SUSTAINABILITY OF ECONOMIC MEASURES IN ROMANIA DURING COVID 19 CRISIS

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dx.doi.org/10.18374/RBR-21-1.4

ABSTRACT:

An overview of economic aid measures adopted by Romanian Government during the Covid 19 pandemic is presented. Measures implemented by Government Ordinance 130 issued in 2020 are analyzed in detail with an emphasis on investment grants. Updates of the evaluation criteria are analyzed and discussed and a hypothesis that co-financing percentage represents the only differentiation criterion is formulated. Data associated to investment grants submitted in the North-West Region of Romania are analyzed using some statistical techniques. Conclusions drawn from this analysis are validating the hypothesis. Sustainability of investment grants subsidies and behavior of entrepreneurs and authorities are discussed.

Keywords: *subsidies, investment grants, sustainability, statistical hypothesis, Pearson Chi-Square test.*

1. INTRODUCTION

Following integration in European Union in 2007, Romania faced a rapid and stable economic development. 2008 financial crisis hit hard the Romanian economy. 2009 GDP dropped with 14.6% compared to the 2008 GDP. In absolute value is a decrease of 21.38 billion euro. National and European measures implemented by the authorities have contributed to a quick stabilization (2010 shows a 0.2% increase compared to 2009) and a continuously increasing trend until 2019.

Covid 19 crisis impacted not only the health and lifestyle of Romanians but also the Romanian economy. A 2.2% decrease of GDP in 2020 compared to 2019 was recorded. In absolute value is a decrease of 4.83 billion euro.

Data provided by Eurostat (Eurostat, 2021) present evolution of Romanian GDP during 2007 to 2020 (Figure 1).

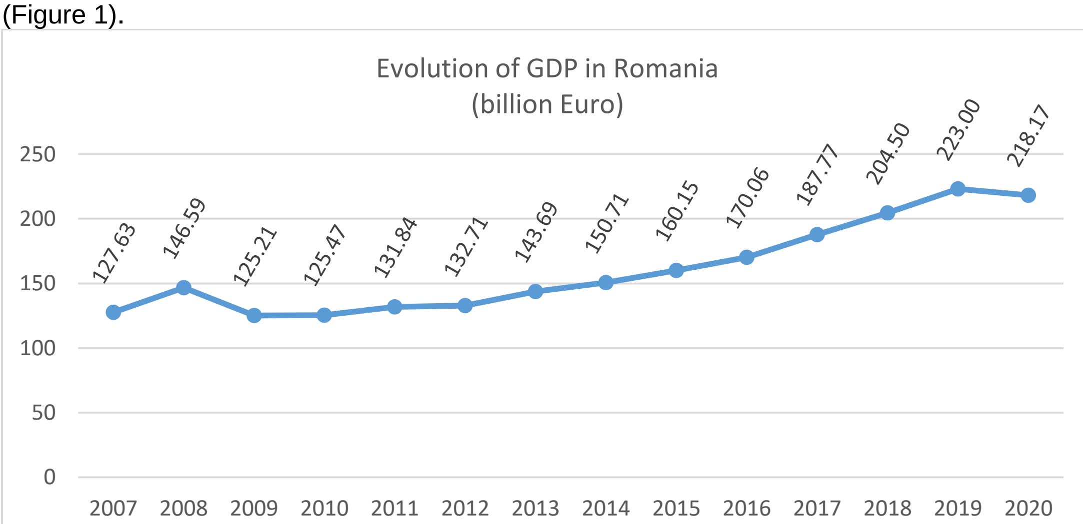

Figure 1

As all the governments, Romanian Government had a quick reaction, adopting and implementing measures to limit the spread of virus, protect the population's health, and sustain the economy. Some of the measures