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PUBLIC FINANCIAL RESOURCES POLICY IN AN INTERNATIONAL CONTEXT - ALTERNATIVES AND IMPLICATIONS

(Ph. D. THESIS SUMMARY)

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CONTENT

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INTRODUCTION

In the contemporary society the state is present everywhere, in politics, economics and social activity. Public resources come from different sources to fund state's current needs. In a market economy the state may be analogous to an entity which is subject to economic activity for providing public goods and public services. This should ensure the functioning of the economy and a favorable business environment correlate to the development of country. To accomplish its goals, the state is entitled to obtain financing from those that receive goods and services. Public revenues policy is restricted to all decisions that a state takes to ensure the necessary financial resources. Any action that is taken to substantiate the need for public funds is based on the analysis of the state's role in providing public goods and services. The state has more then one leverage for intervention in the economy, but the one which ensures the best resources and income redistribution is taxation. Taxation, although it will never enjoy the popularity, is objectively necessary. The problem is to design a tax system that reduce loss and achieve social equity objectives at a certain time. The need of revenues collected from taxpayers to cover public expenditures leads to an objective tax burden. A psychological component is attached to the objectivity of tax burden.

The reason for choosing this theme, ***"PUBLIC FINANCIAL RESOURCES POLICY IN AN INTERNATIONAL CONTEXT - ALTERNATIVES AND IMPLICATIONS"***, was the fact that the subject of how public authorities raises financial resources necessary to their activities is a matter of debate, both within the scientific community, but especially among politicians. Public revenues are often a bone of contention among public authorities, all the time there is a problem of public money given by their limited nature. Public funds raise interest of all citizens actively involved in animating public financial system. Like many others, we classified as ordinary taxpayers, interested in how public money are used by the state. The research during PhD. studies was the opportunity for understanding the system of public resources in Romania, but also the opportunity to investigate whether the tax systems of other countries are an important determinant of the gap which separates us from them as economic development level.

The topicality of research theme is given by the importance of public revenues policy and by the reforms in this area for the economic development of any state. Debates are open regarding the optimum size of the tax rate, the tax techniques that should draw for economic growth and social welfare. Moreover, Romania's accession to European structures brings new challenges in public finance in general, and in public financial resources, in particular.

The research purpose is to highlight strengths and weaknesses of public financial resources policies and the opportunities to improve public revenue's sources by making a comparative study of the Romanian fiscal system with a different tax system across the world. Besides this main goal there are other three derivatives purposes: the intention to design the tax revenues in Romania by an econometric model, to study the level of tax optimization and to use benchmarking technique for tax matters.

We appreciate that the innovations of our scientific research derives from the main objectives that we have proposed in each chapter, as follows:

O$_{1.1.}$⊛ Identifing the main factors of fiscal revenues by analyzing the intensity of correlation between tax revenues and a panel of economic indicators;

O$_{1.2.}$⊛ Econometric modeling of tax revenues in Romania using multifactorial linear regression;

O$_{2.1.}$⊛ Analysis, as a budgetary approach, of the own public financial resources system, at central and local level in Romania;

O$_{2.2.}$⊛ Study on strengths and weaknesses of alternatives in public financing (domestic or foreign) by borrowed resources, at central and local level;

O$_{2.3.}$⊛ Identification of future funding alternatives of the EU budget since 2014

O$_{3.1.}$❁ Numeric quantification of the level of elasticity that tax revenues have to a change in gross domestic product, in ceateris paribus conditions, for European Union countries;
O$_{3.2.}$❁ Development of a multifactorial instrument for measuring the optimization level of a country's fiscal and budgetary policy meant to allow comparisons over time for the same country;
O$_{3.3.}$❁ Analysis of fiscal policy decisions taken by the Romanian government to revive the economy due to international economic crisis as compared to the measures taken in this sector by other countries from Europe;
O$_{4.1.}$❁ Shifting the notion of "benchmarking" from private sector to public sector and its adaptation to public finances, proposing its use as a comparison method to identify best practices in international taxation;
O$_{4.2.}$❁ Making a public benchmarking of public revenue policies in Romania and France in order to identify the features of public revenues policy which creates, or not, financial performance in France and their level of acquisition and adaptation to the conditions from our country.

Within each chapter it can be identified a number of secondary objectives as follows: summarizing the objectives of fiscal policy in Romania after 2000 under government programs, analysing the psychological factor which determines the dynamic of tax revenue, presentation of defining features for the indicators used in an analysis of public revenues; research the trends in dynamic and structure of state budget revenues, study on financing local budgets through transfers from the central level, analysing the capacity of public authorities to finance by capital market, centralization of taxation techniques at EU level, analysing the dynamics of tax burden in Romania and the European Union, studing Romania's position on international tax competition and the appreciation of its capacity to combat competing countries, studing the concept of benchmarking.

Particularities of the proposed research is found in its purpose and specific subject, in the objectives which were set, research methodology is fully in accordance with them. The mechanism of proposed research appeals to a wide range of qualitative and quantitative research methods, among which are included fundamental and applied investigations on the current policy of public financial resources from Romania, the literature review by accessing the bibliography literature (books, reports, articles, studies published in international databases, statistical yearbooks, bulletins of the Ministry of Finance, National Bank of Romania, Eurostat, European Commission, OECD, IMF publications, etc.), modeling to create an instrument to measure the level of tax optimality. Research methods, that were used, also include systemic analysis, comparative and comprehensive approach to the topic investigated, according to the proposed goals and objectives. We used in the paper, whenever necessary, mathematical and statistical methods, such as econometric modeling, static and dynamic comparative analysis, correlation analysis, methods of induction and deduction, the graphical representation of investigated data, etc. In the fourth chapter we used a case research method involving a comparative analysis of public funds formation policy in Romania and France. Own contributions to the field under study are presented throughout the research work.

Research theme covers a wide spectrum of issues concerning the formation of public money, which always occupied a central concern of state representatives. Resources are used by policy-makers to remove various imbalances emerging in society. Increase ever faster in public spending entails to the identification of new resources and to the improvement and diversification of methods and techniques used to mobilize financial resources to the state budget. Socio-economic mission of public finances is met only by creating public funds by all economic sectors and citizens. Throughout history, the structure of public funds have diversified, it has evolved, it changed the share of different structural elements. We believe that state revenues have great importance not only as budget amounts, but also through the influence thet they exert on the country's economic and social activity. The revenues must be built to stimulate economic and social activity, to accomplish quantitative and qualitative performance of economic indicators, to balance the development of economy sectors. Financial policy design tax and other public revenues not only as financial resources supplying public funds, but as instruments which influence economic and social processes in relation to the country's economic situation and objectives for development. Thus, we insisted on the interdependence between fiscal policy, monetary, currency, income, market and income policy. In achieving its objectives, the state faces the following problem: available financial resources are limited and their use is competitive, leading to the need to use them effectively. The following chapters are distinguished in the thesis.

The first chapter, entitled ***„FINANCIAL POLICY AND FINANCIAL MECHANISM OF PUBLIC REVENUES"*** deals with public financial resources in terms of their theoretical determinants, insists on the need and role of public financial resources, but also on factors that influence their evolution. In this first chapter is surprising that revenues policy has two components of tax revenues' policy and non-tax revenues' policy. Starting from the structure of public financial resources can be considered two main categories, namely resources attracted through tax system or through public debt. The act to pay taxes is a moral obligation of every citizen. It is understood that no one can place an economic activity in isolation, it is interdependent with the activities of other citizens, so every one of us must contribute to the formation of public money according to the wealth acumulated over time. To this, could be added the need for a mutually beneficial for both: state and citizens. Besides the conceptual notions which are present in the first chapter, it can be identified a technical component, such as an econometric one. We intend to select the factors that influence tax revenues in a sample of 40 European Union countries (EU) and Organization for Economic Cooperation and Development (OECD) and to measure the intensity of the relationship with tax revenues. Add to this the intention to develop an econometric model to predict the time evolution of Romania's tax revenues. To this end, we created a multifactorial linear regression based on independent variables gross value added and current account balance, the dependent variable is, of course, tax revenues.

