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ANALYSIS OF THE DIFFERENT MEASURES TAKEN BY THE EUROPEAN UNION AND ROMANIA TO CONTRACT THE EFFECTS OF COVID ON THE LABOR MARKET

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Abstract: *The spread of COVID-19 and the drastic blockages that followed led to the placement of economies and labor markets around the world in a state of emergency. Governments are fighting to protect jobs and businesses. Some of the measures identified and implemented are short-term telework and support for companies and the self-employed. The epidemic caused by coronavirus poses a threat to the European economy and to the living standards of its citizens. In the short term, this means an extreme disruption of citizens and labor markets, as countries impose travel restrictions and blockages at the national level to slow the spread of the virus and prevent overwhelming health services. Governments need to find great ways to protect workers and their economies from financial hardship and potential collapse (Sohrabi et al., 2020). The recession seems inevitable. Citizens themselves also face exceptional limitations on their movements, which could have overwhelming effects on their health and well-being. But the full effects of the crisis are still unknown and could last for many years.*
Keywords: *Labor market, COVID-19, measures;*
JEL Classification: *J20, J28, J29*

1. Principles of policies undertaken by states

Governments around the world are fighting to protect jobs and businesses. Decision makers use all possible means to resolve what already exists. Labor market macroeconomic research has shown that short-term labor can be an effective measure to prevent job losses, especially in severe recessions (Buck et al., 2020).

On 2 April, the European Commission launched a new temporary initiative to protect jobs and workers affected by the coronavirus epidemic. This is the Support for Mitigating Unemployment Risks in Emergency (SURE) tool. The SURE initiative will provide Member States with financial assistance of up to EUR 100 billion in the form of soft loans. These loans will help Member States cover the costs of national technical unemployment schemes - state programs that allow companies to reduce their work schedule while providing income support. Technical unemployment schemes provide families with an income, maintain the production capacity and human capital of enterprises and keep the economy afloat.

However, even if these measures keep the pace in the economy steady (which is unlikely), labor markets will be under substantial stress. Blockade measures decided around the globe to combat the spread of the COVID-19 pandemic have "devastating" consequences for labor markets, which affect about 81% of the world's workforce (ILO, 2020): "This is the largest test for international cooperation of 75 years ago," ILO Director-General Guy Ryder said in a statement.

The ILO (International Labor Organization) has been monitoring the impact of the coronavirus outbreak on global labor markets in recent weeks. Since its first report on March 18, blockade measures taken to contain the spread of the disease have already affected about 2.7 billion workers, the organization estimates. "In the last two weeks, the COVID-19 pandemic has intensified and expanded in terms of global coverage, with huge impacts on public health and unprecedented shocks to economies and labor markets," the report said. "It is the worst global crisis since World War II," he added.

The crisis threatens operations and therefore solvency, especially for small and medium-sized enterprises, making millions of workers vulnerable. Employment has been affected "to a greater extent than initially anticipated at the beginning of the pandemic", ILO warned, noting that the extent of the crisis will depend on the evolution of the pandemic and the actions taken to contain it. Workforce adjustment plans, temporary redundancies or reductions in working hours are on the rise. "The contraction of jobs has already begun on a large scale, often without precedent, in many countries," the report said.

The European Trade Union Confederation (ETUC) has estimated that the number of unemployed has risen by at least 4 million across the EU since the crisis broke out, while more than 7 million workers are in short-term employment schemes. The impact is expected to be harsher in developing countries, where unprotected workers and those in the informal economy account for a significant share of the workforce (Rediff Realtime News, 2020).

The extent of job destruction will depend "substantially on how quickly the economy recovers in the second half of the year and how effectively policy measures will stimulate labor demand," says ILO. Among the sectors most exposed to the economic downturn of the COVID-19 crisis, ILO identifies:

- arts and entertainment;
- transport;
- tourism;
- hotels and restaurants;
- wholesale and retail trade (USA Today, 2020).

In the report, the labor organization stressed the need to maintain labor rights and strengthen health protection, but also the need for fiscal and monetary responses to support the most affected sectors and vulnerable people, including financial assistance for businesses (BBC News, 2020). The right, urgent measures could make the difference between survival and collapse, "Guy Ryder insisted.

In Europe, unions are worried. "Millions of European workers are unemployed and worried about tomorrow through no fault of their own, for the second time in less than a decade," said Luca Visentini, secretary general of the Confederation of European Trade Unions (CEC). "European leaders must learn the lessons of 2008, doing everything necessary to prevent long-term mass unemployment and another devastating economic crisis," Visentini warned. The ILO report was published ahead of an extraordinary Eurogroup meeting on Tuesday (April 7th) in Brussels, where finance ministers tried to draft an economic response to the COVID crisis19 without reaching a common agreement.

The EU has already suspended the bloc's fiscal rules, allowing Member States to exceed the spending ceiling of 3% of GDP and adopted the Stability and Growth Pact to fight the outbreak. The European Commission has also temporarily relaxed state aid rules so that countries can support companies affected by the crisis and have helped channel the remaining structural funds to support investment in strategic areas.

To mitigate the effects on employment, last week the EU executive proposed a new instrument called SURE - Support for Mitigating Unemployment Risks in an Emergency. The initiative aims to use € 100 billion on the basis of guarantees provided by Member States to provide loans on favourable terms. Its purpose is to partially finance the additional expenditure on temporary unemployment benefits that countries are implementing, in particular Italy and Spain, in order to reduce the risk of redundancies or loss of income.

On the monetary side, the European Central Bank has adopted a € 750 billion bond purchase program to buy public and private debt from troubled companies. EU finance ministers should also explore other options, such as using the European Stability Mechanism - the euro area rescue fund - an investment package through the European Investment Bank.

In the initial phase of the COVID-19 epidemic, several countries implemented vigorous measures to control the spread of the disease, while reducing the harmful effect on the economy and the labor market around three axes (ILO, 2020):

- Axis 1: Stimulating the economy and employment,
- Axis 2: Supporting enterprises, jobs and income
- Axis 3: Protecting workers at work.

2. Measures taken by Romania on the 3 axes

Axis 1: Stimulating the economy and employment

Monetary policy

- The Ministry of Public Finance (MPF) has taken steps to optimize the use of available funds and is exploring fundraising for post-crisis recovery. The PMP and the Ministry of Economy (ME) announced that they have jointly addressed the EBRD for this purpose. The PMP has announced that the quarterly allocation of budget and commitment appropriations will be approved within 5 working days of the request.
- the suspension or, as the case may be, the non-beginning of the forced execution of the budgetary receivables. Thus, for this purpose, no more summonses, seizures will be issued on cash and traceable incomes and no seizures will be instituted on the goods. Exceptions are amounts from court rulings in criminal matters
- VAT refund, during March, for all settled returns and for which up-to-date refund decisions have been issued
- implementation of a new VAT refund mechanism, which aims to speed up the settlement of returns, starting with April 1, 2020
- suspension of tax control actions (tax inspections, anti-fraud controls) except for checks that can be performed remotely, as well as cases of tax evasion, where there are indications in this regard
- As long as a state of emergency is declared in Romania, as well as in the next 30 days from the end of this state, tax inspections and anti-fraud controls are suspended, ”except for remote checks that can be

performed, as well as cases of tax evasion, where there are indications in this regard ”, a new VAT reimbursement mechanism will be implemented starting with April 1, 2020, for the quick settlement of the returns.

- The deadline for submitting tax returns is postponed from March 25, 2020 to April 25, 2020.

Axis 2: Supporting enterprises, jobs and income

Social protection

- Government announces waivers of social contributions and potential restructuring of these contributions
- The deadline for paying taxes (31.3.2020) for properties, buildings, vehicles will be postponed by 3 months to come to the aid of those who have no income or diminished income during this period;
- in collaboration with commercial banks will be accepted to individuals who are unable to delay the payment of instalments that can be up to 9 months;
- by order of the Minister of Labor and Social Protection, social protection measures are established for employees and their families in the economic sectors whose activity is affected or stopped totally or partially by decisions of public authorities, during the state of emergency.

Keeping jobs

- Wage subsidy for workers with temporary (technical) unemployment. MPF announced that the Government will cover up to 75% of salaries, but will not exceed 75% of the national average gross salary of employed workers, but who cannot work in companies that have had to suspend activities due to government restrictions and in companies whose turnover has been reduced by at least 25% due to the pandemic (as evidenced by a government certificate.
- employees can work from home, in accordance with the provisions of the individual employment contract,
- the guarantee ceiling for SMEs was increased by 5 billion lei. These guarantees will be granted by the National Credit Guarantee Fund for SMEs (FNGCIMM). Depending on the needs, the Government can increase the ceiling by another 5 billion lei and can go up to 15 billion. Guarantees will be granted for investment loans and working capital

and can cover up to 90% of the loan amount. Interest on both products is one hundred percent subsidized. The guarantee also works for 90% of loans for loans up to one million and the guarantee will be 80% for loans over one million.

- VAT reimbursement up to the limit of 9 billion lei is ensured to ensure capital flow, capital injections to companies
- The Ministry of Economy, Energy and Business Environment issues, upon request, to economic operators whose activity is affected in the context of COVID-19, emergency situation certificates based on supporting documents.

Business and business continuity support

- Loan guarantees for SMEs. The government has issued an emergency ordinance that increases the total value of loan guarantees for working capital and SMEs. In the case of micro and small enterprises, the guarantee will cover 90% of the principal amount of the loans (for loans up to RON 500,000 (USD 111,615) for micro-enterprises and RON 1 million (USD 232,347.92) for small enterprises). It will cover up to 80% for loans from larger SMEs.
- Interest subsidy on loans for SMEs. MPF subsidizes 100% of interest on loans / credit lines guaranteed to finance working capital and investments for SMEs, as a percentage of 50% of the MFP budget, under a state / de minimis aid system associated with this program . The grant will be maintained until March 31, 2021.
- One or more loans for investments and / or one or more loans / lines of credit for working capital, guaranteed by the state, through the Ministry of Public Finance in a maximum of 80% of the financing amount, excluding interest, commissions and bank charges related to the secured loan.
- One or more loans / lines of credit for financing working capital, excluding interest, commissions and bank charges related to the guaranteed loan in a maximum of 90% granted to a micro or small enterprise, with a maximum value of 500,000 lei for micro-enterprises, respectively maximum 1,000,000 lei for small enterprises, within the limits and conditions provided by this ordinance.

Axis 3: Protecting workers at work

Access to paid leave

- Paid parental leave. One of the parents who takes care of children under 12 years of age (whose schools were closed) received paid leave at 75% of the salary per working day, but not more than 75% of the average gross national salary (RON 5,163), approximately $ 1,152).

- central and local public institutions and authorities, autonomous administrative authorities, autonomous utilities, national companies and corporations and companies in which the state or an administrative-territorial unit is the sole or majority shareholder, private companies introduce, where possible, during state of emergency, work at home or telework, by unilateral act of the employer.
- during the state of emergency, the inspections of employers are suspended by the territorial labor inspectorates, except for the controls ordered by the Minister of Labor and Social Protection, those ordered by the Labor Inspectorate for the implementation of the decisions of the National Committee for Special Situations. Urgency, of those necessary to deal with notifications demanding the commission of acts with a high degree of social danger and for the investigation of work accidents.
- by exception from the provisions of the Government Emergency Ordinance no. 111/2010 on leave and monthly allowance for raising children, the entitled person retains the incentive to enter the situation of job loss due to the effects of the COVID-19 epidemic.
- A law has already been approved which provides for the remuneration of parents who remain at home for the care of children during the suspension of schooling. The allowance they will receive for each day they stay at home with the child represents 75% of the salary corresponding to a working day. However, there is a limit: the parent cannot receive more than the daily correspondent of 75% of the average gross salary used to substantiate the state social insurance budget. However, the amount collected cannot exceed 850 Euro.

Other measures

- In mid-April, the www.imminvest.ro platform was launched, which allows over 40,000 small and medium-sized enterprises to enrol in the SME INVEST ROMANIA government program in order to access financing. Potential beneficiaries will be able to secure their liquidity for the current activity or for investments, by accessing guaranteed financing.
- The main advantage of the SME INVEST ROMANIA Program is that it provides fast financing, without financing and guarantee costs, having the advantage of the state guarantee for all categories of loans,

the interest and the guarantee commission being fully borne by the state budget, through the Ministry of Finance. public.

- The total subsidy of interest and commission costs is applied from the date of granting the loan until March 31, 2021, with the possibility of extension.
- Emergency Ordinance for amending and supplementing the Support Program for Small and Medium Enterprises - SME INVEST ROMANIA, as well as the State Aid Scheme for supporting the activity of SMEs in the context of the economic crisis generated by the COVID-19 pandemic.

