a public debt of 38.6% of GDP. The euro area registered an average public debt of 93.4% of GDP. Thus, it highlights the fact that Romania has a low level of debt in comparison with other European Union member states. The

efficient management at the level of policy makers has to create a public debt policy to promote the economic growth (<http://www.dailybusiness.ro>). Construction of a state budget with sufficient income and sustainable expenses should be an objective which must be achieved for building a high-return economic market.

It reveals that there are three poles which must be attained by the public debt to create a high efficiency in the economy: the prudence (the loans must be performed prudently so as not to create further imbalances in the economy), the fluidity (a speed of the economy financing) and the flexibility (the use of public debt in business sectors where funding is needed).

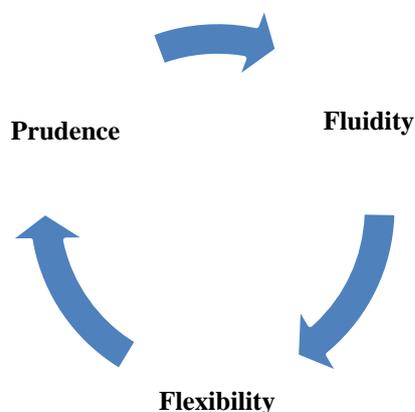


Figure 1. *The trinomial formed from efficiency poles of public debt management*

The flawed management of public debt has led to the onset or worsening of strong economic crisis at the global level. Thus, the public debt problem has created great economic disequilibrium in the 80s. This was due as a result of the chain crisis outbreak caused by inefficient management of the payments to cover the external public debt (Calin, 2006, pp. 17-23). The concept that this time is different was a wrong due to the fact that the economic crisis has hit all the economic sectors and all countries around the globe. The interdependence between states was characterized by creating a chain of crisis which culminated with the sovereign debt crisis in Greece. The old rules of economic problems evaluation no longer applies due to the fact that the countries with big public debts were more vulnerable to the present economic and financial crisis (Rogoff and Reinhart, 2012, pp. 41-48).

3) The political marketing in the context of economic crisis

The political marketing represents the method by which candidates show their problem solving capabilities and needs which intervenes in lives of individuals. The political marketing campaigns are based on effective communication of information which the target audience needs. Promoting the political image of the candidate must be achieved by submission of accurate and complete information. The useful information for individuals who have to choose between offers election at some point in time is fundamental for the construction of a good image which would give efficiency in the electoral process. The analysis and synthesis of information in the economic crisis had to be concentrated on the effect of meeting the needs that individuals have in a certain period of time. The political marketing is based on the organizing, enhancing and promoting of the concepts necessary for fulfilling the policy objectives. Thus, political information manifested by facts and concrete data regarding the economic development must be rigorously managed to earn an image capital as high (Cristescu, 2010, pp. 33-44). The values and the political ideas that it promotes the candidates during the electoral contest represents a growth economic program. After the outbreak of the economic crisis in 2008 the new paradigm of economic and financial markets imposed a gradual regulation of the economic system both in the US as well globally. The current economic crisis has come as an effect of correcting the unhealthy economic increases, based on consumption growth. And economic markets, governed by supply and demand had to adapt to speculative bubbles breaking which have caused significant economic losses in countries which have taken place (Soros, 2008, pp. 7-28). The propagation of economic shocks in the global economy has caused major difficulties in terms of communication policy strategy. Currently, the economic market is influenced by the economic crisis which has infiltrated into all the world countries and provoked damages both at macroeconomic level as well microeconomic level. The economy, as a science of life has suffered from the problems occurred in the real economy. Thus, all economic indicators were affected, and the political marketing strategies were affected. Policy makers were compelled to take austerity economic policies, by which to achieve a healthy economic recovery. The economic context of globalization imposed an interdependence which caused, through the contagion phenomenon, a situation of economic restlessness.