$O_{1.1.}$ Identifing the main factors of fiscal revenues by analyzing the intensity of correlation between tax revenues and a panel of economic indicators;

Analysis of factors that influence tax revenues in the EU and OECD was performed using correlation coefficients. Testing the bivariate correlation between changes in tax revenues in the 27 EU Member States and a range of 15 causal factors has completed a division of variables that determine the evolution of tax revenue into three categories: significant factors of tax revenues such as gross domestic product, net national income / capita, gross added value, average gross earnings, current account balance, less significant factors of income tax as employment rate, public expenditure, public debt and foreign direct investment, and non-public income factors such as unemployment, population, money and interest rates on deposits and loans. Before the data to be processed were tested econometric assumption of normal distribution graphs, skewness, kurtosis and stationarity and autocorrelation of time series. Correlation coefficients were obtained after data series were corected by stationarity and after being eliminated autocorrelation by differences of first and second order.

The movement of capital from Western Europe to Central and Eastern Europe is even evident in our analysis. Member States such as Slovakia, Slovenia, Romania, Latvia, Lithuania, Hungary,Bulgaria are particularized by a strong positive correlation coefficients between foreign direct investment undertaken within their country and taxes collected by the authorities. Attracting foreign investors can provide a complete alternative to insufficient public revenues. Another feature identified in the Member States in Central and Eastern Europe is the importance of fluctuations in exports and imports of goods and services on tax revenue of the state. It is obvious that the less developed countries face negative trade balance which extends annually its sold. The data series used in the present analysis are time series covering the period 1995-2010. This period provides data for all 16 variables for all 40 countries analyzed. This selection does not eliminate the lack of data for certain countries or variables, especially those in the category monetary factors. Softwares used for data processing and statistical analysis are SPSS 18.0 and Eviews 4.1.

$O_{1.2.}$ ⊛ Econometric model of tax revenues in Romania using multifactorial linear regression;

The analysis undertaken to accomplish the previously main objective allowed us to achieve a selection of independent variables to create multiple regression econometric model for estimating tax revenues in Romania. Selected independent variables in the model are: gross added value, gross average wage and public spending, with positive correlation, and current account balance, with negative correlation. The use of cronogram as graphical analysis reveals the absence of seasonality and cyclicity in data series for any of the variables. Testing the hypothesis of normal distribution of data series was done by determining the skewness and kurtosis of 5 variables. It was found the existence of asymmetric series for all variables included in the model, but they are platikurtic distributions. Reconfirmation of the previous results was achieved by Jarques-Bera test, so the variables tax revenues, gross value added, government expenditure and gross average earnings have a 55% probability that they are normally distributed and 97% for the current account balance. It was considered necessary to test normal distribution of the series by the graphic method of Quantive Quantive-Plots and testing the existence of outliers (Outliers). For analysing the autocorrelation of data series were applied autocorrelation function (ACF) and partial autocorrelation function (PACF) and Ljung-Box test in SPSS. For all 5 variables analyzed we obtain that the raw data are not distributed randomly, but they are autocorrelate and autocorrelation was removed by differences of second order. Testing the hypothesis of stationarity (Unit Root Test) was done using Eviews Augumented Dickey-Fuller test (ADF), which led to the identification of three forms of regression for all 5 analyzed data sets, more it was continued the application of the test for the series of differences of first order. So, for stationarized data series, the series were transformed by differences of second order. By applying a cointegration test (Test Trace and Maximum Eigenvalue test) it was identified the existence of two cointegrating relations between variables.

In the first phase was built a multifactorial linear regression model including the four variables with series produced by differences of second order by the "enter" method in SPSS. However, model testing revealed a lack of statistical significance of regression coefficients and the irrelevance of the initial model. Since the present research is to identify BLUE estimators (best linear unbiased estimator) and the obtained coefficients are not satisfing our expectations, the multifactorial regression model was performed by „stepwise” method (selection step) on the 4 variables. In these conditions were generated two valid linear regression models, the first one with a single independent variable (Tax Revenues = 0.326 Gross Value Aadded - 64.78) and the second one, a multifactorial one with two independent variables, gross value added and current account balance, *Tax Revenues = 0.247 Gross Value Added - 0.444 Current Account Balance + 53.176*. Average gross earnings and public expenditure variables were excluded because they were statistically insignificant. Student t-test, F test, adjusted coefficient of determination R2 showed a significant regression estimators, so we get a good econometric model. Regression coefficient of gross value added variable is positive, that confirms the existence of a proportional evolution of the two variables. The current account balance has a negative regression coefficient and confirm the existence of indirect proportional development of the two variables. Multiple linear regression of tax revenues has been tested under the assumptions of Gauss-Markow model that focus on multicolinearity of variables, testing normal distribution of errors, testing errors autocorrelation by Durbin-Watson test and test-Godfrey Serial Correlation LM Breutch, testing of non-correlations between independent variables and residuals and test the hypothesis homoscedasticității by White test. All these tests were valid which allowed us to estimate the amount of tax revenues and to quantify differences to real values. In conclusion, the model is fair enough specified and estimated, it can be used to forecast, but it can not be considered a perfect model, but perfectible, unfortunatly it is basically a statistical approximation. There are also a number of weaknesses of the model related to insufficient observations in the data series and autocorrelation, unstationarity in their raw form, etc. The existence of a slight correlation between independent variables determine the further improvement of the econometric model by developing an econometric model with multiple equations.

In this chapter we made a comparative analysis of financial policy objectives in government programs during the 2001-2012. Objectives and action direction of fiscal and budgetary policy varies considerably from one period to another, from one government to another, and they are correlated with changes in international macroeconomic context. A first difference that stands between fiscal policy objectives in the three periods of government, is related to the fact that in 2009-2012 fiscal policy in Romania focuse to deficit reduction and keeping it in targets, given that the periods 2005-2008 and 2001-2004, the budget deficit was not a primary objective of fiscal policy. Another differece pointed out is the attitude of the State to the elements of fiscal policy and the third difference concerns public expenditure. So, in 2001-2004 the focus is on performance achieved in the allocation of budgetary resources, in 2005-2008 on ensuring a transparency in public spending and multiannual budgeting and in 2009-2012 the government's efforts are focused on the drastic reduction of public spending to meet its obligations to IMF.

A special emphasis was placed on psychological factor that influence the dynamics of public revenues. Psychological factor takes into account the tax morality of tax payers. This is seen as a social phenomenon that is difficult to explain. Talking about economic problems requires the involvement of psychological factors, to talk about psychology it requires economic implications, therefore there is no contradiction, exclusion or confrontation between the two. It is accepted the idea that economic psychology can not successfully explain the development of business processes better than economics, but it explains the most common behavior of citizens. Previous econometric investigations were completed to identify a lot of factors that affect moral behavior in terms of tax payers (such as taxpayer’s age, marital status, education, mode of employment, social class, personal income, religion, type of democracy, community's confidence in public and government attitudes to democracy, the tax rate, corruption, etc.). However, the level of fiscal morality depends on the satisfaction of taxpayer to government’s actions. State's positive actions are designed to improve the positive attitude of taxpayers to consent to pay taxes. A taxpayer has penchant for legal tax compliance as long as the return of amounts paid and services provided by the authorities is fair. Public institutions quality has a strong effect on the fiscal behavior of taxpayers. International surveyes showed that there is a high level of tax morality in Romania, more than two thirds of the population is not warranted to circumvent to tax payment when there is this possibility. Romanians demonstrate stronger fiscal morality by aging and as the number of years of study increases for each individual there is a propensity to increase in tax scam.