3. Measures taken by EU

The Council of the European Union has adopted a number of measures, focusing on four directions of action to support national policies to counter the effects of the COVID pandemic, as well as actions to stop the spread of this epidemic. These directions are as follows (Deloitte Insights, 2020):

1) EU Investment Initiative

The initiative aims to mobilize all existing resources in the EU budget to financially support Member States in their immediate response to the coronavirus crisis. This includes making advance payments, redirecting cohesion funds and assisting Member States in channelling funds as quickly as possible where money is most needed.

The EU initiative will mobilize € 37 billion from the European Structural and Investment Funds (ESF), initially reserved for programs under the European Regional Development Fund (ERDF), the European Social Fund (ESF), the Cohesion Fund (CF) and the European Fund for Fisheries and Maritime Affairs (EMFF) (U.S. Embassy & Consulates in Mexico, 2020). Thus, € 8 billion comes from unused pre-financing that Member States received in 2019 and should have been reimbursed by the end of June 2020, while € 29 billion is co-financing from the EU budget.

The use of structural funds will allow healthcare costs to be eligible for reimbursement. Thus, Member States will be able to:

- Use the European Regional Development Fund to help companies cope with short-term financial shocks related to the coronavirus crisis. This could include, for example, working capital in SMEs, with increased attention being paid to sectors severely affected by the crisis.
- Use the ESF to temporarily support national schemes to reduce working time or partial unemployment, which help to mitigate the impact of the

shock;

- Allocate money from the ERDF and the ESF to invest in healthcare systems: purchasing health and protection equipment, disease prevention, e-health, medical devices, securing the work environment for healthcare professionals and accessing vulnerable groups to healthcare;
- Use the EMFF to protect the incomes of fishermen and aquaculture farmers affected by the crisis.

As a result, to combat the crisis caused by COVID-19, the European Commission, through the EU Initiative for Investments in Coronavirus Response, will direct to Romania 3, 079 billion euros, if the Romanian authorities manage to mobilize all the money related to European co-financing. Thus, 491 million euros represent unused pre-financing from cohesion funds, an amount that Romania should have reimbursed to the EU budget by the end of June 2020 and 2.588 billion euros - co-financing from the EU budget that will be available in case where - according to the Commission's recommendations - EUR 491 million will be used to fund the coronavirus response.

2) EU Solidarity Fund

This legislative initiative extends the scope of the EU Solidarity Fund, including the public health crisis in its scope, and defines operations specifically eligible for funding so that economic activity can resume in disaster-stricken regions. Additional eligible operations are limited to public emergency operations, including assistance to the population in the event of health crises and measures to prevent the spread of an infectious disease. The amount of 800 million euros will be available for 2020.

3) Temporary suspension of EU rules on slots at Community airports

This measure will prevent air carriers from operating empty flights during the pandemic. With this temporary suspension, airlines are no longer required to use the planned take-off and landing slots to keep them for the next season. Throughout the summer, from March 29 to October 24, 2020, the "use or lose" rule will be dropped.

4) Other European approaches adopted in the context of the COVID-19 pandemic

In addition to the measures taken by the European Union to mitigate the effects of this pandemic, the Commission announced that the European Globalization Adjustment Fund (EGF) could be mobilized to support redundant workers and the self-employed. worth 175 million euros.

The European Adjustment Fund could only be used if more than 500 workers are made redundant by a single company or if a large number of workers are made redundant in a given sector.

Thus, the EGF may co-finance projects that include support measures aimed at: (a) finding a job; (b) career guidance; (c) education, training and vocational retraining; (d) guidance and training; (e) entrepreneurship and business start-ups.

EGF support may also be provided in the form of training, mobility / relocation, subsistence allowances, but does not co-finance social protection measures, such as pensions and unemployment benefits.

Also, in order to allow Member States to make full use of the flexibility provided by State aid rules, as well as to support liquidity and access to finance, especially for SMEs, in the context of the COVID-19 pandemic, the European Commission adopted on March 19 this year o a temporary framework on state aid.

- The framework provides for five types of aid (The Guardian, 2020):
- Direct grants, selective tax advantages and advance payments: Member States will be able to establish financing schemes of up to EUR 800,000 to an enterprise in the form of direct grants, repayable advances, tax advantages.
- State guarantees for loans taken out by companies from banks: Member States will be able to provide state guarantees to ensure that banks continue to provide loans to customers who need them;
- Subsidized public loans for companies: Member States will be able to provide companies with loans with favorable interest rates for both investment needs and working capital;
- Guarantees for banks targeting state aid to the real economy: some Member States intend to build on banks' existing lending capacity and use them as a channel of support for companies, especially SMEs. Such aid is considered as direct aid to bank customers, not to the banks themselves.
- Securing short-term export credits: the framework introduces additional flexibility in how it presents uninsurable risks in the private market, thus allowing the state to provide, when necessary, short-term export credit insurance.

Conclusions

The COVID-19 pandemic is an unprecedented challenge, with very severe socio-economic consequences. We are committed to doing everything necessary to meet this challenge in a spirit of solidarity (Crain's Chicago Business, 2020).

A coordinated and comprehensive strategy is needed to address urgent health needs, support economic activity and prepare the ground for recovery. This strategy should combine short, medium and long-term initiatives, taking into account the spreads and links between our economies and the need to maintain confidence and stability. Several measures have already been taken at national and EU level, as set out in the Eurogroup statement, in an inclusive format from 16 March.

Medium-term and longer-term planning is needed for how the economy is rebalanced and revived following this crisis. A comprehensive socio-economic development plan, including sectoral sectoral plans and an ecosystem that encourages entrepreneurship so that those with strong and sustainable business models can flourish. Governments and financial institutions need to constantly reassess the situation and ensure that things do not get out of hand.

For our country and not only, in addition to the harmful and even disastrous effects on the economy, the state budget and more, this crisis also represented an opportunity for certain areas, among which we can list:

- The companies that offer internet and telephony services have developed a lot (teleworking leading to the exponential increase of data traffic), and the modern computing technique with internet access has registered an increase in sales;
- A whole series of companies have been developed that offer online platforms: applications such as ZOOM, GOOGLE CLASSROOM, SKYPE, etc., have registered sudden increases in the number of users overnight;
- Companies selling and distributing products on the internet have also seen significant increases so that they have recently hired additional staff to cope with increasing orders;
- The forced transfer of online activities has forced people to get acquainted "willingly or unwillingly" with new technologies. As a result, I see that in the not too distant future we will be able to solve many more problems at home, in front of the computer, without having to travel to different bodies;
- Among the alarmist news about the coronavirus, articles about the effects of the pandemic on the environment are shyly slipping (Scena9, 2020): the air is cleaner, the canals in Venice are blue again, the sky is clearer than ever. The major restrictions in recent times, which have primarily focused on transport of all kinds, have a visible impact;
- It is time to see the good side and take advantage of this period to

get to know each other better and rediscover new forms of solidarity (not only between individuals, but also between states). And last but not least, isolation can be a good time to reflect, to think about the things that are really important to us, to put our thoughts in order and to outline a meaningful direction for our lives.

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VIRTUAL CURRENCY AND GLOBAL BUSINESS - THE NEW TREND IN THE NET-ECONOMY

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Abstract: *The rapid development of information technology has made generating cryptocurrencies and fast, cheap and uncontrollable transactions using virtual space possible. Among virtual currencies, Bitcoin is considered to be a major challenge for traditional financial operations, and especially for the fight against money laundering and terrorist financing. This article presents the following points of discussion: the spectacular appearance of Bitcoin, its exponential evolution, its popularity, its growing demand, lack of anonymity and predictability, the cross-border nature of transactions.*

Keywords: *Blockchain, Ledger Technology, Bitcoin, ETH, cryptocurrency, cryptography, technology, digital*

JEL Classification : *C23, C26, C38, C55, C81, C87*

Introduction

Lately, the crypto economy has come out of the shadows and started to be discussed publicly, but even now few understand its meaning and capabilities. Being a trend of the 21st century, it is already difficult to ignore this phenomenon. Since 2016 various banks, organizations, and parliaments are discussing the crypto economy and its effects. What is the crypto economy? How do cryptocurrencies work? It is a completely new scientific issue, not only nationally but also internationally. Current literature in the field of economics describes no work that explores the essence and operational mechanisms of electronic means of payment based on cryptographic solutions. However, progress and, in particular, the development of virtual communities based on new technologies have generated new forms of transactions and methods of regulating them, far exceeding the knowledge and existing legal framework. Therefore, the purpose of this research is to present the essence and capabilities of cryptocurrencies from an economic point of view.

Bitcoin is an innovative payment system and a peer-to-peer digital currency that works online, essentially like money. Its creation is based on an open source encryption protocol. Since its appearance in 2009 by an unidentified programmer Satoshi Nakamoto (Nakamoto, 2008), Bitcoin has gained in popularity. There are now approximately 1.8 million users of the Bitcoin system worldwide. In recent years, the currency has grown exponentially in visibility and has seen acceptance by suppliers and buyers, as well as fluctuating prices.

The current capitalization of the Bitcoin economy is estimated at more than $7 billion, both real goods and online services being sold. Bitcoin has become “convertible” into US dollars, Euros, Japanese yen, Russian rubles, etc. with trading sites offering these trading services. Blockchain technology is commonly known as the technology behind Bitcoin. Although Bitcoin was indeed the first practical application of blockchain technology, its features make it flexible enough to be used in various fields - from medical to governmental services. Moreover, the financial services industry is among the strongest candidates for the development of solutions based on distributed ledger technology. Within the Net-Economy and the financial services industry, there are different possible applications for the blockchain. Thus, it is necessary to understand the impact that these applications will have on the management of the Net-Economy, but also for the management of transactions by financial institutions.

1. Ledger Technology - Blockchain

Crypto-economics is the use of incentives and cryptography to design new types of systems, applications and networks. As the crypto-economy grows, governments and financial institutions must apply well-established government regulations and practices. Currently, the lack of regulations prevents governments from adopting the Net Economy. Crypto-economics is not a subsector of economics, but an area of applied cryptography that takes into account economic incentives and economic theory. Bitcoin, Ethereum, Zcash and Blockchain are just a few crypto-economic products. Blockchain is an unquestionably ingenious invention. But since its inception, it has evolved into something larger and the common question is: How does this technology work? To understand its operation and functionality, it is necessary to first begin with the definition of technology.

At the basic level, a blockchain is an accounting system - a registry. Blockchain is a distributed digital register that records transactions in which values are exchanged. The distribution is validated by the existence of several copies of the transactions. The ledger is distributed among several participants, called nodes, on a Peer-to-Peer (P2P) network (Figure 1). Nodes are the equivalent of the servers in the example above. Nodes perform three main types of functions; sending and retransmitting transactions, updating the blockchain new blocks related to the transaction (consensus) and retransmitting transaction blocks (Tapscott & Tapscott, 2016).

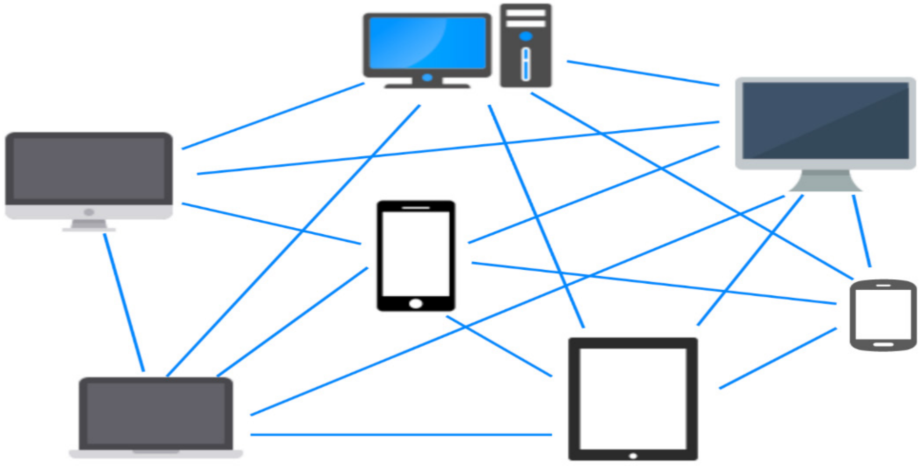

Figure 1: Peer-to-peer (P2P) network.

Blockchains can be classified into different subcategories, depending on the authorization required for network nodes to act as verifiers and whether access to blockchain data (blocks) is public or private (Peters & Panayi, 2016). The first category of authorization addresses the process of verification and consensus with or without permission:

- Blockchain without permission - anyone can configure a node, connect to the network and participate in the verification process.
- Blocked chains allowed - mining privileges are delegated by a central authority or consortium.

