

# Causality Macroeconomic Crisis-Management

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## Abstract

*Inventory of potential events that could degenerate into crises is very important what constitutes "crisis management", "crisis management" or what Bernard Dagenais called "management challenges." It is interesting concept used by Dagenais, as he says:*

*"Management challenges" has a meaning very close to what experts consider that today involves crisis management ,..*

*Identification of strategies to provide solutions to the monetary and financial intolerance of slow economic progress in recent years, is a challenge for analysts and experts in the field of crisis management..*

*Identification of strategies to provide solutions to the monetary and financial intolerance of slow economic progress in recent years, is a challenge for analysts and experts in the field of crisis management. In such cases, it is obvious the management to identify those options with realistic character to resist the fierce opposition of society manifested by severe steps toward restructuring and reforming the system.*

**Key words:** management, macroeconomic, agriculture, evaluation, efficiency

**JEL classification:**E61

## 1. Introduction

"Virtually every crisis contains the seeds both success and failure roots"(Dagenais).

Management has become a concern imposed by the current economic situation, milled uncertainties and ambiguities that have the force of planetary contagion. Identification of strategies to provide solutions to the monetary and financial intolerance of slow economic progress in recent years, is a challenge for analysts and experts in the field of crisis management. Management has become a concern imposed by the current economic situation, milled uncertainties and ambiguities that have the force of planetary contagion.

Conceptualizing crisis has been a concern for experts domain, for example Michel Regester and Jude Larkin, which defined crisis being "an event that brings the company in the position of subject of general attention, potentially unfavorable from the domestic communication and international and other groups such as customers, shareholders, employees and their families, politicians, unions and pressure groups environmentalists, who for one reason or another, have a legitimate interest in terms of the organization's activities. No longer a the problem will occur if a major crisis; the problem is when, how and what kind will it be "currently we are faced with socio-economic environment where there is uncertainty generated by the joint action of disturbing factors in the impact of monetary policies , commercial, financial and social, resulting imbalances macroeconomic.

## 2. Situation of irrigation systems nationwide

Agriculture in Romania represents a value of 5% of GDP and engages 30% of the active population employed. Romania has an agricultural area of 14.8 million hectares, of which only ten million are occupied by arable land. After an assessment made in November 2008, approximately 6.8 million hectares of agricultural not worked. The value of agricultural production in Romania was 64.4 billion in

2010. Crop production was worth 43.4 billion lei (67.5%), the animal of 20.4 billion lei (31.6%) and agricultural services amounted to 557.2 million lei (0.9%). In 2009, the total value of agricultural production was 59.9 billion lei (decrease), and 66.9 billion in 2008 (40% increase). In 2013, agriculture has made 18.5 billion euros economy, which is the best result of istorie.În 2009, Romania exported food products worth EUR 2.1 billion and imported goods worth EUR 3.4 billion. In 2010, Romania had an external deficit of 700 million in imports and exports of agricultural products. In 2011, Romania exported food products worth 2.9 billion euros and imported 3.7 billion annually euro. Annual consumption of fruit and vegetables per capita in Romania is about 70-80 kilograms while the European average reaches 90-100 of kilograme.Agricultura is the most vulnerable sector of the Romanian economy, nearly 30% of the population working in this domeniu.Una of the major issues in Romanian agriculture is tax evasion, estimated at 2.5 billion per year in 2011.

The irrigation-in May 2009, is running irrigation for 563 000 hectares of farmland, of which 553.000 hectares (or 99%) of organizations are contracted water users irigații.La Chapter irrigation Romania has a shortfall of 2.6 million hectares Neudau. On paper, the irrigated area is about 300,000 hectares, but only 100,000 are factually hectare.Alte sources indicate an area of 560,000 hectares irigate. Before 1989, Romania had an extensive irrigation network in an area of 3.2 million hectares which was almost completely destroyed, installations being stolen or left unattended. Most functional irrigation systems in 1989 were scrapped and others were also not been built. According to some estimates are needed around 14 billion euros to set up an irrigation system at the level of 1989, whereas restoration system on one hectare of land costs around 7,000 euros.