Budgetary policy, in general, and fiscal policy, in particular, have played a major macro economic role. They have become instruments of market economy with the aim of dynamic economic growth, uninflationary and sustainable, able to generate new jobs along with the acceptance of structural reforms. The complex role of public revenues is not limited to activities of collecting and efficient delivery of public financial resources, but must ensure economic growth and social stability of the whole society. Creating the public financial mechanism have favored the progress of real flows in an economy to achieve the overall purposes of society.

The research is based on a lot of information and data that are analyzed in the second chapter, ***„BUDGETARY APPROACH ON PUBLIC FINANCIAL RESOURCES’ SYSTEM”***, usually during 2000 - 2011. The chapter presents a number of trends in the structure and evolution of public revenues from the state budget, local budgets and the budget of the European Union. These are supplemented by a study of internal and external funding alternatives of borrowed resources. In the modern economy, the budget is not a simple document where public revenues and expected expenditures are written over a period of 12 months, but is a financial plan at the macroeconomic level. Based on these considerations, the chapter begins with a detailed study of the revenues from the state budget according to budgetary classification by category of income tax and capital revenues. Figures underlying the conclusions derived from the state budget execution during

2000-2010 obtained from the Ministry of Finance by the application no. 320633/2011 and for 2011 were used preliminary executions published in Annex 1 of the State Budget Law for 2012. Regarding the system of public resources available to local budgets, it is intended to develop some financing alternatives by own fiscal and non-fiscal resources, transfers from the state budget and bank loans or local debentures. Attention was focused on the destinations of amounts from the Government Fund of Budgetary Reserve to local governments, but also those from the national programs developed by ministries. In this section we have included an analysis of current development state of municipal bonds' market in Romania stating the advantages and disadvantages of this method of financing.

Because in most cases there are recorded discrepancies between the public revenues and expenditures, financial policy must target public resources and ensuring financial stability, balance to be carried out on behalf of indebtedness. The activity of borrowing money by a state has positive and negative implications, depending upon the destination of public money and the state's solvency. In the second chapter we have covered a multitude of alternatives that central and local public authorities have for financing from international financial institutions (International Monetary Fund, World Bank, European Union, EBRD, commercial banks, etc.), without forgetting to appeal to Romanian and international capital market. Analysis involves the identification of quicker and more efficient ways for public financing and a study on capital markets' maturity to cover public financial needs. It draws attention to the refundable nature of these extraordinary resources, reimbursement rates and interest payments lead to an increased spending, which attracts increasing taxes, and, if they are not enough, they lead to new borrowing. The public resources in Romania are interdependent with European financil resources. The interdependence is materialized in two cash flows in / out Romania's budget to / from the EU budget. Therefore, the chapter presents the current state of EU funding sources and the history of Romania's contributions, with the final review of challenges brought by the new multiannual financial framework since 2014 and the future of European funding.

$O_{2.1.}$ ֍ Analysis, as a budgetary approach, of the own public financial resources system, at central and local level in Romania;

The budgetary approach shows that the national tax system is the mainstay of the state budget, taxes collected by the authorities are about 90% of the resources at their disposal. State budget funding by non-tax revenues or any other types of capital revenues, donations, etc., has an insignificant importance. The tax system in our country may be analogous to a table with three legs, the analogy is maintained over a decade. VAT is a heavy pressure on the Romanian taxpayer, especially if it increase, which can degenerate in a reduction of aggregate consumption because of the higher prices. At present, we can say that there has been a transformation of the Romanian fiscal system in a table with four legs represented by value added tax, income tax, excise and corporate tax, the main sources of the state budget.

At local level, building the local budget is a major and complex activity for any community that has an annual impact on the evolution of that town. We appreciate that the current allocation for balancing local budgets is far from clear, it is permitted differentiated allocation by subjective criteria and it does not eliminate political influence in the allocation of financial resources to local authorities. Although Romanian law provides a formula for calculating annual volume of transfers for balancing, financial resources received for balancing are not predictable during the budget year. We agree that is better that the balancing mechanism should be carry out directly by the Ministry of Finance, without the mediation of county councils. Transfers of financial resources from central level to balance local budgets should not exceed the minimum theresholds established for local income per capita to avoid subjective transfers. In terms of local funding through programs of national interest should be performed on the basis of a score determined for each locality based on a series of indicators which should not overlook local financing capacity.

The research comes to argue that change is needed in the current way of financing local budgets and proposes two specific recommendations in this regard. The main proposed measures are: diversification of revenue sources and diversification of loan. To reduce the dependence on the state budget and to increase their financial municipalities' capacity is desirable a tax policy to increase their revenues' levels. Additionally, it is required the businesses' participation to support local community, just as it happens in European countries with a high level of economic development through the establishment of local tax on turnover or added value created by companies. If we look now we can see that the local tax system is a farming local tax system, which relies on property taxes, no taxes on tertiary and industry sectors as in Western countries.

An existing practice in the world, but which is not covered our country, is funding the local budgets by loans from a public agency which was specifically built for this purpose. It can been build this type of structure, which already exist in European countries. The agency allows public sector to diversify their funding additional bank loans, even for small towns. Local authorities could push for creating a local funding agency in order to remove financial intermediation in financing by local bonds and in order to get cheaper resources. The working way of this financial structure requires it to issue bonds to the market investors and the money are re-loaned to local authorities for investments. The aim is to obtain low cost of financing and a rating closed to AAA. The Agency is designed to work as a company and to be treated as a public institution in terms of taxation. Its creation is based on voluntary financial contribution of local communities, plus co-financing from the Ministry of Finance and other ministries. This syetem works in some European countries, such as Norway, Sweden, Denmark, Finland. We believe that establishment of a such structure in Romania can bring cost advantages for local governments which do not have financial power to use the capital market for financing and which do not have other choice than private bank loans.

$O_{2.2.}$ ⊛ Study on strengths and weaknesses of alternatives in public financing (domestic or foreign) by borrowed resources, at central and local level;

The need for long-term financing is generated by two causes. First is the need to finance the budget deficit and the second is given by the debt amortization or reimbursement. Reported to the first component of the need for long term financing, Romania's consolidated budget cash deficit in 2011 was over 23.8 billion lei, meaning 4.35% of GDP, according to general government budget executions released by Ministry of Public Finances. Regarding the second component of the need, at the end of 2011 Romania recorded a total debt of 222,768.7 million lei, by 14.5% more than in 2010 and 8.8 times higher than in 2000. Therefore, using the financial resources of the International Monetary Fund is a common international practice among world states to cover financing needs. An analysis of loans from the International Monetary Fund during 1984-2011 revealed that over two decades, only 13 of the 27 EU member states have used funding from this financial institution, including Romania which is a leader. From 1990 to December 31, 2011 Romania has obtained financial resources from the International Monetary Fund amounting to SDR 12.316 million. External financing by borrowing from the International Monetary Fund has advantages and disadvantages. Among the advantages of using International Monetary Fund financing are: increase Romania's credibility on the international capital market, reduce a massive and rapid risk of national currency depreciation, unloking the funds, increase the transparency of Romania's economic policies and allow funding to low interest rates as compared to capital market financing. Loans contracted from the IMF are combined in loan packages from the EU, EIB, EBRD, IBRD or other loan forms. The main disadvantage of using the IMF loans is the fact that the country is subject to monitoring to achieve economic and social reforms that the lender requires.