The second classification refers to access to public or private data:

- Public blockchains are blockchains in which anyone can obtain a copy of the register and initiate transactions.
- Private blockchains are blockchains in which permission is restricted to users within an organization or entity.

On public blockchains, users can connect to one or more nodes and broadcast (initiate) a transaction. When a user makes a transaction, each receiving node transmits the transaction interface to its connections until all nodes finally have a copy of the transaction. New blocks are created when certain nodes, or all nodes, assemble transaction blocks in time stamped („block creation time"), which are transmitted over the network. Consensus is established when all nodes or a majority of nodes have received a valid block of transactions that is appended to previous blocks in the blockchain. Each block is digitally signed and includes the signature of the previous block. The associated digital signatures guarantee the integrity of the transactions registered in the blockchain and it is not necessary to maintain a centralized copy (Egilsson & Valfells, 2017). The time interval between newly created blocks is called „block creation time".

Bitcoin System Features

Decentralized system. Bitcoin is the world's first complete decentralized digital payment system, in the sense that there is no denomination in a known currency, national or regional (Dollar, Euro, Yen, Pound etc.). On the other hand, currency generation cannot be located in a certain country, but in any country from where the computer is operating on the network. Being located on the Internet, transactions are transnational because The Internet itself is a transnational space.

Until the advent of Bitcoin, electronic transactions could only be completed with the existence of a third party, holder of a transaction log, to prevent the expense of the same amount twice. For example, entity A that sends money electronically to another entity B needs the services of a third party, such as a credit card issuer. In return, the third party keeps a record of all transactions and balances of all account holders: the money will be deducted from A's account and added to B's account. With the Bitcoin system, all digital transactions on the network are centralized in a public register, observable by any user on the network - a complete database, called blockchain, which is constantly growing, because it contains the complete record of each exchange, from the beginning of Bitcoin. Through an algorithm, the task of validating each transaction is randomly distributed on the network (proof-of-work algorithm). To ensure their correctness, new transactions are checked against the blockchain database. As such, the third party is made up of thousands of users involved in validating the same transaction. In this way, the major technological problem that Bitcoin has solved is the ability to prove the transfer of ownership without the need for a third party. Currently, confirming a transaction takes an average of 8 minutes.

Double money spending avoided: The global Bitcoin system ensures single money spending through distribution validation activity. Users provide computing resources to validate Bitcoin transactions and maintain the registry Bitcoin public transactions. As an incentive for their work, when validation takes place, they sometimes receive bitcoins and a fee also expressed in bitcoins (actually, in fractions of bitcoins). In this way, some of the users they are „miners", similar to gold mining workers. All transactions and thus the transfer of Bitcoin property, are registered, marked with the date of execution, displayed in a „block" of the blockchain and validated. Therefore, the issue of double spending is resolved without the intervention of a third party.

Traceability and lack of anonymity. Each transaction is potentially tracked in its evolution, because it is permanently signed and visible on the blockchain (Bitcoin Price Index 2018). But the anonymity of the addresses is still a questionable issue. Within the system, users are identified only by public keys. But an analyst in the field of cryptography, which seeks to de-anonymise users by associating them with a real identity, could make this through a network analysis and the association of other information external to the system. Other researchers consider that the addresses are pseudonyms and the real identity of the users is easily detectable, unless specialized anonymization software has been implemented.

Open market, volatility. Although transactions are denominated only in bitcoins, the US dollar value of a Bitcoin is established on open markets, just as the exchange rate of other currencies is established, so it derives from the value that the market assigns to it.

Control. Who owns the technology behind an email? No one. Similarly, control being distributed across the network means that no entity or person controls the system; Bitcoin has been designed so that only cryptography can control its creation and management. Users around the world are "controllers". Even developers cannot impose a change in the Bitcoin protocol, just as no one can impose a certain software or version on regular users of computers or mobile phones. But a user who wants to be compatible with others, in order to benefit from the perks of the community, must implement software with the same rules as the entire community.

Limiting money supply and storing value. The Bitcoin system was designed to provide a limited, predictable amount of money: 21 million. By 2013, half of the total amount was generated; by 2017, three quarters were generated. The money supply limitation hypothesis is included in the algorithm for creating and managing the Bitcoin system. He has the ability to automatically reduce incentives for "miners" as more and more enter the community. This limitation of Bitcoin currency mimics the world's gold reserves there is a limited amount of gold on earth and miners are looking for it until it probably runs out. But the attribute of gold is that it stores value, even if the limited quantity is ignored, while the Bitcoin value is only conventional and extremely volatile.

The advantages of technology and mathematics. Decentralization and mathematics, specifically public key cryptography, have eliminated the risk of not controlling transactions. Public key cryptography is an asymmetric scheme that uses two encryption keys: a public one, which encrypts the data, and an appropriate private key, for decoding. Each node of the network is assigned a public key, which can be seen by anyone and a private one, kept secret by the user. Anyone who owns a copy of the user's public key (or node) can encrypt information on which can only be seen by the user. The two keys are mathematically related, but it is very difficult to deduce the private key starting only from the public key. A criminal who attacks the network and wants to deduct the private key from the public key needs immense computing power and time. As for the keys are longer, the more secure the message, the shorter the key, the faster it can be applied, this being the well-known difference between security and functionality.

A transaction consists of a message containing the recipient's public key, „signed" with the sender's private key, registered, marked with the date and time, and validated on the network as a blockchain. Transaction validation ("mining") requires time and computing power, as the entire history of that specific Bitcoin sent or generated it must be reviewed and verified from its origins. In this context, mining is a mathematical process, such as finding prime numbers: it is easy to find small prime numbers, but it is difficult to detect large ones (consisting of dozens of digits). To find bigger and bigger prime numbers, advanced computers are used and finding a new big prime number is considered a scientific achievement. Similar principles are applied when a series of data (a block) matches that of the „miner" for the certification of the transaction. The miner obtains a bitcoin allowance and a fee when the transaction is certified. The allowance is getting smaller and smaller as more bitcoins are mined around the world.

2. The dark side 0f Bitcoin

The Internet can be divided into surface web (common users), deep web (connoisseurs) and dark web (Dark Web) for illegal transactions. The surface web, or public web, is the Internet, as most of us know it. The public web includes any common search engine, such as Google or Yahoo. However, the deep web is all that a common search engine cannot find. The deep web is assumed to be 400-500 times larger than the surface web. So, most of us have used only a small portion of the Internet (BrightPlanet, 2014). The Dark Web is a very small dimension of the deep Web. The Dark Web is only accessible through a special web browser called the Torr browser. Using the Torr browser, you can access the Torr network, which is an anonymous network. The Torr network was developed by the US Department of Defense and was intended (in the first phase) for intelligence agents („The Deep Web vs. The Dark Web," 2015).

The Dark Web is now well known for its illicit activities, black market business in the field of crime. Licensed users use the dark web to buy and sell drugs, hormones, children, child pornography, counterfeit currency, identity theft, illegal sale / purchase of weapons, acts of terrorism, money laundering, hacking attacks and malware attacks. What is the preferred currency for all these illegal activities? Bitcoin. Bitcoin is the main currency of the dark web; therefore, we can say that most Bitcoin transactions, which are currently carried out, are related to illegal activities. This is facilitated by the fact that the Bitcoin currency is not tracked in relation to other currency units, being easy to trade for illegal business. Initially, Bitcoin was not conceived as a currency of criminals, but, over time, it became the main currency for criminal activities. Because Bitcoins continue to be used in this way, financial institutions are very unlikely to be willing to use Bitcoins as their trading currency. Financial institutions have guidelines to follow, such as anti-money laundering regulations and anti-terrorism legislation. In the future, Bitcoin coin-generating networks could be banned internationally and the Dark Web banned. Financial institutions will most likely use another cryptocurrency or even create their own cryptocurrencies, using regulated Blockchain ecosystems.

3. Risks

A comprehensive risk analysis was conducted by the European Banking Authority (EBA) in a study published in July 2019 (European Banking Authority 2019). Risks are classified according to their origin and intensity.
Comparing conventional payment systems, used in barter transactions or

clearing systems, with Bitcoin (or other virtual currencies), the EBA highlighted the following:

1. Governments have a fundamental role to play in providing currency and control monetary arrangements, including quantity of money from the channels of circulation of the economy. In this matter they have a monopoly. Behind Bitcoin is a mysterious man or group of people. Bitcoin creation is based on complicated math and algorithms, allowing anyone to extract virtual currency through computing power of the computer.

2. Conventional currency flows are tracked by use of a reliable international reporting system. The size of virtual currency systems is difficult to be assessed in view of the lack of reporting of data sources.

3. The supply of conventional money originally appeared in the cause of the needs of the real economy. The desire for virtual currencies arose due to demand from members of the virtual community, such as players on computer, to have a fast and cheap way "Appropriate to the system" of financial trading among users and for rewarding winners.

4. Transactions are under strict and vigilant control at national and international level in accordance with the provisions of the legislation on money laundering. Criminals are able to launder money because they can deposit and transfer quickly, globally, irrevocably and under the protection of a pseudonym. Transactions can be pursued.

Bitcoin Regulations

There are debates at various levels about some open issues: is Bitcoin a currency and if so no, how can he be treated? As software, asset, property? The same features that make up the Bitcoin attraction as a method of payment allow users to evade tax, launder dirty money, sell illicit goods (drugs, weapons, criminal charges). Governments and legislators have been constantly concerned about the evolution of Bitcoin, as well as of the "anonymity" of the transactions or, more precisely, their pseudonymous character (Ometoruwa, 2018). Australia, Germany, Finland and Canada were among the first countries to officially accept Bitcoin. They held several international conferences especially in the European Union, the United States, Japan and Australia which addressed the essential levels of the revolutionary new payment system: technological, economic, security and legality. There are many enthusiasts and even "evangelists" of Bitcoin, who have adopted it as a currency of payment or exchange, but after the discovery of use for criminal purposes and the fall of several companies, both the use and the value of Bitcoin have decreased. An informative website has been created to update the evolution Bitcoin regulations. More and more companies around the world, including Romania, are accepting payments in Bitcoin instead of cash and consider it a legitimate source of funds.

The role of Bitcoin in money laundering

Bitcoin networks have offered a new “tool” for money laundering, due to the three functions of the network - decentralization, the impossibility of identifying partners who establish a transaction and the ease of transactions. First, the decentralized way in which the Bitcoin network is built allows users to transfer their financial value to each other without the involvement of a third party.

A key strategy in the fight against money laundering regulations is to monitor intermediaries between buyers and sellers, in order to limit their ability to transfer values without control. Second, even if each transaction is stored and can be tracked in the blockchain, no connection can be established with the individual or organization behind that transaction. The Bitcoin ecosystem only reveals the arbitrary sequence of numbers which is the public key, while the private key is kept hidden, which makes the link between the real identity and the public address of Bitcoin extremely difficult to find (Cascarilla, 2015). This problem is exacerbated by the ease with which a user can have more e-wallets, giving them more public addresses, which leads to the limitation of methods to combat money laundering. Finally, the speed and ease of transactions in Bitcoin, make this network a much more practical method for money laundering, compared to the traditional method, cash payment. As with money laundering (Fiat Money), it is difficult to quantify how much money is actually laundered through Bitcoin. The FBI, the European Banking Authority and the G7 Financial Action Task Force all recognize the role of Bitcoin ecosystems in money laundering.

Conclusions

Blockchain has great potential. It provides a huge amount of data in a short time and it reduces costs by diminishing operational risks and by simplifying the system transmission of information. Evolution of technology can help us take an important step towards limiting the boundaries with the digital (virtual) world, and cryptocurrencies could be the first real experiment.

Blockchain technology offers us the following prospects for its implementation in the Net-Economy:

- The emergence of Bitcoin and other cryptocurrencies is a consequence of the rapid development of the digital economy. Currently considered a technological experiment, the Bitcoin system has the potential to disrupt current financial operations and, in addition, long-term institutional structures. Bitcoin inflation can be controlled and known by any user.