The political marketing is engaged in a determined space and works differently in different time periods. The political strategies are specific to democratic countries, where the separation of powers in the state focuses on the pluralism. The emergence and the manifestation of political marketing depends on the activity of democratic political class. In democratic states, the communicational strategy in the political field is achieved in a proactive manner and cyclical. The political

marketing strategies differ from country to country. The political factors, the state institutions and the economy, as a whole, determine the creation of a political marketing differentiated from one country to another. In the countries which came out of communism, as Romania, Hungary, Czech Republic, Slovakia, Bulgaria and Poland, is manifested apolitical marketing specific to the area where is located, and the propaganda achieved in the old political regimes was gradually transformed into a political communication which must convince voters. Thus, if in communism it was achieved a continuous single party propaganda, in democracy the political marketing is achieved punctually, through election campaigns to attract the target audience. The economic crisis has affected fundamentally the political communication strategy by creating an economic environment characterized by distrust of the financial and economic system (Bardan, 2001, pp. 23-31).

In conditions of pronounced socio-economic inequalities, the political mechanisms are influenced by the situation of the population living standards. The voting process is imprecise, and voters should vote knowingly the party or the candidate. The voting Action offers the right of the individual to choose those who shall develop the state policies. Currently the political marketing is facing a massive voter ignorance to the situation and the position of the candidates. Daily needs of the population make the problems policy strategy not to be always taken into account. Thus, a message which sent candidate or the party may not arrive at the target audience. Also, the feedback is not always a positive one and interpreting of information can distort the political marketing strategy. The electoral mechanism reveals qualities of the candidates which focus on political strategy and on transparency of measures to be taken. The minority must submit to the majority as a result of electoral process. The voter can influence by vote the economic policies undertaken by the previous government. If the policies are well structured and geared towards a sustainable economic growth the elector will continue to support candidates who have achieved this economic optimization gear. In periods of financial and economic crisis have taken place issues that have not been said in election campaigns. The symmetrical and asymmetrical economic shocks have affected both the US economy as well the world economy by creating an economic environment characterized of raised instability (Lindblom, 2003, pp. 58-68). The main objective of political marketing is to ensure the satisfaction of the target audience through improving of institutional processes and increasing of individual welfare. Thus, the behavior of voters during the economic crisis was disrupted negative evolution of economic market.

4) The economic recovery policies and their influence on the activities of individuals

The creation of economic policies which have the role to generate healthy economic growth represents a key objective which every democratic state have to propose itself. For meeting the needs that individuals have, is important that the state to prevent the major economic crises. Thus, by reduction of unemployment, price stability, increased revenue to the state budget and the construction of efficient institutions it can reach to an optimal of individuals, which reveals an increase in standard of living. The instability periodically of economic and financial system is normally to take place in the capitalist system. (Minsky, 2011, pp. 563-571). The attraction of the foreign investments represents a goal of the economic policy for the sustainable economic and financial recovery. The foreign investors are not invested and closed businesses in many countries during the crisis. The economic environment was affected by the tracking behavior of the opportunities which they had the investors. The efficiency and the stability of economic market have been affected by the contemporary economic crisis. For this reason, the policy makers have been forced to find solutions to outgoing from a situation of emphasized economic unrest.

In the USA has been implemented TARP rescue plan (Troubled Asset Relief Program) by which it attempted a financial recovery. The Bush administration has nationalized the giants Fannie Mae and Freddie Mac, has financed the recovery of Citibank, has saved Goldman Sachs, AIG, Chrysler and GM. The Obama governance has created a program to sustained relaunch of the economy, but still too low as the value in comparison with the problems that had accumulated the US. Thus, the safety net for corporations has expanded from commercial banks to investment institutions and insurance companies. The risks as the economic recovery may not be an efficient one were great. In this context, the economic crisis continued to affect USA in the years from 2008 to 2010. There was a strong resistance to change, the greed from leadership of corporations and financial institutions was able hardly be stopped (Stiglitz, 2010, pp. 77-109). The bankruptcy of Lehman Brothers on September 15, 2001 has caused a generalized panic in the US economic market. The measures which have been taken by both the Bush administration as well undertaken by the Obama administration have gradually alleviated the economic crisis and have generated a major economic growth.