Financing through public issue of bonds is a not very used mechanism in our country. Analysis of primary market issues of state securities made after 2005 to 31 March 2012 highlights a number of 268 bonds prospectus released by Ministry of Public Finances, of which 31 have been awarded, and the rest have attracted funds worth 151.305 million lei and 6598.5 million €. On March 31, 2012 Romania had outstanding issued securities worth 80.8 billion USD and 3.96 billion

€. 27 long-term bonds and 33 Treasury bills are currently traded on the Bucharest Stock Exchange, of which 27 have the maturity in 2012. This alternative of domestic financing seems to be an easy, fast and simple way to get public mpney. The disadvantage is that it is a more expensive source of financing than the financial package from the IMF, World Bank and EU, moreover, as the bond maturity is higher the cost of financing is higher. Instability of the laws, financial blockage, reduced profitability in the economy and high interest rates of inflation have made the number of public bonds' issues conducted in our country to be very low, but the prospects of development of Romanian bonds' market are good. There are some obvious weaknesses of this alternative of public funding on the availability of data which are not sufficient, there is not specialized rating agencies to assess bond prospectuses, bonds' issuers are affected by risk of bankruptcy, default in paying the principal and coupons, the absence of bond issues' insurences and the lack of liquidity in trading bonds on Bucharest Stock Exchange.

Issuance of municipal bonds may be seen as another step towards local financial independence, supported by local decentralization, because they are repayable solely from locally collected resources. The main premise of the municipal bond market's development in Romania is made by the need of local authorities funding. But the financial crisis, that limited and rised up the price of bank credit, it gave a further support to the development of this type of fixed income instruments. The 68 municipal bonds listed from 2001 to 2011 in Romania amounts to 1219.4 million lei. Now, on Bucharest Stock Exchange there are 20 municipal bonds whose maturity is until 2030. Thus 30 Romanian communes, towns, municipalities and county councils have resorted to this method of financing local budgets, the majority have a maturity after 2020. Capital market allows local councils to obtain financing better tailored to their investments, although issuence costs are not insignificant and there are numerous formalities. On the market there already is a number of local councils with a well defined funding strategy, appealing to a series of successive issues of municipal bonds. As regards the negative aspects of municipal bond issues, first, we must underline that there is no market history to calculate probability of default or delay in payments of principal of this type of loan, the ranking is quite speculative, there is not a reliable benchmark for assessing the spread. Secondly, the issue of municipal bonds increases indebtedness rate and public debt. It also notes the lack of a secondary market for government securities and municipal bonds. In other words, liquidity is almost zero for these programs, due to concentration of subscribed packages. There is no obligation to publish the executios of municipal budgets in the Official Gazette. Most investors look for a reference or risk assessment, sometimees the risk of municipal bonds is often correlated with insolvency risk of local employers and local national companies.

From our perspective it is necessary a change in thinking and action of central and local authorities. They must give up a Romanian budgetary system that absorbs added value created by its citizens. Similar to the Romanian society is obvious that the budget is based on consumption of financial resources and not on actual production of financial resources other than fiscal ones, whose production does not require a creative effort. We foresee two solutions to the current situation of insufficient public money in Romania: the first refers to thrift and performance in available public funds, there are money, but their management is inefficient, and the second concerns focus on building activity to create non-tax revenues from dividends and payments of net profits from public companies. We believe that public authorities need to become some better public entrepreneurs, that create added value, create jobs, provide Romanian products on the market. It is a long term solution that does not give the advantage of quick cash resources to the public budget as compared to increased taxes, the easiest by the way. By the attitude of a public economic entrepreneurs we understand the involvement of public authorities in the economy as an economic agent able to deal with national and international competition of the private sector, as a public economic entity which has the advantage of having resources in a strategic sector (all energy, soil and subsoil deposits) and is eligible for European co-financing undertaken activities. Our view is that central and local authorities should channel its actions in three directions: the first relates to the use of public financial resources to finance productive activities and social welfare (education, defense, health, etc..); the second concerns the allocation of monetary funds for investments in infrastructure through public-private partnerships (road network, rail network, sewerage, water supply, sewage treatment plants, etc.), and the third focuses on funds repartition to do business, bringing existing state companies on profit, to drop the cheap privatizations of key companies exploiting natural reserves of Romania and to create new state companies in agriculture and industry, oriented on profit and quality. Last option is to create future non-tax revenues collected by the State from its position of shareholder or as income tax because of the new created jobs.

$O_{2.3.}$ Identification of future funding alternatives of the EU budget since 2014

Regarding the European financial resources policy, we consider that there should not be postponed the reform the EU budgetary revenue following the creation of the new multiannual financial framework in 2014. Reforming the Community revenues' system should not involve a change in the size of EU budget revenues figures, but basically it is changing the structure, it is changing the mix of resources. The future alternatives for funding the European budget are: a new resource based on VAT that should not be statistically calculated, a financial transactions tax, a tax on corporate profits due to EU budget and a European energy tax.

Without representing a blueprint for how public funds are made in Romania, besides numerous figures and analyzed data, the paper aims also, in the chapter ***"INTERNATIONAL TAXATION - OPTIMIZATION TECHNIQUES AND PROCEDURES"***, to provide an multivariate scoring analysis tool for the level of tax optimization in Romania and other European Union member states. The third chapter addresses to some specific elements of international tax systems, but also to elements inciting to discussion, such as tax equity which can be achieved through tax techniques used by the EU member states, the level of fiscal pressure from national and international view, tax optimization, and finally the ways in which fiscal policy supports European countries in their fight to alleviate the global economic crisis' effects and our country's position in international tax competition. Thematic study is not limited to graphical analysis, so chapter includes measuring the tax elasticity of Government revenue to changes in GDP, in caeteris paribus conditions, with the intention of determining their predictability. Although the tax optimum issue was a subject of intense debate, it currently remains an imprecise concept. Throughout the paper, it is detailed the optimum tax theory of Arthur Laffer and tested its applicability to the 27 EU Member States based on Eurostat data series. Optimizing tax system is an important issue that is today in attention of many economists and policy makers. Only fiscal policy searching for the tax optimum may create sufficient revenues to cover public expenditure. Thus, we built a tool to measure the level of tax optimization of a country's fiscal policy, which allowes comparisons over time, for the same country.

Tax liabilities sparked controversy because it affects the economic interests of taxpayers, the selfish reactions outweighs their logical reactions in fiscal matters. This makes fiscal policy decision not always been an easy task, it is rather a difficult process of finding alternative tax solutions under limited time and international tax competition. Fiscal policy decisions often concern to the principle of tax fairness, regarded as a permanent goal. However, if the tax system is characterized by inequity there are chances that the taxpayers to restore equity by the way of escaping from tax liability. We believe that fiscal inequality is determined depending on the net earnings remained available to taxpayers, which allows reception of the tax system as unfair and shapes a behavior to the payers of taxes.