- On the other hand, with the current (non) existing regulations, the system can be diverted to illicit trade, robbery and criminal activities. New international regulations are needed for virtual currency systems, due to their global nature and completely decentralized way of generating money.
- International transaction fees can be much lower than those of conventional bank transfer services. However, regulation in this context is very likely to increase the costs of Bitcoin payments. These costs could be passed on to customers by charging them higher.
- To become usable, a critical mass of consumers willing to pay with digital currency should be created. In order to achieve this, consumers could be encouraged to pay with digital currency by the considerable number of merchants that would eventually adopt this system

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MEASURES APPLIED AT EUROPEAN LEVEL IN THE CONTEXT OF THE CURRENT CRISIS (II)

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Abstract: *The crises have been permanent on our planet, and their consequences have had an economic, financial, ecological, and societal impact. The current health crisis has caused simultaneous crises, namely an economic crisis, with a major economic slowdown, especially at the level of small and medium-sized enterprises at the European level. However, following the organizational, functional, and decisional way of the European Union, in this period full of major difficulties, the European decision-makers launched the Temporary Framework of the European Commission, which intervened at the level of the member states with concrete support measures, respectively through policy measures monetary and fiscal. Furthermore, the fiscal policy instruments used included adapting state aid rules to the exceptional circumstances caused by the coronavirus pandemic, to allow the Member States to support their savings through direct or indirect intervention. State aid could also be used in this period to remedy serious economic disturbances. Moreover, another effect of the health crisis was linked to the European education system, and the decision-makers of the moment changed the paradigm from the form of classical education to the form of digital education. In this article we intend to continue our scientific approach on this topic, highlighting some of the main measures applied by the European Member States, but especially to specify the directions of the education system in the current context, given that in any crisis the human factor has been and it's the key in resolving crises, regardless of them.*

Keywords: *economy, education, finance*
JEL Classification: *O00, I25, G40*

Introduction

According to official European Commission (2020) documents, the *Temporary Framework* adopted in March 2020 set out temporary State aid measures that the Commission will consider compatible with State aid rules, thus allowing Member States full flexibility in supporting coronavirus-affected economies. The temporary framework was created to respond more effectively to the different needs of the Member States. The framework initially focused on measures to ensure liquidity. In early April, it was extended to include measures to support the coronavirus-related medical economy and investment, coronavirus research and production, and measures to relax the social and tax obligations of companies and the self-employed, as well as measures to subsidize employee salaries including micro-enterprises (Manta, 2020).

Economists argue that the Temporary Framework has included emergency liquidity measures for the business environment, as well as temporary tax deferrals for businesses, which are considered to be the most effective policy measures. China is a key player in different supply chains, and a further and prolonged slowdown is likely to have significant negative spillovers to the global economy (Baldwin and Weder di Mauro, 2020). Moreover, he believes that financial support must be carefully dimensioned for each economic agent, to avoid both the economic crisis and the financial crisis. A recent study (Dorn et al 2020) highlights the costs of quarantine measures in terms of lost value-added for Austria, France, Germany, Spain, Switzerland, and the United Kingdom, respectively production losses with dimensions never seen before in the Union. European Union, in any recession or natural disaster (Manta, 2020).

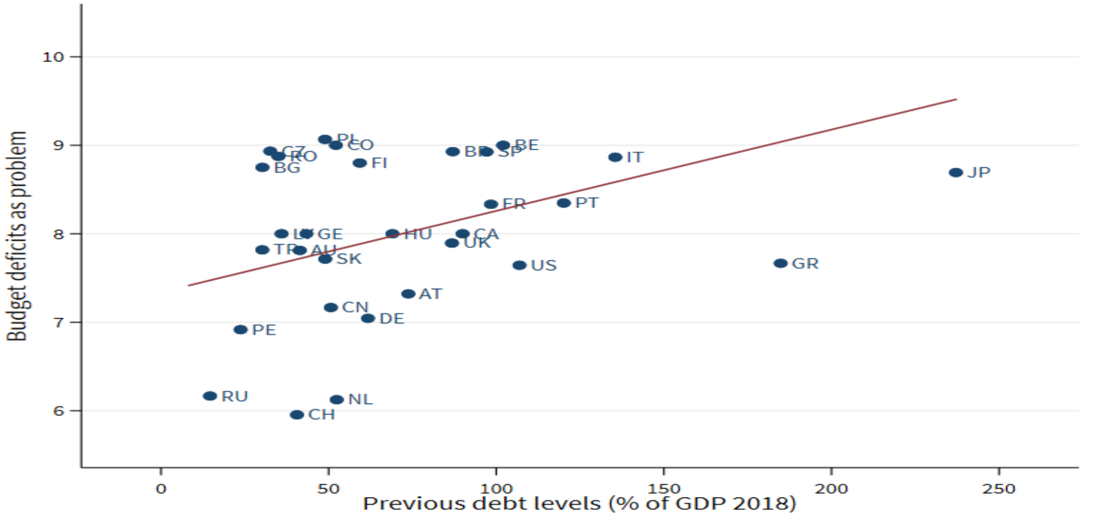
Table 1: Impact of COVID-19 effects on economies

	Total	European Union	USA	Other adv. economi	CIS[1]	Em. and dev. Asia	Latin America	MENA[2]	Sub-Saharan Africa
Reduction in investment	**8.2**	8.3	8.4	8.0	8.1	7.7	8.5	7.2	8.2
Increasing governmental budget deficits	**8.0**	8.2	7.6	7.3	7.3	7.7	8.3	7.6	8.5
Reduced spending on consumption	**7.9**	8.0	9.0	8.2	7.2	7.4	8.2	5.1	7.8
Closure of companies/sudden production stops	**7.6**	7.9	7.8	6.9	7.2	6.9	7.7	6.2	7.5
Quarantine measures	**7.6**	7.7	7.9	7.0	7.7	6.9	8.2	6.4	7.1
Disruptions to supply chains	**7.5**	7.5	8.1	7.5	6.8	7.4	6.9	6.4	7.7
Bankruptcies of firms	**7.0**	7.1	6.8	6.8	6.8	6.1	6.9	6.3	7.3
Illness-related workforce reductions	**5.3**	5.4	6.0	5.1	4.5	4.3	5.6	5.4	5.7

Note: Responses represent an average calculated on a scale of 1 to 10, where 10 is the strongest impact.
1 Commonwealth of Independent States; 2 East and North Africa
Source: Boumans, Link and Sauer, IFO Institute, 2020

According to the study mentioned above and reflected in the table above, there is a lot of uncertainty about the effects of the pandemic. Still, the impact of supply chain disruption or investment shock, as well as domestic consumption in each European country, cannot be estimated. It is to be appreciated that the perceptions of specialists regarding the severity of various aspects of the crisis are relatively similar across the globe (Manta, 2020).

Figure 1: Government budget deficits as a problem compared to previous debt levels



Source: IFO Institute and IMF 2018 calculations

Surprisingly, even before the pandemic, we notice a heterogeneity in the perception of the increase of budget deficits, which is problematic (figure 1). The increase in budget deficits, as can be seen from these data, is considered a much bigger problem for countries with high levels of previous debt such as Japan, Italy, Spain, Belgium, and Brazil (the average assessments of experts in these countries were almost 9). According to the same study for Poland, the Czech Republic, Romania, Bulgaria, and Finland, as well as Colombia, respondents are worried about debt levels, although their debt level is below 100% of GDP. Experts in countries with relatively low initial levels of public debt, such as Switzerland (average 6.0), the Netherlands (6.1), and Russia (6.2), expressed considerably lower concern. These data indicate that measures with a direct influence on the effects of the pandemic, i.e. on production losses and their GDP outcomes, are needed.

On the one hand, the increased interconnection of the global economy and the deep integration of supply chains can smooth the effect of a pandemic shock, allowing consumers to buy and consume goods that they would not otherwise be able to make in their own country. However, in this pandemic context, we consider that financial instruments have a decisive role in supporting both local and global economies, respectively global. In this paper we propose on the one hand to capture the interventions through financial instruments at the level of European economies, decisions of the European Commission on the Temporary Framework, respectively the Multiannual Financial Framework 2021-2027, as well as concrete measures taken by the Member States, but also proposing concrete measures at the level of the national economy in the current context (Manta, 2020).

Methodology of scientific research

To substantiate this paper, we used observation and examination tools, research methods based on the basic principles of scientific research, and also created procedures based on factual analysis, as a result of significant practical experience and intensive documentation at the level of the specialized literature existing internally and internationally.

Research results

At the level of the Member States of the European Union, policy measures (fiscal, sectoral, regional, and economic, and others) have been taken against the spread and impact of COVID-19. All these measures have been reported at the level of the European Commission by each Member State (according to Official Reports and Communiqués of the European Commission), *the policy measures being of direct (potential) relevance for economic and fiscal surveillance*. This includes *measures on expenditure* (e.g. higher health care expenditure, short-term employment benefits) or revenue (e.g. tax deferrals) of the budget, *measures specific to certain sectors or regions of the economy*, and *measures to support lending to national economies* (e.g. public guarantees, bank support measures, policy decisions of the national central bank). Many Member States have also taken precautionary measures in the form of general guidelines for the public, travel bans, the closure of schools / universities, the adoption of telework measures, etc. with macroeconomic and budgetary implications. In order to have a comprehensive overview of the measures announced or taken so far in the Member States, out of the 27 Member States, we selected 5 countries that we consider to have implemented integral measures to support their economies, namely:

1**. *Measures taken in the Member State Finland***

a. *Expenditure measures are taken at the national level:*

- Parliament adopted the first supplementary budget on 26 March (entered into force on 31 March). , amounting to approximately EUR 1.3 billion in appropriations, for the years 2020-2022 The budget is made up of measures to support businesses and spending on health and epidemics;
- Business support measures amount to EUR 1.15 billion and include EUR 0.7 billion support through Business Finland (for SMEs in the tourism services, creative and high-performance industries and all sectors where subcontracting chains are affected); EUR 0.3 billion for SMEs through economic development, transport and environment centers (ELY centers) (for self-employed workers and small businesses employing 1-5 people in all sectors except agriculture, fisheries, forestry), 0, EUR 5 million for business consultancy services and EUR 0.15 billion for medium-sized companies through state venture capital and private equity company TESI (stabilization financing for healthy companies with a high impact on employment);
- The budget also provides for additional healthcare and other epidemic-related expenditure amounting to EUR 0.3 billion, including EUR 12.8 million for the National Institute for Health and Social Welfare; EUR 40 million for the National Emergency Supply Agency, EUR 5 million for international non-profit organizations (CEPI, IVI) for the development of a vaccine and EUR 20 million for testing and medical instruments. Also, it includes appropriations of around EUR 10 million for improved police spending and border controls. A buffer of EUR 200 million is not yet allocated.

b. *Fiscal measures adopted at the governmental level:*

- The tax system takes into account exceptional circumstances, for example, the system is prepared for tax delays. The preliminary estimate of the MoF puts the total tax deferral in 2020 at around EUR 1.4 billion. Companies can also benefit from flexible payment arrangements for social security contributions (up to 3 months, subject to the decision of the Ministry of Social Affairs and Health). These delays will have no impact on the budget deficit, as they will be accounted for on an adjusted basis.
- since the beginning of the year, companies have been allowed to spend their investment expenditures on tax purposes twice the normal rate (from 25% to 50%) for the fiscal years 2020-2023.

c. Sectoral, regional or non-fiscal measures (eg labor):

- State aid (requiring EU notification): Preparation of a state aid support program to complement the above measures, to support companies that are otherwise profitable in the long run;
- Labor market: on March 18, the social partners made a joint proposal to the government on the urgent response measures needed to limit the negative impact of Covid-19 on the labor market. The government accepted most of the joint proposals of the social partners. The preliminary estimate of their total cost amounts to EUR 1.3 billion. Several measures came into force on 1 April: Shorter notice period for dismissals, termination changes during a probationary period: Reduction of the notice period for dismissal from 14 to 5 days; shortening the duration of dismissal negotiations from 6 weeks or 14 days to 5 days; the introduction of the right to dismiss an employee with a fixed-term contract; introduction of the right to terminate the employment contract during the probationary period; extension of the re-employment obligation to 9 months (if the employee was dismissed during the period in which temporary provisions were in force). These measures are in force until 30.6; Extended right to unemployment benefits during dismissal: Entrepreneurs, including freelancers and the self-employed, will have temporary access to unemployment benefits. Unemployment benefits require the registrant to look for a job at the Office for Employment and Economic Development (TE Office). The obligation to accept continuous work during dismissal. These measures are in force until 31.7.
- on April 2 a.c., the Government proposed another set of measures (with retroactive effect from March 16, mandatory until July 6): The waiting period of five days before a person is eligible for unemployment security would be abolished. This would cover earnings, basic unemployment benefits, and labor market support. The allowances paid for these days would be financed by the state; The requirement on the period of employment for employees which is a condition for being eligible for unemployment benefits would be shortened. The required period of employment would be 13 calendar weeks, instead of the current 26 calendar weeks. For non-owner members of entrepreneurs, the required employment period would be 26 calendar weeks instead of the current 52 calendar weeks; Unemployment benefits paid for reasons of dismissal would not be taken into account when calculating the maximum period of payment applicable to unemployment benefits. This amendment would improve the security of unemployment in cases where unemployment is prolonged; Reduction of pension payments for private sector employers

by 2.6%, with the total cost estimated at around EUR 1 billion, from 1 May until the end of the year, to be paid from the EMU buffer and offset by increased payments over 2022-25;

