THE EVOLUTION OF THE ECONOMIC-FINANCIAL POLICY UNDER THE INFLUENCE OF THE MODERN ECONOMIC CONCEPTIONS

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Abstract. *The changes suffered by the financial policies, like the transformations that they imprint to the entire social-economic framework, are the effect of the concrete evolution of its components: the budgetary, the fiscal policy, the credit and monetary policy, the price policy, or the revenue policy etc.*

Each policy has its own identity, integrating itself, by the means of its content and working tools, within the entirety of the financial policy, through dynamic and interdependent relations.

Key words: *economic policy, financial policy, modern economic thought, opinions, influences, impact, norms, regulations.*

Within the entirety of currents of opinions and of the doctrines expressed (and manifested) after the Second World War, the Keynesism is the most important doctrine. This determined "the instant and fast transformation of all the ideas, including the metaphysical view of the economic process."[1]

The model elaborated by John M. Keynes, – who was considered the greatest economist after Smith and Ricardo – developed after the great depression of the 1930's, in the 20th century, which outlined the faulty manner of functioning of the market mechanisms. Therefore, his conception is placed under the sign of modernity and it is distinguished "[...] by a new reflection upon the importance that the public finances (the financial policy A/N, M.P) must be invested with and upon the role that it must play in a country's economic, social and cultural development."[2]

[1] M. Blaug, *Teoria economică în retrospectivă*, Bucureşti, Edit. Didactică şi Pedagogică, 1992, p. 692.

[2] L. Philipe, *Finances publiques,* Paris, 3ème éd., Cujas, 1989, p. 24.

An. Inst. de Ist. „G. Bariţiu" din Cluj-Napoca, Series Humanistica, tom. VIII, 2010, p. 345–358

At the same time, we consider that his work represents, as a matter of facts, a new attitude towards the current order, because, just like Maurice Duverger used to say, “The fundamental error of the classic financists is to take in consideration the numbers alone, while the only ones that truly matter are the material realities that these numbers comprise.”[3] On the other hand, the Keynesian doctrine, totally based on the macroeconomic reality, is dominated by the spectrum of unemployment, which represents a fundamental unbalance, not only because of the social consequences, but also, especially because of the economic effects, the unemployment recording serious losses. Therefore, the economic model elaborated by Keynes, implies significant financial efforts on behalf of the public powers and aims to attain the economic equilibrium and not at solving the repartition problem as in the classics’ opinion.

We observe that, in Keynes’s opinion, the economic equilibrium has a dynamic character and it is based on five net and predefined global sizes that confine the analysis within the macroeconomic sphere. According to the analyst M. Onofrei[4], these indicators are: the labour force participation (E), the national income (Y), the individual consumption (C), the investments (I) and the savings (S).

The design of the Keynesian model is based on certain reasonable premises, namely:

a. the global income (Y) that equals the national product and it is divided, in principle, between consumption (C) and investments (I):

$$Y = C + I \tag{1}$$

b. the essential concept introduced by Keynes, is represented by the effective/solvent demand, whose size is determined by the expenditures for consumption and for investments;

c. the savings (S), are equal to the difference between the global income (Y) and consumption:

$$S = Y - C \tag{2}$$

Out of the (1) and (2) relationships, the equation of the Keynesian equilibrium is obtained: I = S, the equality between the size of the investments and the savings.

Moreover, the macro analysis helped Keynes to define and to explain a range of psychological factors, such as:

[3] M. Duverger, *Finances publiques*, Paris, Presses Universitaire de France, 4éme éd. revue, 1967, p. 86.

[4] M. Onofrei, *Impactul politiciilor financiare asupra societăţii*, Bucureşti, Edit. Economică, 2000, p. 105.

– the marginal orientation towards consumption (c'):

$$c' = \frac{\Delta C}{\Delta Y}$$

where: ΔC = the consumption increase;
ΔY = the income increase.
c' – shows how much the consumption moves up if the income increases by one unit;

– the marginal orientation towards savings (s):

$$s = \frac{\Delta S}{\Delta Y}$$

where: ΔS = the savings increase;
s – shows how much the savings move up if the income increases by one unit.

In the Keynesian model, the investments have a multiplier effect upon the production size and, implicitly, upon the national income, influencing the labour force participation rate, as it is illustrated in *figure 1*.

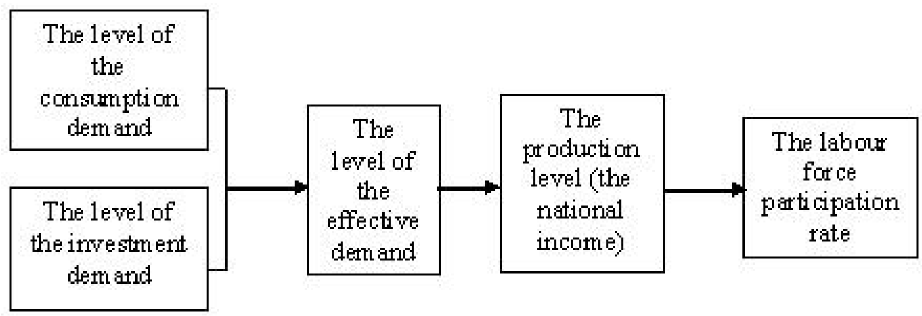

Fig. 1. The interdependencies of the Keynesian model's behaviours[5].