At European Union level was created the economic development strategy, Europe 2020. Through this economic rescue plan on medium and long term is aimed: developing an economy based on research and development, creating an economy based on efficiency of natural resource use, promoting an economy based on

growth of employment (<http://ec.europa.eu/>). Thus, it aims to develop an economic market of the European Union propitious to the healthy development. The European Union intervened, after the outbreak of the economic crisis in the US, for rescuing of countries such as Ireland, Spain, Portugal, Italy, Greece and Cyprus. Without the active intervention of the European Union would have been come to high economic slippages, which would be worsened the already existing crisis.

5) The influence of economic cycles on political elections

The globalisation has led to the creation of economic cycles dominated by mistrust in the economic environment, which may suffer at any time symmetrical and asymmetrical shocks of different amplitudes. The political and economic context managed by the EU, NATO, Russia, Japan and China has created a unique economic model within the G20. The highly developed countries can to draw the global economy forward, however, the efficient functioning of the economy is impacted by unemployment, by growth of public debt as share in GDP, by the inefficiency of economic measures, which are undertaken and by the contagion effect. The economic cycle represents an evolution of the individuals activities in the economy. Thus, after a period of sustained economic growth follows a period of decline in the economy. The economic cycles reveals a fluctuating evolution of economic factors. The economic cycle is closely linked with the electoral cycle. In this way, the economic context interacts with the political gear, because the state institutions have the objective to construct the economic measures functioning of open market. The globalisation has created the premises for the development of by highlighting the short (Kitchin type), medium (Juglar type) and long (Kondratieff type) economic cycles (Angelescu, 2001, pp. 92-96).

The state which governs public money policy has the role to pursue the transnational capital flows to streamline the trend of as better the economy over a certain period of time. The nominal economic trend which must to be followed to arrive at a sustained economic stability must contain the inclusion link between the following elements:

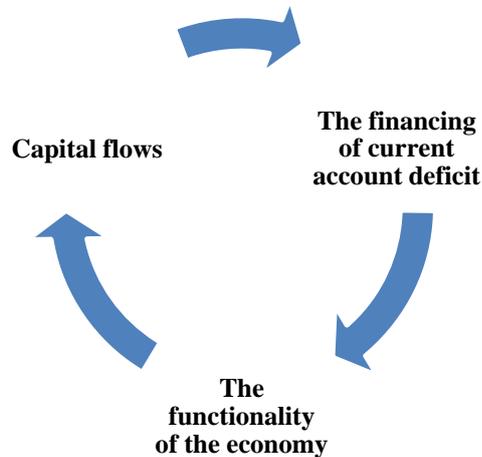


Figure 2. *The nominal economic trend*

The economy, as a science is cyclical self-regulating due to blockage of the of economic market. After the economic growth which lasted for over thirty years has followed a financial and economic crisis, which affected the globalized world through the phenomenon of contagion. The impact action of economic cycles is strong if it starts from the developed economies and spreads to countries with poorly developed economies. If are affected by economic cycles the countries with low economic influence, the economic shocks are easily amortized by the states with developed economies. Thus, the poor states have suffered much from the crisis through amplifying the crisis which started in the USA. In Europe, there were countries that would have generated a high regional instability if it is not achieved European Union intervention.

Conclusions

The negative economic fluctuations have provoked important economic problems globally. The economy, as a science of life must change its mechanisms of integration into the globalization system. The public debt management has been put in difficulty at European Union level. The economic context has led to a tense situation in the world because there is a risk that the economy will return to the crisis. Policy makers should undertake efficient measures to prevent the appearance of economic crises, because the crisis can cause the long term economic decline. The political marketing should focus the strategy on the exposure of healthy economic recovery programs through which to build a stable economy. Globally, the economic recovery should take into account of the

economic and financial regulating and of efficient management on the states budgets. The awareness of appearance the economic threats is very important to prevent the economic crises, which can degenerate into recession of the global economic system.

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