- another proposed measure, pending a government proposal: postponing pension insurance payments to employees by 3 months, including for public sector employees;
- The Ministry of Justice is preparing several legislative changes to limit the economic impact of Covid-19 on businesses and households. These include, for example, limitations on debtors to initiate bankruptcy proceedings (current legislation assumes that a company is insolvent if it has not paid its debt within one week of receiving the call for payment); easing the conditions for the company to enter a restructuring process; adjustments to the debtors' rights due to the penalty for delays, etc. Also, to avoid an increase in household indebtedness, the direct sale of short-term loans will be banned and the interest rate would be limited to 10% (currently 20%).
- The Åland Government has proposed a second additional budget for the decision of the regional parliament, including EUR 10 million for business promotion and EUR 10 million for labor market measures. It also approved principles for granting temporary liquidity support (16.03-30.6.2020) to companies.
- The government has announced that the combined value of the various measures will be up to 50 billion euros, infectious disease allowance: applies if an employee is diagnosed with a major communicable disease. It is full compensation for the loss of earnings, ie it is determined by the salary that the employee would have received if he had been at work;
- Daily earnings-related allowance: A part-time employee can claim an adjusted earnings-related allowance, even if he or she receives the infectious disease allowance, to the extent that he or she loses part-time earnings.
- travel for work from Estonia is not allowed from 22.3 before (already closed to Russia). It is still allowed on the "working areas of the natural border" in Sweden and Norway, but this is also under discussion. Construction unions estimate that this will lead to an immediate shortage of labor in construction.
- Due to the critical situation in the agricultural sector caused by the closure of borders, 1,500 foreign seasonal workers are allowed to enter Finland as soon as possible. Refugees living in refugee centers are allowed to work in greenhouses and farms. It is estimated that around 15 000-20 000 seasonal workers would be needed for vegetable farms and for harvesting

berries from May. The Ministry of Economic Affairs and Employment is evaluating the possibility of hiring unemployed, laid-off employees, students, pupils, and refugees for seasonal work.

- The Capital Region (Uusimaa) is withdrawn from the rest of Finland from March 27 to April 19. This measure aims to cover the spread of Covid-19 in the Uusimaa region, which currently has more than half of the cases detected in the rest of Finland, where the population is older and where the healthcare system has more limited capacity.
- The government has appointed an expert working group to assess the impact of the coronavirus crisis and has proposed measures to limit the damage to the Finnish economy by 1 May 2020.

d. Measures to support the financing of the national economy through loans:

- The Bank of Finland will invest ¬ 1 billion in the domestic bond market, mainly in bank documents and SMEs;
- The State Pension Fund will be temporarily aimed at increasing investments in commercial documents of Finnish companies (EUR 0.5-1 billion).
- The Financial Supervisory Authority has reduced the capital requirements for credit institutions, thus increasing lending capacity by around EUR 30 billion.
- State-guaranteed loans: increase in corporate finance for Finnvera SMEs from EUR 2 billion to EUR 12 billion; accelerating financing decisions to be taken in 3-4 days; increasing the ratio of public compensation for potential Finnvera credit losses from 50% to 80%;
- State guarantee of EUR 600 million for Finnair being a guarantee for premium loans for Finnair plc pensions related to earnings (refinancing of employees' pensions) to the Ilmarinen Mutual Pension Insurance Company;

2. Measures were taken in the Member State of Denmark:

a. Expenditure measures are taken at the national level:

- temporary compensation scheme for self-employed workers;
- temporary compensation for the fixed costs of the enterprises;
- unemployment and sickness benefits;
- temporary salary compensation scheme;

- reimbursement of sickness benefits for employers;
- group of initiatives for employees in case of large-scale dismissals and deregulation regarding the distribution of work;
- compensation scheme for cancellation of major events following COVID-19 - (initially announced March 10, 2020, for events over 1,000 participants and over 500 for specific risk groups);
- The Danish government has set up a government and business unit COVID 19 in collaboration with relevant business organizations and labor market organizations to address sectoral economic hardship (announced on 10 March 2020); Among the results of this unit, we mention the following: the announcement of the guarantee schemes for the companies affected by COVID-19, e.g. SMEs (announced March 12, 2020); a more flexible work-sharing arrangement; Increased funding for the notification scheme.

b. Fiscal measures adopted at the governmental level:

- extension of payment terms of companies with VAT (announced on March 10, 2020);
- extension of companies ‘payment terms for employers’ labor market contributions and income tax (announced on March 10, 2020).

c. Sectoral, regional or non-fiscal measures (e.g. labor):

- National disaster planning has been activated for several scenarios suspension of budgetary restrictions on investments, etc., for regions and municipalities.
- students from all public education institutions (secondary and higher education) were sent home temporarily for two weeks, with the amendment to extend the period until the full security situation is ensured. Private institutions are encouraged to follow the same example;
- public primary schools and day centers were closed on Monday, March 16, 2020, temporarily for two weeks, but with the possibility of extension. Private institutions are encouraged to follow the same example. Municipalities are to establish emergency care for children (announced on March 11, 2020).
- all public employees who do not perform critical functions (police, healthcare, etc.) must work from home, respectively for a temporary period. Private employers are encouraged to ask employees to work from

their private home, if possible, to use the remaining holiday or to adapt the workplace for further activities;

- all indoor cultural institutions, libraries, leisure facilities, etc. they close temporarily;
- limited use of public transport (eg seat reservation requirements, avoid rush hour travel) (announced on 11 March 2020);
- banning public meetings of more than ten people;
- closing restaurants, bars, public catering centers until April 13, with the possibility of extension.

d. Measures to support the financing of the national economy through loans:

- release of the countercyclical capital reserve to support the financial system;
- Danish travel guarantee fund;
- EKF (Danish Export Credit Agency) (liquidity guarantee);
- guarantees to SAS from the Danish state;
- student loans.

3. ***Measures taken in the Member State Poland***

a. Expenditure measures taken at national level:

- special law coronavirus voted at the beginning of March a .: the special allowance that must be paid for the parents to take care of the children in case the child care units are closed / quarantined. An employee who qualifies for emergency leave to care for his child under the age of 8 is entitled to an additional care allowance under state insurance. This applies to people whose children attend public or private schools, kindergartens, nurseries and children's clubs; Public procurement rules to be avoided for coronavirus-related medical supplies; Stocks of companies / pharmacies of (medical) materials related to coronavirus (compensation to be paid by the state) can be confiscated.
- a package of measures to support the economy in force from 1 April 2020: 1. job protection and employee support (maximum expenditure: PLN 24 billion, liquidity: PLN 6 billion, total 1.4% of GDP) - this includes , inter alia: compensation of a part of the salaries of companies which has registered a sharp decrease in income (assuming a reduction in working time to 80%: 40% of the salary to be paid by the company and 40% by

the state), exemption from contributions social insurance for 3 months, a benefit for self-employed and employees for civil contracts, a benefit for parents who have to stay home to take care of young children (schools are closed), extension of deadlines for PIT settlements in 2019; 2. support for companies (maximum expenditure: PLN 5 billion, liquidity: PLN 68 billion, a total of 3.2% of GDP) - this includes, but is not limited to: public guarantees, loans and preferential loans, finance leasing for transport, postponements of social security payment of contributions, not imposing fines for delays in public tenders; 3. health expenditure (maximum expenditure: PLN 7 billion, 0.3% of GDP) - this mainly includes the costs of combating the pandemic; 4. public investment - a package of PLN 30 billion (1.4% of GDP) to be invested in selected areas - it is currently unclear whether it is new spending or pulling already planned investment under a new umbrella fund that will be created as part of the package.

b. Fiscal measures adopted at governmental level:

- a package of measures to support the economy in force from April 1, 2020 includes, among others: postponement of the date of entry into force of the new tax obligations; facilitating the suspension of commercial activities; the inclusion in tax deductible expenses of travel expenses; temporary postponement of VAT payment terms; deferrals to social security contributions, reimbursements or payments on a scale;

c. Sectoral, regional or non-fiscal measures (e.g. labor):

- All schools and universities across the country closed between March 16 and April 10, 2020. The decision affects both public and private facilities. All cultural institutions, including theaters, operas, museums and cinemas are also closed from Thursday, March 12. All mass events are revoked;
- Following the special coronavirus law passed in early March, employers will be able to train employees to work from home to prevent the spread of the Covid-19 virus. The employer may instruct an employee to work, outside his permanent place of work, for a specified period;
- Commercial flight operations generally stopped. The state of epidemic emergency in force since 13.03.2020;
- People must stay at home, except in justified cases (trip to work, doctor, pharmacy, shop, etc.);

- Parks, low-rise housing, etc. they are closed;
- The entry of foreigners without a permanent residence permit is not allowed;
- Poles entering the PL territory are subject to a quarantine of 14 days;
- Transit of permitted goods. Quarantine-free professional drivers;
- educational and cultural institutions, including schools and universities, were closed between March 16 and April 10;
- extended work permit for foreign workers;
- measures to increase liquidity: see above on the special package of measures.

d. Measures to support the financing of the national economy through loans:

- package of measures on the liquidity of the financial system (liquidity: PLN 70 billion, 3% of GDP) - this mainly includes measures aimed at increasing liquidity, reducing money costs and facilitating credit creation on the Polish government bond market;

4. Measures taken in the Member State of Romania

a. Expenditure measures taken at national level:

- The Government has adopted an emergency ordinance (GEO 11/2020) on emergency medical stocks, as well as some measures related to the establishment of quarantine, which covers the need for products used for emergency services, including thermal scanners, as well as measures associated with quarantine (225 million lei). The law was signed by the president on March 17 a.c .;
- The Government also adopted two decisions for the preparation of Romanian medical units for the provision of services to patients infected with COVID 19, as well as for the simplification of priority actions for the treatment of critical patients and reimbursement of local government expenses related to quarantine (392 million lei);
- On March 16 a.c., Romania ordered 36 million medical masks, as well as gloves, test kits and 2 mobile hospitals.The Ministry of Health has received approximately 1.7 billion lei (EUR 0.35 million) over the initial budget.
- The government would like to use an additional 350 million euros from EU funds to purchase Covid-19 tests, protective equipment and mechanical ventilation equipment (March 24). The Ministry of European

Funds announced on March 25 a.c. an additional allocation of EUR 682 million from EU funds to the Inspectorate General for Emergency Situations for the purchase of medical and emergency equipment;

- According to the Prime Minister (March 19 this year), the future budget rectification 2020 "will increase the budget for the settlement of medical leave. Moreover, the allocation of money for the settlement of medical bills is provided, so that companies benefit from this capital flow. Approximate informal estimate: 1.5 billion lei.
- The President announced bonuses to health care workers treating patients with Covid-19. Adoption by Government Emergency Ordinance of April 6 a.c. Estimated expenditures for 187.5 million lei per month (75,000 x 2,500 lei), to be financed from EU funds.
- The authorities have adopted a benefit of 75% of the salary, but not more than 75% of the average salary for parents who cannot work remotely and must stay at home with children under 12 years of age.
- The government adopted on March 18 a.c. and published on March 21 a.c. an emergency ordinance (GEO) 29/2020 on the support of local businesses in the context of the crisis caused by the new coronavirus, together with GEO 30/2020 amending the existing regulations to bring them in line with current conditions. According to the Minister of Finance (Facebook post on March 19 a.c.), the package of measures presented on March 18 a.c. (including technical unemployment and the Intervention Fund) is a budgetary effort of 2% of GDP. Under the ordinance, the state will pay for technical unemployment benefits on behalf of companies that send their employees home and suspend their work due to restrictions imposed by the authorities to limit the outbreak of coronavirus or due to financial problems caused by the Covid-19 crisis. March this year fell by at least 25% compared to the average revenues in January-February). This amounts to 75% of the gross salary (as well as the monthly unemployment benefit), but not more than 75% of the average (national) salary. The state will cover benefits for 75% of a company's employees. The Minister of Finance estimates that between 500,000 and 1 million people could become temporarily unemployed in April a.c. Several 250,000 employment contracts were suspended until March 23 a.c. and 862,000 by April 2 a.c. The head of the National Agency for Employment (ANOFM) said on March 24 a.c. that the agency is ready to pay up to 1 million people. Budgetary impact estimate: +3 billion lei of gross monthly expenses (if we register 1 million people).
- Emergency Ordinance 30/2020 also offers the possibility for the state to pay the minimum wage to those who cannot claim technical

unemployment, such as self-employed or micro / family businesses. The terms could issue clarifications on this provision soon.