### **3. The causes of Starting the crisis and agricultural irrigation systems**

Agriculture is a branch of traditional Romanian economy which has the means of production land fund (all land situated between the borders of a country, including those under water) agriculture, which provides food humanitarian goods, raw materials for industries and for export. after 1990 Romanian agriculture is facing these difficulties: - strong fragmentation of agricultural land restitution as a result of 1991 (Law 18); - lack of funds for investment - dismantling irrigation systems (3 mil. ha in 1989, 1.1 million. ha 2002)

The low level of average production plant and animal, in conjunction with agricultural exports was due to fundamental shortcomings in the supply of the population with food products.The agriculture evolution in Romania after 1989, influenced the development of agriculture before becoming causes 1989, created the premises appearance economic crisis of agriculture. Mutations quantitative and qualitative agricultural structures were not followed as would have been natural for getting results in production activity such as agriculture changes. From this point of view agriculture is still in crisis, unable to fully ensure the quantities of agricultural products household consumption. Assessing the current situation of agriculture enable decisions to be able to discern the real tactical and strategic opportunity to ensure agriculture to fulfill its basic functions, directing the development of the Romanian agriculture so that correspond and requirements arising from possible and desired entry of our country into the European Union . The current situation of agriculture in terms shall be interpreted and deficiencies in the application of the land law (Law 18/1991) in particular and other laws. By degradation occurred not only in former cooperative sector but also in the public sector. State ownership in agriculture, the principles reorganized companies, although he benefited from a technical and economic endowment superior new forms of association or corporate holdings of private sector through Harvests failed to contribute significantly to meeting the demand for food products. Lack of interest of workers in the sector, especially credit and financing system has shown negative influence on these business units.Romanian agriculture during 1990-2000-effects that they have had their wrong decisions in the period 1990-2000 on agriculture are multiple, given that agriculture occupies about 20% of GDP. Such losses incurred by the Romanian agriculture in the last 10 years as causes: -Destruction of agricultural production cooperatives heritage (CAP-3776 units) - 90 billion lei; -Atomization of agricultural property: 40 million parcels, 5 million owners - an annual loss of about 7000 billion, self-consumption due to falling 80-100% - inadequate facilities with equipment, to cultivate the whole agricultural area and delay in work - led to annual losses of 4,800 million lei; -Deficit tractor (tractor there is a 56 ha) - losses 6750 bn / year; - Incorrect application of the law 18/1990 and law in perfections-have led to about a million legal processes (taxes 2,000 bn lei.) - Not using irrigation system, considerable damage to installations 2

million Ha. (Using 113 thousand ha - 4.2% of the area for irrigations) not applying herbicides and pesticides - 3 billion loss. Dollars annually; -Abandoning the use of modern technologies, works of soil erosion - loss of 5250 billion. lei annually ; -Low fertilizers (1989 to 2.7 mil. tonnes to 200-300 thousand tons in recent years) - 17,500 billion loss. lei; -Deforestation in horticulture and viticulture 76 thousand ha - export losses 30 mil. USD / year; -Slaughter of animals (approximately 40% compared to 1989) - was reached on the import of meat and maize surplus.

#### 4. Management of crisis in the agriculture and irrigation systems

Inventory of potential events that could degenerate into crises is very important what constitutes "crisis management", or what Bernard Dagenais called "management challenges." (Dagenais, 2002, 32). Dagenais interesting concept is used because, he says: "Every year, company or organization sets its priorities, establishes objectives, adopt policies, faces some challenges, leading battles, suffering seizures and mistakes [...]. It is not about to divulge, but to manage these elements. "(Dagenais, 2002, 32)." Management challenges "has a meaning very close to what experts consider that today involves crisis management .." Virtually every crisis contains both the seeds of success and failure roots. Finding, nurturing and harnessing the potential success is the essence of crisis management.(Larkin and Regester, 2003). Crisis:According to Valeriu Tones and Ion Chiciudean there are two kinds of effects of crisis: those relating to component and material related to the symbolic(Chiciudean and Tones, 2002). If the material losses are concerned things are clear in terms of symbolic or existential component, as it is called, the two authors are of the opinion that the effects of crises within the organization are: (Chiciudean and Tones, 2002)

The first effect "is the threat to the whole industry, domain or sector of activity that has to do with the crisis."

The second effect "of a major crisis is changing the mission of strategic (general purpose of the organization) due to the perception of an organization bipolar (good / bad) by public opinion."

The third effect occurs at the individual level. "Crises disrupt subjective world of the individual, how they perceive the world and himself, sense of self, power and identity, internal balance. [...] A crisis not only affects the physical structure of an organization, but also its symbolic system, organizational culture: symbols, traditions, beliefs, myths, values. "(Chiciudean and Tones, 2002)

Crisis management consists of three sequential targets namely:

*First*, the ideal is to prevent crises when possible.