$O_{3.1.}$ Numeric quantification of the level of elasticity that tax revenues have to a change in gross domestic product, in ceateris paribus conditions, for European Union countries;

Analysis of tax revenues sensitivity to changes of 1% in GDP between 2006 and 2011 emphasize a positive coefficient of tax elasticity, irrespective of the amounts included in the numerator, which reflects a proportional relationship between GDP and mandatory levies. In other words the two indicators have evolved similarly, but not in the same rhythm. In Romania, tax liabilities are characterized by the predominance of unitary tax elasticity (2008, 2007, 2005, 2004), but in the past two years there is a high tax sensitivity, 2009 and 2010, and tax inelasticiy in 2006 and 2001. At the EU-27 level, there was observed a prevalence of tax elasticity coefficients higher than 1 for the 16 Member States, 6 states where it tends to 0 and 5 countries with tax inelasticity coeficiens, including Luxembourg where the coefficient tends to 0. From a structural point of view it can be seen that the most elastic categories of revenues are the revenues from income tax, profits tax and property tax, they feel faster and more intense the impact of any changes in GDP (20 countries of the 27 have tax elasticity coefficients higher than 1). We cannot create patterns in the sensitivity of tax revenues to GDP changes, the evolutions of elasticity coefficients and alterations of elasticity / inelasticity are not based on an unitary rule, they differ from one country to another, even more and in the same country from one period to another. Knowing the form of tax elasticity is important in decision making in the fiscal policy of a country as it allows determining the development of total tax revenue collected by the central authorities.

$O_{3.2.}$ ❁ Development of a multifactorial instrument for measuring the optimization level of a country's fiscal policy meant to allow comparisons over time for the same country;

Although the tax optimum issue was a subject of intense debate, it currently remains an imprecise concept. Determining the optimal tax rate is subject of much controversy because the Laffer curve does not provide a clear numerical answer, but rather it suggest a hypothetical optimal rate of taxation. To find an answer to the question of where the European economies are positioned on the Laffer curve we plotted the 27 cases. Graphics reinforce the idea of Gardner, the Laffer curve is not presented by a linear curve, smooth and concave in any of the cases. In terms of annual changes between the two parts of the Laffer curve we can see a steady position in one area or another only four Member States, three in the admissible area (Sweden, Lithuania, Hungary) and Slovenia in the non-economic area. The conclusions are simple: the values corresponding to optimal tax rate point varies from one Member State to another, from 48.9% in Denmark to 28% in Romania; the tax rates related to the optimal tax point do not coincide with their maximal values in the analyzed period, this is true only for four countries, namely Estonia, Spain, Portugal and Britain; for 23 Member States the value of tax burden as a percentage corresponding to tax optimum point is lower than the maximum annual tax burden. Romania is a the Member State that recorded the lowest tax rate corresponding to the highest level of tax optimality. Graphical analysis of Laffer's theory is far from reflecting to Romania a smooth concave curvilinear correlation between tax burden and tax revenue. Laffer curve for Romania consists of a series of fragments, i.e. an alternation of the admissible area to non-admissible area according to the government and their fiscal decisions.

To achieve this objectiv we made a scoring analysis tool to measure the level of optimization of a country's fiscal and budgetary policy and to allow comparisons over time for the same country. Basically, it is a multivariate analysis tool to optimize the level of fiscal and budgetary policy by use of quantitative data on seven economic indicators of tax revenues and making a score to assess it. Thus, in our view, a fiscal-budgetary optimal situation is characterized by a lower tax burden, an annual growth rate of public revenues as high as possible, total public revenues to cover the necessary of all financial resources of the state, the total public revenue to assume a small level of dependency on tax levies in favor of capital revenues and non-tax revenues as dividend or public companies’s profit, budgetary executions in terms of tax revenue to overcome annual budget estimates, borrowed resources does not exceed the 10th part of tax revenues and tax system based on taxation of profits, earnings and property of taxpayers, increased because of an increased number of companies/employees in economy or an increased profit/income of them. The proposed model for multivariate analysis of optimization level of fiscal-budgetary policy for Romania emphasized a value of total annual scores at half of the maximum value. Scores ranged from a minimum of 2.52 points (50.4%) in 2009 to a maximum of 3.02 points (60.4%) in 2010.

From an evolutionary perspective it can not be identified a trend in achieving the annual fiscal-budgetary optimum situation, the level of fiscal-budgetary optimization has seen successive upward and downward variations. We believe that Romania is positioned at a large distance from the ideal in terms of fiscal and budgetary policy. It is absolutely necessary to take measures to reduce this distance. During the entire analyzed period it was identified two weaknesses that led to low scores, i.e. a small share of direct taxes in total tax revenues and insufficient revenues to cover necessary expenses.

$O_{3.3.}$ Analysis of fiscal policy decisions taken by the Romanian government to revive the economy due to international economic crisis as compared to the measures taken in this sector by other countries from Europe;

Most countries had to adopt in 2008-2012 a series of measures to mitigate the negative effects of financial crisis that swept across the planet. But as ambitious as the government's anti-crisis programs are in the world, studies show that their real effect in economy directly depends on government efficiency and on their ability to inject resources as quickly in productive means. Fiscal measures is characterized by failure to counteract the negative effects of financial crisis without addressing them in a fully package of measures aimed to other economic issues. Although there was applicated a wide range of fiscal measures anti-crisis, they did not provide consistent support to the Romanian economic entities affected by the crisis. Short term measures such as the VAT increase and the introduction of the minimum company tax proved to be accompanied by opposite effects as restricting consumption and liquidation of small and medium enterprises. We appreciate that increasing the tax burden is not the best solution in terms of fiscal policy, but taking measures to unearth black economy could be. Romanian government has avoided some tax measures that we consider appropriate for the current situation in our country such as extending reduced VAT rate for basic goods and services and a range of food, given a reduction of taxes' payment before the date of payment under interest rate of treasury certificates and securities issued by the Government.

No one can speak of a trend in the anti-crisis fiscal measures taken at EU level. Centralization of major fiscal decisions of European countries led to the finding that 17 of the 27 EU Member States have resorted to personal income tax changes through 36 of fiscal policy decisions, of which 12 targeted increases in tax rates and 24 targeted reductions. Regarding social contributions, the fiscal responses aimed at changing tax rates for both employees and employers, and broadening the tax base on which social contributions are applied. The EU 14 Member States took 23 decisions that have targeted tax adjustments of companies profit tax rates. European trend has been to reduce these rates by percentages ranging between -0.5% in the Netherlands and -8.9% to Germany, except for Portugal which share increased from 26.5% to 29%. The easiest way to increase government revenues, if budget is poor, is given by an increase in tax burden through indirect taxes. In the period under review at EU level have been 33 increases in VAT rates. Of the 27 EU Member States 12 have not decided to increase revenues by increasing the standard rate of VAT until 01.01.2012, namely: Cyprus, Luxembourg, Malta, Germany, Holland, France, Bulgaria, Austria, Slovenia, Belgium, Denmark, Sweden, 10 countries have not increased the reduced rates. Instead the four years under review have brought increases in the standard VAT rate from 1% for the Czech Republic, Slovakia, Italy, Poland and Finland to 7% in Hungary, 5% in Romania, 4% in Greece and Latvia. Variety of circumstances and the measures taken make impossible to recommend a policy that is applicable internationally. Outlining a package of measures should reflect the particularities of each country, to take into account its economic and social structures, and institutional factors.