- The Minister of EU Funds stated on March 18 a.c. that the Government will use EUR 300 million from EU funds. EU funds allocate funding to support measures for people who lose their jobs due to the COVID-19 crisis. The money will be attracted from allocations from the Human Resources Operational Program. The Minister of Regional Development said he would launch a line of funding to provide up to ¬ 1 billion in aid to SMEs and EU funds. The measure is temporary and if the expected amounts are not enough, other sources of EU funding will be sought.

b. Fiscal measures adopted at governmental level:

- measures announced by the Fiscal Administration (ANAF) in support of the business environment: postponement of the deadline for submitting tax returns (but not payments) during March 25 a.c. - April 25 a.c., acceleration of VAT refunds, suspension (or non-initiation) of forced execution of amounts due to the state budget except for amounts resulting from a court decision in criminal cases. No significant budgetary impact for the whole of 2020.
- the deadline for the payment of the tax on construction, lands, and transport equipment was postponed between March 31 a.c. - June 30 a.c .. No budgetary impact for the whole year 2020.
- on March 26 a.c., the Government approved a draft GEO with bonuses for taxpayers who pay income tax until April 25 a.c., as follows: 5% for large taxpayers, 10% for remaining taxpayers. Possible budgetary impact: 100-140 million lei.
- the draft GEO of March 26 a.c. also provides that during the emergency period and 30 days after the end of the emergency, VAT is no longer required for imports of medicines, protective equipment, and other medical and sanitary devices that can be used to prevent, limit and combat COVID-19. Impact on cash flow

c. Sectoral, regional or non-fiscal measures (e.g. labor):

- SMEs that have an emergency certificate issued by the Ministry of Economy can postpone the payment of utilities and rents during the state of emergency;
- complete quarantine starting with March 25 a.c., with the circulation allowed in limited cases (work, food purchases, pharmaceuticals, exercise). Even stricter restrictions for people over 65;
- schools, kindergartens, and universities were closed;

- tougher measures (including increased prison sentences) for people who do not comply with quarantine or provide false information to the authorities, adopted on March 19, 2000.

d. *Measures to support the financing of the national economy through loans:*

- Banks offer certain facilities to customers affected by the coronavirus crisis, especially a postponement of loan repayment terms (generally from 1 to 3 months). They should not be treated by the NBR as "bad debtors";
- On March 26, 2000, the Government approved a bill that allows the deferral of loan payments by up to 9 months for borrowers directly and indirectly affected by the coronavirus crisis. The measure applies to both households and companies and only for loans that do not report late payment. More details on how banks would differentiate between borrowers who could benefit from the action will be published in a document that follows the methodology of implementing the bill. The accrued interest rate for the overdue period will be added to the remaining debt, distributed evenly until maturity. Mortgage loans are an exception, as they require the payment of interest in a maximum of 5 years, but the state guarantees 100% payment. Interested and eligible borrowers must apply to the banks by the end of the state of emergency (April 16) to benefit from this measure.
- the package of measures adopted on March 18 a.c. it also provides for an intervention fund of 10 billion lei to provide guarantees to SMEs for contracting loans to finance investments and working capital. The Ministry of Finance will guarantee 80% of loans for SMEs and 90% of loans for micro-enterprises. The Ministry of Finance will subsidize 100% of the interest associated with secured loans. On March 19, the authorities said that the Fund could be increased by an additional 5 billion lei, if necessary. An approximate estimate of the fiscal cost (subsidized interest): RON 250 million.

5. Measures were taken in the Member State of Bulgaria:

a. *Expenditure measures are taken at the national level:*

- Additional expenditures of up to BGN 7 million (EUR 3.5 million) were approved in the budget of the Ministry of Health for 2020, to ensure preparedness for preventive and anti-epidemic actions, as well as to respond effectively to the epidemic COVID-19;

- The government increased from 15% to 30% the limit available from the reserve fund to deal with disasters (totaling 80 million BGN or 40 million EUR).
- Capital expenditures for the modernization of the army amounting to almost BGN 2.5 billion are frozen to make the amounts available for other urgent priorities.

b. Fiscal measures adopted at the governmental level:

- the deadline for the annual financial statements will be postponed from the end of March to the end of June (estimated at EUR 800 million / EUR 400 million during the year);
- the deadline for annual tax returns and tax payments could be postponed from the end of April to a later date;

c. Sectoral, regional or non-fiscal measures (e.g. labor):

- the schools were closed, following that they will resume their activity according to the evolution of COVID 19;
- employers were recommended to prepare action plans for extraordinary circumstances, in accordance with the guidelines issued by the National Operational Unit;
- The government has banned the export of medical protective equipment until the necessary quantities are provided at the national level;
- The government will support companies with a proven impact due to the epidemic, covering 60% of employees' salaries for up to three months.
- employers may, without the consent of employees, introduce work from home or send employees on paid annual leave for half of the affected period;
- BGN 20 million (EUR 10 million) from the "Human Resources Development" operational program will be used to provide a monthly bonus to all coronavirus medical staff. Moreover, the Government is ready to increase support to BGN 60 billion (EUR 30 million);
- BGN 20 million (EUR 10 million) will be allocated to municipalities to support social services for the sick and the elderly living alone.ü The Ministry of Tourism is working on a package of measures against possible bankruptcies in the tourism sector, including the issuance of travel vouchers, valid for up to two years;

d. *Measures to support the financing of the Bulgarian economy through loans:*

- The Bulgarian National Bank has announced a package of BGN 9.3 billion (EUR 4.76 billion), which aims to maintain the banking system and improve its flexibility to reduce the negative effects of constraints on citizens and businesses. These include: capitalizing the entire volume of profit in the banking system at BGN 1.6 billion (EUR 0.82 billion); cancel the increase in the planned countercyclical capital reserve for 2020 and 2021 with a total effect of BGN 0.7 billion (EUR 0.36 billion); increase the liquidity of the banking system by BGN 7 billion (EUR 3.58 billion) by reducing foreign exposures to commercial banks.
- Financial support worth BGN 500m (EUR 250m) will be provided by the Development Bank of Bulgaria (state bank) to commercial banks for state guarantees and conversion of non-performing loans into the capital from March 16, 2020.The quantification of these measures and their expected impact on the government deficit and debt figures can be estimated, but the effects and impact of these measures could be analyzed in the next half of the year.

Conclusions and recommendations

Reducing the impact of the COVID-19 crisis on the Member States required a rapid, focused and coordinated response from all Member States, including in the field of State aid (as can be seen from the analysis of each Member State), including to support economic operators more vulnerable (including food companies, services, etc.) at *the economic level*, and the adaptation of the whole education system to *the digital education system* (an issue currently being discussed at the level of the European Commission for the adoption of a directive on European education system) (Manta, 2020).

European economy

It is unanimously accepted in the literature that the support of the targeted state is urgently needed to cope with the reduction of the disruptive economic effects caused by the fight against the epidemic. However, in our view, it is absolutely necessary that state support be clearly defined and limited in terms of what is needed to address the acute economic crisis caused by the COVID-19 pandemic, while excluding unjustified benefits for companies or the banking sector, to be borne by taxpayers in EU Member States. Also, in order to turn state aid into an effective tool for supporting the real economy across the EU, it is mandatory to impose sufficient behavioral rules for beneficiaries to prevent the abuse of state support, such as, for example, the expansion of the company or aggressive market strategies achieved with the help of a state guarantee.

In the current period, more and more companies, regardless of size, the field of activity or market, feel the negative effects of the global economic and financial crisis and make appreciable efforts to ensure the sustainability of their businesses. The evolution of the economic environment has shown that the promotion of companies' strategies and objectives, as essential steps in ensuring sustainability, in increasingly obvious competitive conditions, is not possible without adequate information on the domestic and international economic and financial situation, without taking into account the comparative analysis techniques and scenarios possible to follow. In the current economic and social context, excessively complex and dynamic, which decisively influences the good functioning of companies, the research carried out brings into the discussion one of their most pressing problems, namely the exogenous financing of their own businesses (Manta, O., 2017). Following the research undertaken, *the main conclusions and proposals are summarized as follows*:

a. the stage of development and the complexity of the financial structure at European level (European Green Agreement, respectively the Multiannual Financial Framework) decisively influence the action variables of financial management, the terms of their specific problems, as well as the nature of the solutions offered;

b. each type of financial environment delimits the space targeted by the financial management of the company, determining its objectives, issues and means of action. Moreover, as can be seen from the analysis of the measures taken by the Member States, each financing measure is taken in accordance with the policy objectives set by that State;

c. capital, in order to be able to "orient" the financing policy towards the cheapest sources of capital (state intervention by issuing state guarantees), which should contribute to maximizing the market value of the company and to satisfying the best possible interests the parties involved in its activity;

d. in adopting decisions on the financing of firms at governmental level through financing programs with state financial instruments (guarantees, loans, etc.), firms must have rigorous criteria that allow them to choose and combine these resources, and the cost of financing is the main criterion in choosing the financing resources; for Romanian companies, even in conditions of economic crisis, exogenous financing through bank loans is the main solution to cover the need for financing both the current activity and their own development projects;

e. in order to improve the financing of companies through bank products specific to lending / microfinance (Manta, O., 2018), a number of measures are proposed, such as: eliminating the formal nature of preliminary discussions and advising company representatives on the specifics of lending, including for the correct preparation and complete the necessary documentation; reducing the time of verification and analysis of the documents requested by the bank, and in case of non-acceptance of the credit application to be presented the reasons and indicators that led to this decision, respectively the digitization of these verification/evaluation services; companies to be provided with the necessary conditions to be able to effectively negotiate with banks the credit conditions (credit volume, credit period, interest rate, and grace period); the repayment schedule should be drawn up according to the cash flow made by the company, and the monthly repayment term should be not a fixed date, but a repayment period (for example between 25-30 of the month); the amount of collateral should be determined according to the activity carried out and the nature of the loan (for example, in the case of investments in property, plant and equipment, collateral may consist, on the one hand, of assets already existing in the firm and, on the other hand, of assets acquired); adapting the size and evolution of interest rates and commissions to the level and real trend of the market; An example of measures that would directly contribute to improving the financing of companies has been taken by the Member State of Ireland;

f. following the analysis of the situation and dynamics of transactions at European level, we believe that in 2020-2030 companies will have improved funding through government intervention, but especially through innovative financial instruments that are in line with the principles of green financing and which are found in the Multiannual Financial Framework 2021-2027.

The final conclusion that emerges from the analysis of interventions through financial instruments in the economies of European states, the decisions of the European Commission on the Temporary Framework and the Multiannual Financial Framework 2021-2027, as well as the concrete measures taken by Member States, we consider that in addition to decisions by the Romanian authorities so far and to be continued (possibly supplemented, especially the guarantees for SMEs as other states have done), the package of measures could be supplemented with the following:

- for the business environment the establishment of a governmental and business unit COVID 19 (e.g. measures taken by the Danish Government) in collaboration with relevant business organizations and labor market organizations to address sectoral economic hardship. Among the main objectives should be the MicroFinance Fund with a potential loan threshold of € 50,000 and intended to finance small family businesses;
- stopping payments to pension funds from Pillar 2 (2020-2021), large savings in the state budget; further targeting the EUR 13.5 billion available in Private Pension Funds to support strategic state affairs

(following the measures taken by the Finnish Government);
- launching state-subsidized leisure vouchers to help hotels recover from the crisis; tourism support (EUR 11 million). Additional budget for the implementation of actions to support tourism in June-September 2020, in cooperation with airlines and tourism organizers, as well as actions to improve initiatives to attract tourists between October 2020 and March 2021 (e.g. measures adopted by Cypriot Government);
- postponement of tax and social insurance payments for the tourism sector until June 31th 2020;
- Sectors that have been severely affected by the pandemic (e.g. tourism, restaurants, entertainment, sports, cultural services, transport) will be exempted from paying social security contributions, payroll taxes, small business tax. The employee contribution will be reduced until July 30th 2020.
- cultural support: emergency support funding for the most affected artists and entities (€ 1 million); Resolution mechanism for the protection of canceled cultural and artistic performances.