*Second*, if a crisis arises, however, it is to change the negative effects it might have on the company or product.

*The third* is to provide a platform for the company's future.

The outcome of a crisis always has to do with the readiness of the organization and how fair is the leadership to the task tasks and goals of the organization.Before I move on to detail the steps related to crisis management, as well reviewing some mistakes in crisis management.These James E. Lukaszewski's vision are(Lukaszewski, 2000, 390):1.Hesitation - leading to a public perception of confusion, insensibility, incompetence, or lack of preparation.2.Confusion - leading to the perception of dishonesty and insensibility.3. Revenge-which increases tension and intensifies their emotions instead of reducing them.4. Distortion or equivocation-that creates the biggest problem, because nothing can substitute for the truth.5. Dogmatizing-that create vulnerability in that it appeals to an autocratic approach without actually manage current problem. 6.The confrontation-which supplements the visibility through maintenance problem, providing a platform and new reasons to the opposite side to respond. According to Kurt P. Stocker (Stocker, 1997, 191), planning is the key crisis management - Monitors all know what happens to you or your industry in which you operate and what to do.7. The dispute - that guarantees greater visibility and can eliminate more reasonable solutions.(Lukaszewski, 2000, 390).Elements of a strategy for crisis management can be summarized by the following five steps and a known specialist in this field, Kathleen Fearn-Banks: prevention, preparedness, detection limit, recovery and learning.

The causal relationship and decision-management system, crisis, macroeconomics is determined by the following steps:

- Prevention of crisis
- Preparation for crisis
- Response to the crisis

### ➤ Post Crisis Period

The effects of crisis are:

1. The first effect "is the threat of whole industries, domain or sector of activity that has to do with crisis."

2. The second effect "of a major crisis is changing the mission of strategic (general purpose alorganizației) due to the perception of an organization bipolar (good / bad) by public opinion ."

3. The third effect occurs at the individual level. "Crises disrupt subjective world of the individual, how they perceive the world and himself, sense of self, power and identity, internal balance. [...] A crisis not only affects the physical structure of an organization but and its symbolic system, organizational culture: symbols, traditions, beliefs, myths, values. "(Chiciudean and Tones, 2002).At this point, you must ask, "why we need a plan for crisis management?" Here are some possible answers in a random order: • for any institution / organization is not exempt from crises; • because "sit idly by" until the crisis is over is a solution but with which at most can succeed endangering the very existence of the organization; • as many examples have shown that a crisis can come out with the image untainted or even a better reputation than before the untoward events; • because if a crisis precipitated events unfold so as not effective time to prepare a plan.

Agriculture is a branch of traditional Romanian economy which has the means of production land fund (all land situated between the borders of a country, including those under water) agriculture, which provides food humanitarian goods, raw materials for industries and products for export.Crisis management and decision making in agriculture and the irrigation systems in the current round,involves the organization of the competent authorities as reprezentante the rule of law, the activities crisis prevention in agriculture, respectively with concrete action steps as prevention, preparedness, detection limit, recovery and learning.Thus, in the prevention phase or preparatory stage, crisis management in agriculture and the irrigation systems involves the factors with specific responsibilities in the public institutions and statutory authorities, conduct an inventory of action has the potential events that could degenerate into crize.Virtually every crisis contains the seeds both success and failure roots.Finding, nurturing and valuing the potential success is the essence of crisis management in the agricultural and irrigation systems in Romania.At the same time crisis the result of the implementation of recovery programs and restructuring and rural development of agriculture and irrigation systems through efficient use of water resources so as to be carezultat targets, the implementation by political factors and general economic factor, overall macroeconomic strategies regarding the agriculture and irrigation systems.Crisis management should pursue three objectives sequential crisis management, namely:-First, the ideal according to which try to prevent crises when this is posibil;-Second, if still identified some causes of the emergence of the crisis in agriculture and irrigation systems, to amend the negative effects that they may have on those causes the branch of agriculture and irrigation system with direct effects asupra agriculturii; -Third, according to which should be as the actions of macroeconomic policymakers to be offered a viable platform for the future of agriculture sector at the national and individual. At the same time crisis management in the agriculture and irrigation systems presupposes analysis of the result of the implementation of recovery programs and restructuring and rural development of agriculture and irrigation systems through efficient use of water resources so as to be targets, as a result of the implementation of political and economic factor overall macroeconomic strategies regarding the agriculture and irrigation systems.