Although necessary, a comparative analysis of taxation techniques in European countries has a static utility because the legislation is unstable in most cases. The proposed analysis in the second chapter involves dividing the major tax obligations as currently practiced by European countries in certain types of technical systems. Taxation technique by a fixed amount is used by all EU Member States to determine the excises, except ad valorem duty on tobacco products. For example, for alcohol it had found that Member States apply two methods of taxation. 24 Member States of 27 apply the technique of € / hl, of which 11 states are reporting to the sugar concentration hl / ° Plato and 13 Member States make reference by alcoholic concentration hl / ° alcohol, 3 states apply the technique of progressive taxation but as fixed amount. As a technique of taxation, VAT in the EU-27 fall in proportional taxation. EU Member States currently use standard rates ranging from 15% in Luxembourg and 27% in Hungary. Among countries with low standard VAT rate is 17% in Cyprus, Estonia and Malta 18%. Denmark and Sweden with a standard rate of VAT of 25% are in the top European countries with the highest level of indirect taxation, unfair in terms of tax. Besides the standard VAT rates, countries apply reduced VAT rates, so we have 13 states with two rates, 12 states apply a single reduced rate of VAT, Poland has three reduced, and Denmark has no reduced VAT rates.

Progressive taxation is the most commonly used for income taxpayers. On January 1, 2012 19 of the 27 European Union countries apply it in a number of tranches ranged from two installments in Ireland, amounting to nine installments in Greece, the average number of installments being 4 installments in seven countries. The technique under discussion is applied for the company tax, but only 4 Member States use this method to standard taxation of corporate profits. On 01/01/2012, the other 23 EU member states use proportional percentage rates ranging from 10% in Bulgaria and Cyprus and 35% in Malta. Synthesis of taxation techniques in Romania show preference for proportional taxation. Progressive taxation technique was identified only for two fiscal obligations, namely, taxes on vehicles and tax on income from real estate transfer. Between tax systems used in international practice, tax-based system using composite tax rates accompanied by a progressive tax deductions best suits tax requirements, but is not enough to constitute a fair tax system. The waiver of progressive quotas forflat tax is considered another kind of vision of tax equity, although the proportional tax rate do not ensure an absolute mathematics fairness, but it ensures equal treatment of taxpayers.

Tax burden is quite complicated issue, since too much pressure discourages taxpayers to save and invest. It is desirable that a taxpayer feel that taxes paid are spent effectively in his interest. We believe it is necessary that each country has to kept tax burden within tolerable limits for its citizens, but also be able to meet the basic needs of individuals. Dynamic analysis of fiscal pressure in our country during the 1995-2011 leads to identifying a cyclic evolution, correlated with periods of political color of government and ruling parties. So, after two periods of fiscal pressure boom 2004 - 2007 to 29% and from 1996 to 1999 with a maximum of 31% (1996 and 2004 are election years), it was that after 15 years, in 2010, the tax burden returned in 1995 at around 27%. Typological analysis of fiscal pressure highlights the fact that the three categories of tax burden for Romania outweighs the indirect tax liabilities hidden in the price are the most pressing ones and most received to public budget. At EU level there is a gradual reduction of tax burden after 2000. On the whole EU, there are considerable differences in the levels of taxation, taxation rate in Member States varies from 26.6% in Latvia, 27.1% in Romania, 28.2% in Ireland to 48.1% in Denmark, 46, 9% in Sweden, 43.5% in Belgium, 43.1% in France and Italy. While the old Member States have a balanced share of direct taxes, indirect and social contributions in total, the new member states are characterized by a low share of direct taxes in total tax liability due to introduction of the flat tax.

Romania can not avoid the pressures of international tax competition which comes primarily from the EU European countries, but also from non-members too. The fact is that our country has to withstand the tax competition given that public revenues are considerably lower. Tax system and the tax rates are factors of attraction of foreign investors in Romania. Broadly speaking, tax competition involves application of low tax rates to attract investment, but it is not limited to this because not only the tax liability is what concerns today's international economic agent, it is important the ease and manner in which he pays the tax liability, including their stability over time. Reducing tax rates gives a short term advantage that is quickly followed by a similar movement in neighboring countries. The main factor influencing the investment decision of an investor is, in addition to the tax burden, predictability of public decisions which is essential in building a serious business plan, on long term, i.e. on five years.

Over the last chapter ***„PUBLIC BENCHMARKING - METHOD OF COMPARISON OF PUBLIC FINANCIAL RESOURCES POLICY?”*** is treated the notion of benchmarking,. We intend to transfer it from private sector in public sector. The chapter focus on the potential that this process can play in international comparisons in public sector in general, but especially in public revenues, in particular. Benchmarking is a systematic process that aims to identify and understand the best practices of others and their customization to apply on their own. American literature recognizes benchmarking as one of the most effective techniques for identification and optimization options to improve competitiveness. Benchmarking is a lifelong learning concept, which makes you aware that you have fallen behind best practice and show you the ways to reduce the gap by stimulating the process of continuous improvement of its work. Over the last chapter has insisted on finding solutions for Romanian public financial resources policy with the desire to reduce the gap which separates us from other Member States of the European Union, in general, and France, in particular. I chose this topic for reasons of lack of fiscal benchmarking literature, on the one hand, and on the other hand because fiscal policy makers in our country are in full tax reform and the examples of European countries could provide a framework for their efforts. It is added the fact that a few of taxpayers are aware of the characteristics of tax systems of other countries, they belive that taxation of their country is often oppressive. At first instance we identified the main ways of forming public financial resources in our country, but in the end of the thesis we studied in detail the public revenues policy in France and its particularities using public benchmarking method.

$O_{4.1.}$ ⊛ Shifting the notion of "benchmarking" from private sector to public sector and its adaptation to public finances, proposing its use as a comparison method to identify best practices in international taxation;

Benchmarking is based on a philosophy of continuous improvement, is an excellent tool for change management, it identifies performance gaps and opportunities for their reduction. A public organization which adopts a benchmarking orientation, implicitly recognizes that there is place for improvement and that they can learn from others. Benchmarking helps an entity to redefine objectives, includes an evolutionary manner adage "do a little better, do a little quicker." Benchmarking is based on two ideas: the idea of learning from others and the idea of learning with others. They are valid both within organizations and between organizations. We believe that benchmarking is essential for understanding the needs, grievances and demands of taxpayers. Benchmarking helps public agencies to innovate, to change, improve and learn from others. It is simple and easy to understand and used. There are some keywords that lead to successful completion of a benchmarking: flexibility, ease of execution, willingness to work, moderation in future goals, commitment and total transparency. We consider that it is vital for a public manager to develop a desire for change, seek new ideas outside the organization to achieve a successful public benchmarking and application prospect of continuity in improvement. For public authorities which adopt an effective benchmarking, it becomes a daily activity, part of public management. Public benchmarking is a systematic approach because it includes a series of activities that allow managers to identify where performance improvements are desired and how they can be made. The fact is that benchmarking is not taught through lectures or reading a book, but only by experience, which is not without risk of failure. Benchmarking in public sector institutions determine the public to wonder what they can do to provide quality public services.

We know that public institutions are accompanied by a high level of bureaucracy, justifying the change of current practices and incorporating modern management tools. Benchmarking appears as a management tool with advantages for the development of quality public services. The practice of benchmarking is a product for both local and central authorities, whose impact must be recognized in determining public policy sector. The knowledge of best practice can be a good opportunity and an incentive one for policy makers, to improve performance and even exceed targets. The public sector of a country depends on the development of public sector in another country, so interest on international benchmarking becomes increasingly more used between world countries. In conclusion, public institutions must build a culture of public benchmarking.

To achieve this goal we discussed the concept and argued the potential of public benchmarking, the stages of this process, the advantages and limitations posed, but we also exemplified some practices in this area. Let's remember that benchmarking has its price and can have a considerable cost, including travel costs, other indirect costs, it consume time while the level of success is not 100%.