European digital education

In the elaboration of the curriculum, the hierarchical relationship will be taken into account with priority: compulsory international programs, preferential national programs, optional local programs, individual programs. For example, environmental education becomes compulsory in all schools, being derived from a priority international program. The core curriculum will also respect the 8 key EU competences:
- communication skills in the mother tongue and in two international languages;
- basic skills in mathematics, science and technology;
- digital skills (use of information technology for knowledge and problem solving);
- axiological or valorization skills (necessary for active and responsible participation in social life);
- skills for managing personal life and career development;
- entrepreneurial skills and financial education skills;
- cultural expression skills; and
- lifelong learning skills.

The competencies will be applied on all areas derived from priority international education programs, but also for the other components of the curriculum. This curriculum design formula respects both the needs of the international market, the needs of cultural preservation, the needs of local development, and especially the needs of personal development (Colgeag, 2010, pag. 343,344).

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FRAGMENTATION OF TRUST. ECONOMIC GROWTH, SOCIAL INEQUALITY AND THE NEW INTERFACE OF THE INDIVIDUAL FEARS

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Abstract: *According to the Edelman Trust Barometer 2020, beyond the presence of a strong global economy and a very low level of unemployment, people not longer trust institutions. In their opinion, even in the current favorable living circumstances, they see the future more uncertain than ever. In their vision, a first step would be that the trust in institutions, now undermined by the proliferation of inequity and inequality, to be "granted" only on the basis of "two criteria":* ***competence*** *(the institution has "the ability to deliver on promises")* ***and ethical behavior*** *(the institution "acts correctly and contributes to change for the better of society"). The people phylosophy is a new one: they have interests not only in the application of technical knowledge (**what you do**), but especially in the ethical meaning of behavior in the social actions (**how you do**). Moreover, the people is increasingly interested in slowing down and in stopping the vehicle of social polarization and then in forcing the start of debates centered on social inequality. (Edelman Trust Barometer, 2020)*

Keywords: *competence, ethical behavior, inequality, institutional trust, risk of poverty, social action, social inequity, social mobility, social polarization, social stratification, world sistem*
JEL Classification: *A14, I32, Z10*

1. Social Inequality

According to the Dictionary of Sociology, social inequality is a "notion that highlights the differences between the positions occupied by individuals or social groups on a hierarchical scale, attached to a social characteristic" and which "can be seen as a particular aspect of social differentiation, its specificity consisting in the fact that it assumes a comparison between hierarchical elements".

The dictionary distinguishes between natural hierarchies (consequences of innate factors) and hierarchies enshrined by society, through institutions, norms (moral and legal), values, etc. Even if apparently only the latter seem to serve to the concept, sociology provides a fairly wide space for analyzes that come to refute the firm cleavage between the two types of inequalities.

The theoretical papers that come to explain sociologically the emergence, magnitude and role of social inequalities are among the most varied, from those that give it a destabilizing role (generating conflicts) to those that attributed stabilizing roles (inequalities are sometimes necessary even indispensable for the functioning of social systems).

It should also be said that in general the issue of social inequality has a distinct place of treatment, especially in the sociology of social stratification and mobility, the sociology of education or the sociology of culture (Vlăsceanu, Zamfir, 1998: 292-294).

Inequality has multidimensional roots. There are two key dimensions that contribute most to the measuring it: inequality in income distribution and inequality of opportunity (another important dimension that can be taken into account is gender inequality, which can bring to the fore interesting data on women's participation in the labor market).

The inequality in income distribution circumscribes the thematic area of how the income obtained in an economy is distributed to the population. It is calculated at the household level, being a result that depends on the number of household members and their age. Practically, "it is calculated as the ratio of total income received by the 20 % of the population with the highest income (the top quintile) to that received by the 20 % of the population with the lowest income (the bottom quintile)".

The income inequality measures "outcomes", but it is also a consequence of the combination of several variables: a) the chances held by a person at birth (path dependence); b) the sum of the choices made by the person throughout life; c) chance (luck).

2. Inequality of income distribution in EU countries

The effects of the economic crisis at the beginning of this century seem to have been much deeper. The sharp rise in inequality or the reversal of the convergence of living standards have vitaminized a new face of the individual fears. Basically, the signs of generalized uncertainties are also felt in the Edelman Barometer, the distrust in institutions gaining alarming values.

The European population seems to be the first to emerge from the anesthesia of the promises of a perfect postmodern world. The European population indirectly signals that if the current philosophy of the modern world system is not changed any strategy to reduce inequality will be ineffective

All over the world, but especially in Europe, there are growing concerns about the increasingly non-inclusive nature of economic development. Concerns that practically derive from the fact that the growth of the Gross Domestic Product is no longer favorable for inclusion.

There is now more attention on how income in the economy is distributed to the population or on the exaggerated increase in the inequality in income distribution. Both have deep meanings in the area of equal access to goods and services produced in a national economy. This attention is increasingly being converted into social signals that have recently seemed to invite governments and decision-makers to a paradigm shift in how to address the issue of inequality.

The increasingly categorical message of a part of the population of the most developed European countries has more than ever the vocation of a last warning: the huge level of inequality undermines not only the trust in institutions, as the last Barometer Edelman says, but also social equity.

As part of the current mechanism of wealth distribution, the current dimension of inequality, is seen by more and more Europeans as an unfortunate accident of history, which must be corrected, because it has already significantly eroded social cohesion and the common sense of belonging. Both are much more visible given that the increase in inequality is mainly due to the large number of people living in poverty.

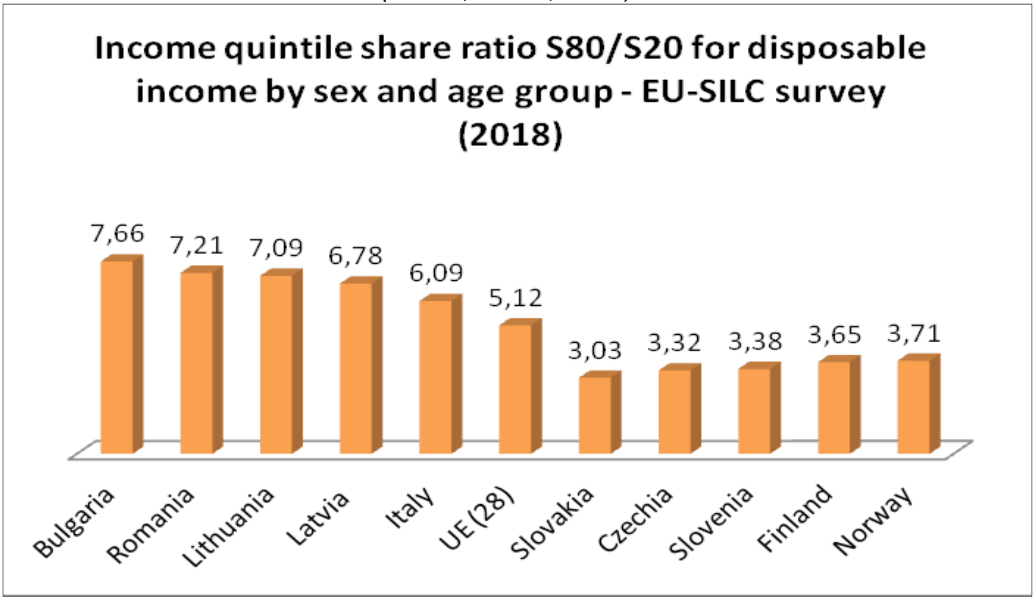
Through the Europe 2020 Strategy, the EU has set out to increase social inclusion in order to ensure that European citizens have equal access and opportunities throughout their lives. The projection was for a Europe in which the benefits of development could be felt in all its regions, thus strengthening the process of economic, social and territorial cohesion.

Inclusive growth, however, requires, among other things, the launch of a strong mechanism to combat poverty and social exclusion. And its efficiency cannot be articulated in the absence of a very serious analyzes of inequalities in society, regardless of their economic or social nature.

Beyond the good intentions specific to any strategy of this kind, Figure no. 1 is rather relevant to describe the mosaic structure of the inequality of income distribution across the European space, the data showing for 2018 the following:

- There are very big differences in the distribution of income at EU level (EU-28, 2018);
- The percentage of 20% of the population with the highest disposable income in the EU in 2018 obtained an income 5.12 times higher than the percentage of 20% from the other end of the spectrum;
- The ratio varies widely at EU level, from 3.03 in Slovakia to 7.66 in Bulgaria (according to the latest Eurostat data in 2019 the ratio increased in Bulgaria to 8.10);
- In Romania, the ratio was 7.21, increasing in 2018, decreasing significantly in 2019 to 7.08.

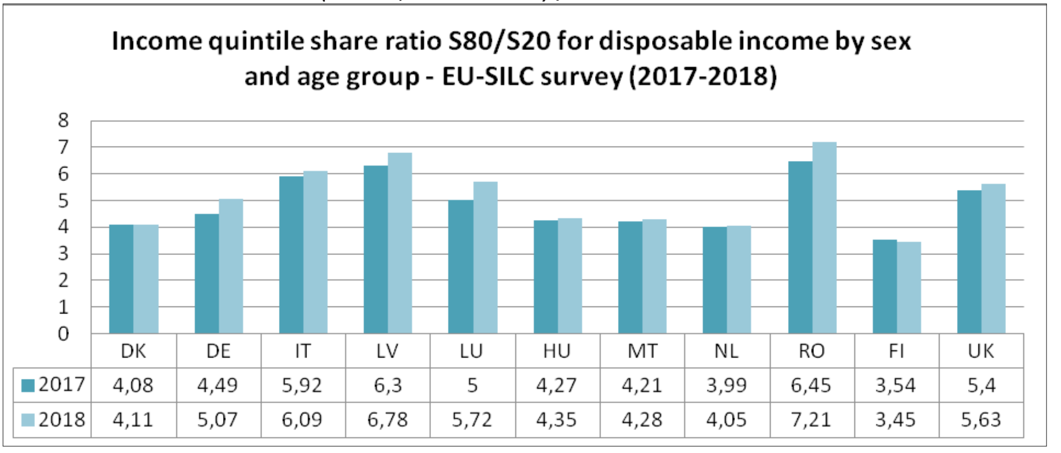
Figure no. 1 - Inequality of income distribution (ratio between upper and lower quintile, EU-28, 2018)



Source: Author (see Eurostat (ilc_di11)

According to Figure no. 2, Eurostat data point out that in recent years there has been an increase in the ratio at EU level. Thus, no less than 11 states recorded increases in 2018, the EU average increasing from 5.08 in 2017 to 5.12 in 2018.

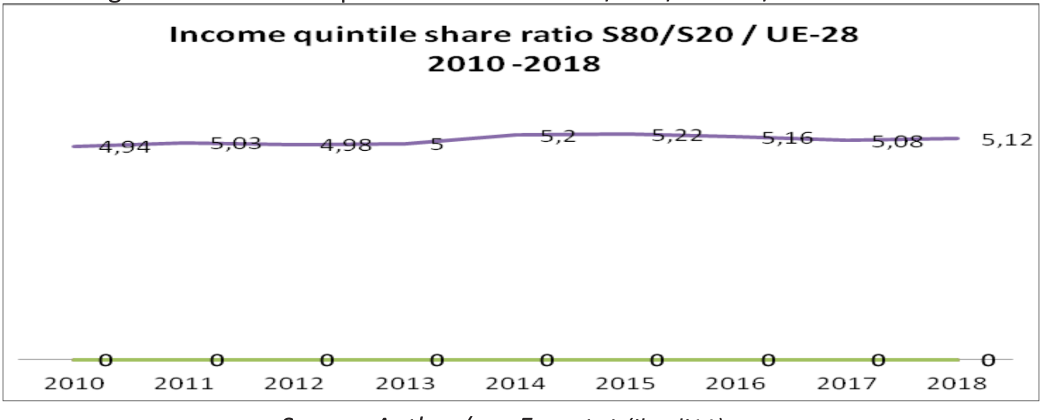
Figure no.2 – Increasing income inequality (ratio between upper and lower quintile) (EU-28, 2017-2018) / 11 states



Source: Author (see Eurostat (ilc_di11)

The graph in Figure no. 3 shows that beyond the strategies aimed at a growth favorable to social inclusion, the evolution of this process is a sinuous one, with advances but also returns, with successes but also failures (2010's report was more favorable than 2018's report: 4.94 / 5 12).