Consequently, integrating a crisis plan in plans, missions and goals of the macroeconomic system is imperative. In contradiction to current thinking, most organizations are not prepared for a crisis.They often failed to prepare a plan or it (the plan), sitting somewhere on one of the shelves is expired and incomplete.

Thus, in Romania, the government program aims mainly in agriculture, halting the decline, gradual recovery and creating conditions for revival of agriculture in line with the potential for relaunching natural, economic and human Romania, in order to ensure food security of the population and creating funds for economic exchanges internaționale. It is envisaged:- Accelerating land reform; -Increased quantitative and qualitative crop and animal production and promotion of organic farming systems; Support offered for manufacturers to improve technical equipment, especially tractors, agricultural machinery, machinery equipment, machinery, chemical fertilizers, pesticides and oil products; -Develop a competitive market, to ensure real and stable adequate income to farmers; -Promoting a rural development program; -Ensure a favorable environment for attracting foreign capital to sustain the

investment and development of agricultural production in Romania. SAPARD program are mentioned and other funded programs external. It wants to create competitive structures with the EU in a position to implement agrarian programs, and supported by the public budget, such as: SAPARD, PHARE, SPP. Romania's governing program for 2014-2020, and at the same time reflects a set of principles underlying the European governance: -caution macroeconomic and and fiscal responsibility budgetary, respect everyone's right to decent work, well paid.:- Romania's governing program for the period 2014-2020-involved the conduct of socio-economic analysis of rural development following the global macroeconomic levels:-analysis of the socio-economic rural development in Romania; -Increase the competitiveness of all types of agriculture and enhancing farm viability; -Manage sustainable natural resources and climate action; -Economy rural quality of life, professional Formation; local & Development and LEADER. The basic tool of macroeconomic crisis management for the implementation of these strategies and global objectives, the project „ is the project technical and economic conjuncture with internal financing,,especially with European funding grant,, This p.v mention the following projects:

1) Project on the Development of Services to Agriculture.It was approved in January 2000 and is to be completed in December 2004. It is coordinated by the Ministry of Agriculture, Food and Padirilor and funds totaling EUR 17.4 million US dollars, of which 11 are funded by the World Bank and 6.4 Romanian Government.

2) Rural Development Project (RDP) -It is coordinated by the Ministry of Agriculture and was approved in December 2000. The costs will amount to USD 150 million, of which 100 million is a loan from the World Bank and 50 million will be incurred Government.

3) Projects reducing Agricultural Pollution-is a project worth US \$ 8.4 million funded by the Government and US \$ 2.9 million Global Environment Protection Programme (GEF) with a refundable credit of 5 US \$ 5 million.

4) Rehabilitation Project-Irrigation System is coordinated by the Ministry of Agriculture and is estimated at \$ 100 million, of which USD 75 million is a loan from the World Bank.

5) Forestry Sector Development Project, is a project worth US \$ 24,340,000 which will be concluded by a loan from the World Bank and through funding from the Government (to be established in what proportion).

## 5. Conclusions

As shown above, the macroeconomic crisis of agriculture and related sector of irrigation systems is a situation that can occur in any organization, in any key moment. The keyword of the crisis in the agriculture sector sector and irrigation systems it is inevitable and it is therefore not important to know the conditions by which we can evade such events, but rather what we can do to get out of them as well. Impact on which agreed the vast majority of specialists is that a such situation is a turning point for any sistem.He can become a moment of success or failure for each individual or organization that he is a "victim".An organization can suffer both physically and symbolically a slump.This worked because the subject crisis draws public attention to the organization and can may cause a negative image about her.The situation is extremely dangerous given that the first who suffers is the reputation and through it, the whole organization. Carrying out any branches of the national economy , especially the agricultural sector, obviously depends on its relationship with the public or consumers of its products and that it is not advisable to lose confidence in her and she coordinates the authorized institutions.

Therefore, something must be done to remedy the situation as soon as the crisis has been detected.The reform of agricultural policies both in Romania is a process that will not only depend on the internal situation and the evolution of the Common Agricultural Policy, but also the evolution the international situation, balance of forces between the two main competitors: the United States and European Union. Subsistence agriculture produce inflation caused by supply-demand imbalances and slumping commodities to feed the population, decay of internal market and increased import dependence.

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