By the application of benchmarking for public revenue policy in France and Romania we have shown over 40 features of French public revenues' system. Public revenue of French budgetary system focuses mostly on the social protection system, however, in Romania, the largest public revenues are at central level. France is ranked among the European countries with the highest tax rate that exceeds 40% of GDP, if we take into account social contributions, while Romania is the member state with the lowest tax rate. The main feature of french taxation system is progressive taxation by home and by applying the mechanism of tax quotient. Imposing the tax home suppose the aggregate of revenues by taking into account all of tax home / tax household / family income. In turn, deductions and reductions will be aggregated, the taxpayer is responsible for tax payment responsibility. A tax home consists of: the taxpayer himself, the spouse, if married or PACS, and dependents. Income tax in France is done through tax quotient mechanism, which aims to match the total amount of tax to the contributory capacity of each tax homehold, varying according to the number of people who uses family income, it recognizes the superiority of marriage.

The tax system is not only by family, but also progressively. Progressive taxation (5.5% - 41%) is designed to reduce the income gap between taxpayers, leading to social cohesion and common prosperity, not intended to egalitarianism. France is customized by the wide range of tax credits or expenses incurred by the taxpayer that can be partialy derived from tax or taxable income after application of the tax rate scale. Of these we consider to be the most important children's education costs, costs of hiring a person at home for various activities, union fees and capital contributions for the establishment of companies, the costs of caring for a child under the age of 6 years (nursery or at home), costs to reduce energy consumption, cost of the interest for student's loans, interest paid on mortgages for first homes. The French state apply the technique of "tax shield", i.e. it can not be taken as tax revenues more than 50% of the taxpayer's income, and taxpayers who paid a higher amount may request recovery of taxes paid over the limit (income tax, social contributions tax, housing and land taxes). Unlike individuals in Romania, the French due wealth tax and taxes on donations and legacies.

As in Romania, the corporation tax payable by companies is an annual tax based on anticipated payments system, a share of 33.33%, double that due in Romania. In the European Union, Austria and France apply a mandatory minimum corporate tax. But France has set a minimum tax for large companies, whose annual turnover exceeds € 15 million, not as Romania where small companies owed annually € 500. French tax law also provides the following tax obligations on companies: payroll tax, social contribution for solidarity of companies, additional contribution, sector tax, a tax for learning to which is added an apprenticeship contribution and a further contribution, a tax for participation to continuing vocational training, a tax for participation to the construction effort.

Since 2000 to present, in France the standard VAT rate is 19.6%. A reduced rate of 5.5% applies to basic necessities (food, agricultural products, fish products, firewood, plant protection products, art, travel transport, equipment for disabled people, drugs cleared, electricity, gas, water, hotel accommodation, theater shows, circuses, concerts, etc.), a particular rate, super-low rate of 2.1% applies for compensated medicines, books, daily newspapers and certain approved drugs, the first 140 best performances theater, sales of animals by individuals, etc. 2012 brought a series of legislative changes aimed the VAT rate. The standard rate of VAT is increased to 21.2% from

October 1, 2012. Created in 2009, 5.5% reduced rate was increased from January 2012 to 7%, keeping the basic food for some 5.5% by March 2012.

France is financed only by issuing securities. French stock market is characterized by high liquidity, is one of the best in the world bond markets due to the application some assimilation techniques. Another defining characteristic of French government securities market is transparency. The third keyword that describes the French market bonds is innovation. Innovation in the active management of public debt refers to the range of securities and government securities issued with an interest rates indexed to inflation. France does not appeal to international financial institutions for funding, unlike our country which is heavily financed by external loans. In 2011 the French public debt exceeded 80% of GDP and that of Romania exceeded 35% of GDP. Benchmarking partner has a high level of indebtedness, since 2003 it no longer met the Maastricht criteria on public debt limit to 60% of GDP. Financing cost by borrowed resources represented by the coupon rates of government securities is obviously higher in Romania. This is due to the confidence of investors in Romanian securities, trust is correlated with country rating of the benchmarking partners. According to S&P's, at the end of 2011, the French government securities had AAA ratings and the Romanian ones had BB + rating.

The local administration of France is organized into 26 regions, 100 departments and 36,380 communes. The mechanism of financing local communities is in the middle of a tax reform which supposes removing one of the local budgets key taxes, professional fee, and replacing it with a territorial economic contribution and compensation due to the negative implications of this reform. Current financial resources of French local communities came for more than 60% of tax revenue collected from the population as local direct taxes, as well as other indirect taxes. Transfers received from central level to finance current expenditures represent only one quarter of the revenues necessary to conduct a normal activity. The most of tax revenues came by taking "the four" local direct taxes (taxes on housing, professional tax, tax on land without constructions, tax on land with constructions). French tax system is distinguished by the active participation of companies to the local budget through a flat-rate contribution to the added value created during the fiscal year for companies with a turnover exceeding € 152.500.

The indirect tax revenues are: raising waste fee, tax for sweeping public streets, municipal and departmental fee for mines, flat tax on electric poles, seasonal activities faction tax, tax on commercial surfaces, internal tax on petroleum products, tax on insurance agreements, gross income tax for repairing mechanical, electricity tax, levy on casino revenues, fees for use of public slaughterhouses, sidewalk fees, etc.

Funding is not based on transfers from the state budget as for Romania. Unlike Romania, policy of transfers from the state budget is more diversified, there are 17 types of transfers that are composed of other subcategories of transfers, a more cumbersome and complex mechanism. A feature of the benchmarking partner is the situation in that the state exempts or cuts local tax that adversely affects the cash flows on the ground, then to the local budget is given some money to compensate for various local financial losses. The same applies to the legislative changes that lead to reduced collection of resources to local, departmental and communal budgets. 2010 has disrupted the French local tax landscape by suppressing professional tax and replace it with fiscal compensation, i.e. transfers from the state budget. Regarded as a feature, taxation transferred to local budget suppose the fact that a local government collects revenues for the state budget, then it reverse some public money in accordance with the services rendered. Local borrowing occurs mainly due loans. There are very few communities that appeal to financing by long-term bond issues, in general important administration, as Paris is. It is noted that increased competition causes local financial autonomy, highlighting differences and inequalities between communities. But the redistribution of tax revenue is interpreted as a regulating factor, as a harmonization of the local system.

$O_{4.2.}$ ❁ Making a public benchmarking of public revenue policies in Romania and France in order to identify the features of public revenues policy which creates, or not, financial performance in France and their level of acquisition and adaptation to the conditions from our country.

The goal of our research is not to prove that the public revenues policy in France, and therefore French tax system, are the best international practices and should be taken literally in the case of our country. But, we certainly do not dispute the France international performance as compared to Romania's performance. French practice can be considered better because it has results and success over time, works well, is innovative and adapts to global economic circumstances. The application in Romania of the French tax system would be doomed to failure, because there are discussed two different levels of economic development, but above all, two different perceptions of the role of state and tax morality. However, we believe that our country has to learn from French tax practice. A quarter of government revenue policy particularities of France has a high level of adaption to our country's conditions.