Figure no.3: Income quintile share ratio S80/S20 / EU-28 / 2010 -2018

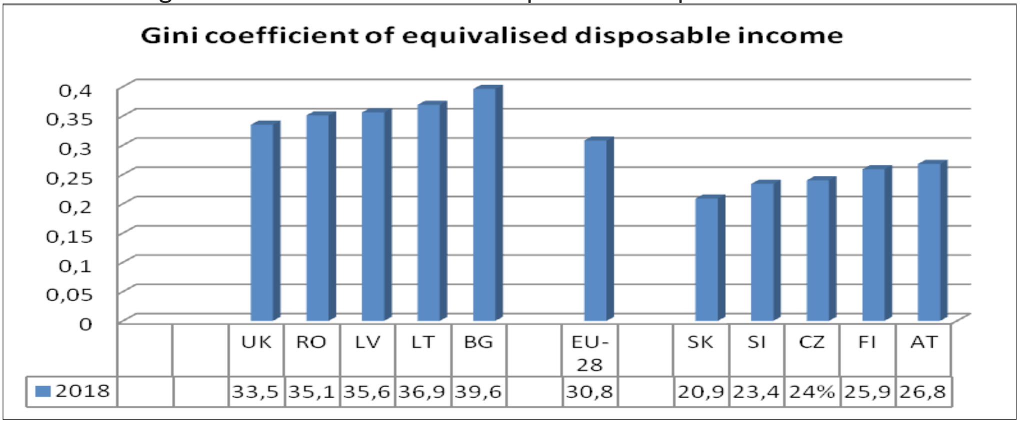


Source: Author (see Eurostat (ilc_di11)

The inequality coefficient (Gini index), which measures the inequality among values of a frequency distribution, is also in a structural trend of global growth. The figures below are edifying in this respect for the EU-28 area. According to Eurostat data, at the beginning of 2019 the countries with the highest level of the Gini index were Bulgaria (39.6%), Lithuania (36.9%), Latvia (35.6%), Romania (35.1%) and United Kingdom (33.5%). At the opposite pole were

Slovakia (20.9%), Slovenia (23.45), the Czech Republic (24%), Finland (25.9%) and Austria (26.6%). Eurostat data showed that at the beginning of 2019 the average of EU states was 30.8 (see Figure no. 4).

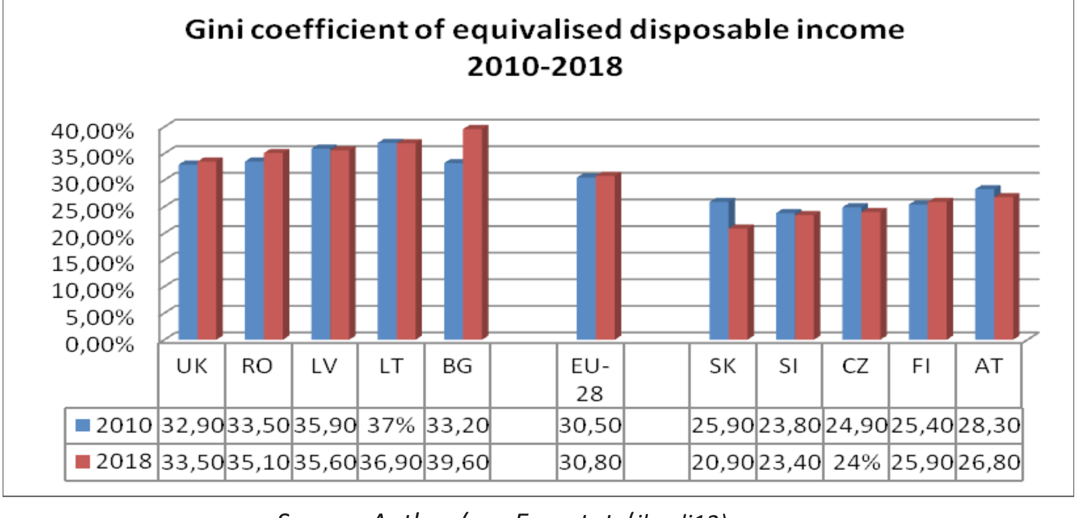
Figure no.4: Gini coefficient of equivalised disposable income



Source: Author (see Eurostat (ilc_di12)

Really interesting are the Eurostat data presented in Figure no. 5: in the period 2008-2018 the Gini index increased as a European average from 30.5% to 30.8%, a situation that is characteristic of many EU Member States (for the others there are no so dramatic declines, rather improvements in income distribution).

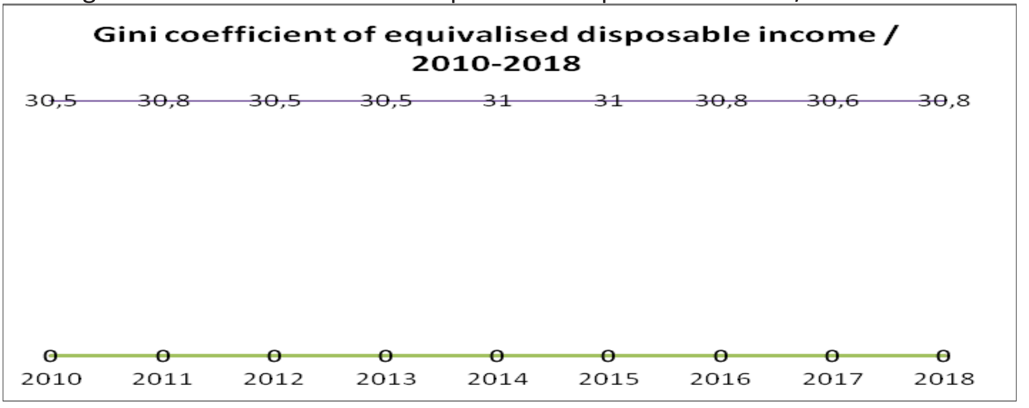
Figure no.5: Gini coefficient of equivalised disposable income / 2010-2018



Source: Author (see Eurostat (ilc_di12)

If we look carefully at the below graph (see Figure no. 6) we notice that after each period of decrease of the Gini index follows another period whose characteristic is the return of the upward trend.

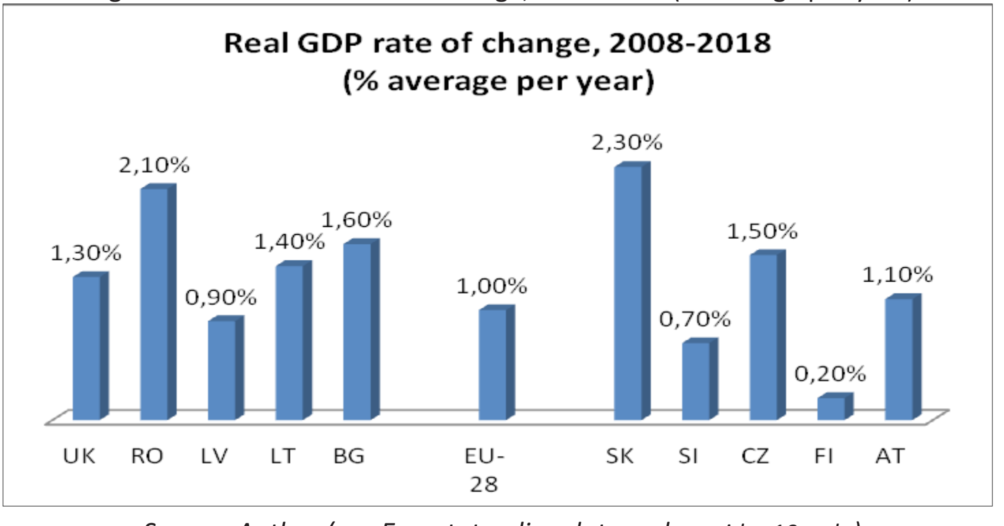
Figure no.6: Gini coefficient of equivalised disposable income / 2010-2018



Source: Author (see Eurostat (ilc_di12)

Given that inequality is growing or it is maintaining a constant level, while the GDP of each state has also grown steadily, the surplus from this increase was certainly unevenly distributed. The figure below is relevant in this regard: GDP in the EU-28 increased in 2008-2018 period (an annual growth of about 1%); moreover, GDP in the EU-28 increased in 2018, the sixth year in a row.

Figure no.7: Real GDP rate of change, 2008-2018 (% average per year)



Source: Author (see Eurostat online data code naida_10_gdp)

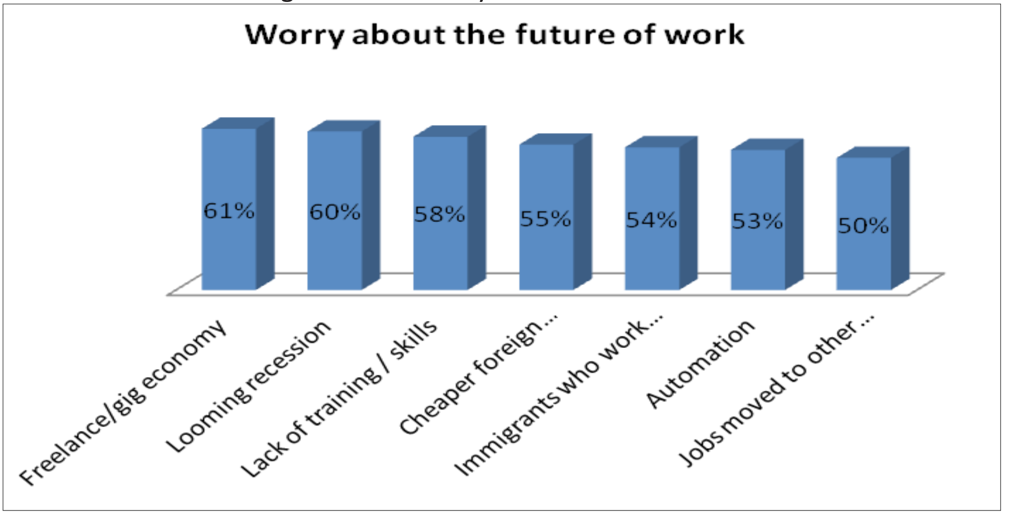
3. Fragmentation of trust. The new facets of individual fears

This explains the fact that although the economy is experiencing considerable growth and unemployment is in continuous decline, the citizens from the most developed countries do not expect to have a better situation in the next five years. *(Edelman Trust Barometer, 2020)*

Even though on average in the EU-28 each nation's wealth increased each year, including by creating new jobs, employees are very poorly paid. Otherwise, it is not explained why the Gini index still signals the acute disproportion in the distribution of income.

The spectrum of rapid automation is a real concern for 83% of employees from worldwide, amplified fears of immigration, unfair competition, insufficient training or a new major economic crisis.

Figure no. 8: Worry about the future of work



Source: Author (see Edelman Trust Barometer, 2020)

More than that:

- For 61% of respondents the pace of technological change is too fast;
- An higher percentage (66%) express their fear that technology will make it impossible at some point to distinguish between what is real and what is fiction;
- A cohort of 61% believe that the governments do not enough understand emerging technologies to regulate them effectively;

- About 57% believe that the read media is likely infected with contaminated information (unreliable), while about 76% are concerned that the fake news will be use as a weapon;
- 66% do not trust that current leaders will be able to successfully solve current problems;
- 57% are worried that they will lose the respect and dignity they once enjoyed in their countries (the highest values in European countries are: Italy - 67%; Spain - 64%; France - 62%; Germany - 52%).

But what seems very worrying is the process of fragmentation of confidence in a very large number of countries:

- On the one hand, there is a very large gap (14%) between the informed public (65%) and the large mass of the population (51%). Thus, for the informed public three from the four institutions subject to attention are trustworthy (government, media and business). For the large mass of the population no institution passes the test of trust (government, NGO, media and business);
- On the other hand, a very large number of countries register a huge fragmentation of confidence (large gaps in 23 countries), the most significant being in countries such Australia (23 points), France and Saudi Arabia - 21 points, Germany - 20 points, Great Britain - 18 points, Spain - 17 points).

In terms of competence, the business environment occupies the best place, being at a distance of 54 points of government as institution that is good at what it does (64% / 10%). In terms of ethical NGOS have a fairly high lead compared to the government (31-point gap) and the business environment (a 25-point gap). But no institution (government, business environment, NGOS, media) seen as both competent and ethical. Only business seen as competent. Or only NGOS seen as ethical. But institutions seen as unfair.

Currently, the business environment is the institution with the highest confidence (58%), which takes over the role of global governance. From this elitist reservoir, the global world is waiting for the birth of a CEO to cover the lack of a leader capable of bringing about change. If approximately 92% of employees believe that the CEOs should address current issues more firmly, about 75% of the world population is ready to support the gradual takeover of the change process by them.

Conclusions

The results of the Edelman 2020 Barometer highlight the installation of a serious crisis of institutional confidence. No institution (government, business environment, NGOS, media) is seen as both competent and ethical, the battle to regain trust will be probably decided by acquiring of a ethical institutional behavior. Perhaps an ethical business environment, modeled axiologically, with much more important roles than those currently assumed (only increasing profit), would have the chance to model new solutions appropriate to the today's major social problems.

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