After a critical analysis of outcomes of public revenues' policy benchmarking in Romania and France it can be made the following policy proposals to improve public revenues, especially the the Romanian fiscal system. With regard to people's incomes taxation in Romania we appreciate that the family is now more powerful than in France, which would be a favorable factor for globally wages taxation by family, but without applying the complex tax quotient mechanism. I think it would be difficult to implement such a technique because first of all it requires a change in mentality and tax culture of the Romanians. As Romania tested the functionality of the minimum annual corporate, we do not exclude testing the implementation of overall wages taxation by family. It should be applied after completion of the fiscal year under a voluntary regulation statement made by the head of family. It could suppose payments as withholding monthly and it could take into account a range of family's features. This technique can be a real support of the middle social class by applying a system of deductions and tax credits when calculating salary tax. Deductions could cover the costs of maintaining a disabled person or elderly living expenses, school fees for children up to university level, partial deduction of capital contributions to joint stock companies, rental costs, monthly expenses for nursery, kindergarten and school with extended hours for childcare by the age of 10 years, spendings for reducing energy in the house, interest expense paid on mortgage loans or for buying the first car. When applying such a tax relief system it must be limited by setting a maximum amount of deductions, whether absolute or as a percentage of taxable income.

As a supplement tax revenue, it may be the introduction of a wealth tax or property tax. The property can mean the total value of mobile (cars, jewelry, paintings, art, etc.), the total of real estate (farmland or near, ponds, forests, lakes, homes, vacation homes, etc.), deposits in banks and long-term equity capital of legal entities, owned by a person in the country or abroad. We consider a annual tax rate should not exceed 1% and should be applied to higher fortunes of € 750,000. Another proposal involves to cap total annual direct taxes to 50% of the yearly gross income as French model. I.e., the Romanian state should not annually collect as direct taxes more than 50% of total income of taxpayers. The category of direct taxes for applying this technique in Romania can include wage tax, social contributions, taxes on buildings, land tax, tax on vehicles. Taxpayers may be entitled to reimbursement of taxes paid in excess of this limit.

In the field of corporate taxation, a proposal aimed at providing relief, total and / or partial of corporate tax for newly created company or for companies that create jobs. We consider to be a good practice to grant total exemption in the first years, and partly degressive in the last years. It should be implementated the application of tax credits for company's training expenses for employees, but also for certified organic farmers depending on the number of hectares cultivated bio. Punishing the companies that retain social contributions to employees by withholding and do not pay them to the state budget. This can be done by considering the unpaid taxes as undeductible expenses to calculating taxable profits, which lead to increased tax base to which is applied the tax rate. Application of corporate profit tax rates by different sectors, replacing the minimum annual tax idea. These could be applied to certain areas where the incidence of tax evasion is high. An other one could be the sanction of companies that do not get paid students practice at least 1 month, with a percentage tax of 0.5% of gross monthly salary fund.

It were identified three "good" practices in the French sphere of indirect taxation, practices that can be applied to the Romanian fiscal system, namely: application of reduced VAT rate for food, passenger transport, electricity consumption, water gas, increasing excise duties on alcoholic beverages and the introduction of excise duty on carbonated drinks, a tax on advertising on radio, TV and Internet.

We believe that, in terms of funding by borrowed resources, France is not an example to follow, because it is a highly indebted country, over 80% of GDP, which strives to reduce debt. Romania should devote their efforts by the application of internal measures to reduce external resources provided by international financial institutions. To increase the attractiveness of issued securities a state may provide a good interest rate to compete with that offered by companies, but its disadvantage is the aim to reduce the cost of funding. But it may issue securities with tax exemption for their owners. Romania should make efforts to increase secondary market liquidity for government securities to attract foreign investors.

Local funding is done by the same means in both states. In terms of local taxation, it seems not to be a viable option an additional tax levy on building collected by local budgets for the state or the practice of establishing the maximum local tax rates according to the national average rates. Instead, it may grant partial tax reductions on land tax for lands affected by natural disasters or bio cultivated. We also propose additional tax sanction of the owner of uncultivated farmland during 3 consecutive years. In terms of local budgets financing by external resources we appreciate Romanian local government practices as viable, borrowing money shloud be made on reasons of cost of financing. The fact that the Romanian municipal bonds market is growing it can only make us happy. The technique used by benchmarking partner to increase the level of local financial autonomy is direct taxation of large companies depending on the value added created by them. For this, in Romania may resort to introducing of a tax on turnover of local companies, as the French model of regional economic contribution.

Above all, budgetary transparency and performance orientation should be borrowed from the French practice. Transparency of budgetary information takes the first place in France because there are many related documents accompanying annual public finance law. The tax institutions are an unbiquitous actor in the tax game. France has seen a continuous organizational reform in recent years. Modernization, efficiency and accessibility have become words and slogans of tax administration that wants performance and listen to the taxpayer.

We manifest a certain reserve on the level of success in implementing these measures because we have no objective way to test their applicability and the reaction of taxpayers can not be anticipated without estimation errors. The only way is to implement by legislation, and if there are positive effects it may continue, but in the opposite situation is going to eradicate them. A key step of benchmarking process is acceptance of discrepancies found between the two public policy. For implementing a set of such measures it should have a very good plan of action to underpin long-term vision. This vision should materialize in the first instance by setting functional goals that before the actual implementation should be simulated their statistical effects. The public benchmarking can not be held individually, but organized in national research institutes. Moreover, for starting some practical activities such as those proposed by us it requires a team ready and responsible for their implementation. It requires, of course, resources, but the success is not guaranteed. Inspecting progress of the work would be absolutly necessary.

Current global and national socio-economic context, in conjunction with the need to identify some scientific measures to counter the crisis' effects, lead to continue our scientific research at international and national level. We do not claim that the research is to present an exhausive paper, we consider that it could be draw lines which can be later analyzed. It can be a challenge to support future developments and completations by those concerned on the subject. Certainly, all the results and conclusions throughout the paper are improvable. The theoretical significance and practical value result from the recommendations and warnings that the PhD thesis contains. Primary and secondary objectives proposed, many calculations and complexities of public revenues have led to a series of challenges ahead that will generate further developments on this subject. We express our interest in some future research directions, as follows:

- Extension of analysis on the correlation between tax revenues and a series of economic indicators by testing potential new factors and by increasing the sample of analyzed countries, especially from other parts of the world;
- Improve econometric multifactorial and linear regression model for forecasting of tax revenues through an econometric model based on multiple equations;
- Further development of a questionnaire-based study of Romanians tax morality level and analysis on implications of psychological factors on the dynamics of tax revenues at central and local level;
- Analysis the funding capacity of the state budget and local budgets by EU funds that are available to Romania under the sectoral operational programs;
- Further research of tax elasticity of government revenue by reference to factors other than GDP and by extending the sample of countries for which is determined;
- Improve multivariable instrument for measuring the level of fiscal-budgetary optimization by including or excluding some variables of public revenues by changing the coefficients of importance of each variable or by changing the interval boundaries of ideal situation from a fiscal perspective;
- A real challenge for further development is given by the continuation of the benchmarking process into public revenues in Romania and France through a statistical simulation of the implications of above proposals and extend this method to other countries, but also for other public sectors.

Budgetary policy, in general, and fiscal policy, in particular, have played major macro economic roles in the evolution of any state. They have become instruments of market economy to accomplish the objective of dynamic economic growth, uninflationary and sustainable one, able to generate new jobs along with the acceptance of structural reforms. To achieve more complex and multilateral tasks, the state uses the public revenue system as economic levers. The tax system should be simple and flexible, able to ensure not only full and timely implementation of budgetary revenues but to influence economic consolidation, to stimulate production and to raise living standards. The methods by which a state uses to collect public revenues are not permanent, they change and improve continuously to match better the tasks which the state has to fulfill. Budgetary and fiscal policy objectives can be achieved only in the context of a strategy. Currently, the primary objective of fiscal policy is to restore credibility and stability of public finances. Fiscal policy may be beneficial for economic development given that it take into account the concrete conditions of economic and social life, the demands of present and future needs, otherwise it can inhibit the development and could lead to economic decline and social unrest.

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