One of the essential ideas of Keynes's doctrine is that "[...] in a given economy, the decisions of consumption, and of saving respectively, are made by economic agents who differ from those who decide to invest. In order to make things more simple, let us suppose that the households are saving and consuming, while the firms are investing"[6], as one can notice in *figure 2*.

[5] *Ibidem*, p. 106.
[6] G. A. Frois., *Economie politică*, Bucureşti, Edit. Humanitas, 1994, p. 340.

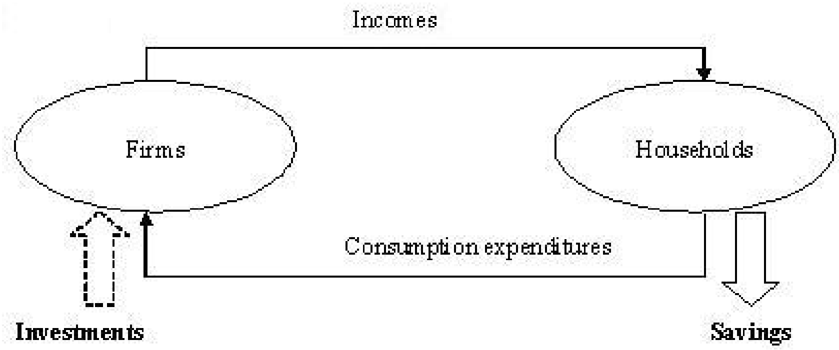

Fig. 2. The circular flow in Keynes's view.

As a matter of fact, Keynes considered that the drive towards saving is higher than the one towards investments, declaring that "The desire of the individual to augment his personal wealth by abstaining from consumption has usually been stronger than the inducement to the entrepreneur to augment the national wealth by employing labour on the construction of durable assets."[7] In conclusion, Keynes was saying that the balance between savings and investments is purely random.

Another force element of the financial policy envisioned by Keynes, is the reduction of the interest rate, which is meant to cheapen and, hence, to stimulate the access to credits, by contributing to the development of the investments. Although, by this relaxation of the monetary policy the inflationist phenomenon is likely to occur, Keynes considers that not any increase in the amount of money in circulation indicates the inflation, and only the increase in the volume of demand, and not of production. For this reason, in order to encourage the production and, implicitly, the investments, the State must finance by budgetary expenditures a range of big companies, by orders, equipments, together with the use of an appropriate customs protection.

The Keynesian analysis, allowed the integration of the State both within the general economic activity, and within the simplified economic model presented in figure no. 3, but this analysis can be extended and applied within an open economy that performs export-import activities.

Therefore, the aggregate supply[8] is made up of the national production (Y), where the volume of imports (H) is added; in return, the aggregate demand is made up of the national consumers and investors' demand (D) and the demand required by the foreign clients, namely from the volume of exports (X). In consequence, starting from the equality of supply and demand (Y=D), the equilibrium condition becomes:

[7] J. M. Keynes, *Teoria generală a folosirii mâinii de lucru, a dobânzii şi a banilor*, Bucureşti, Edit. Ştiinţifică, 1970, p. 137.

[8] G. A. Frois, *op. cit.*, p. 340.

$$Y + H = D + X \quad (3)$$

If we take into consideration that:

$$Y = C + S \quad (4)$$

$$D = C + I \quad (5)$$

a new formula of the goods market equilibrium is obtained, by taking into account the trades with the exterior:

$$S + H = I + X \Rightarrow X - H = S - I \quad (6)$$

Taking into consideration that in the equilibrium equation, investments equal savings, I = S respectively, then imports equal exports, H = X respectively. We notice that exports are closely related to the role of the investments, which represent capital injections, while the imports and the savings appear in similar positions, of the circular flow's leakages.

The new circular flow, specific to an open economy, where the State interferes in a constructive manner, is illustrated in *figure 3*.

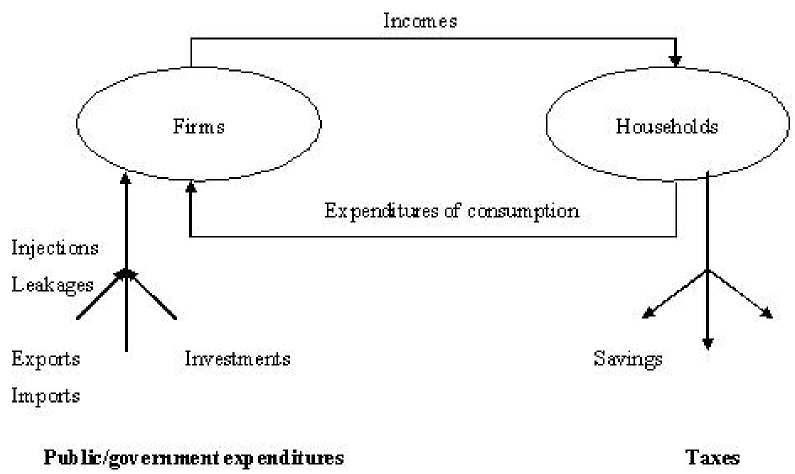

Fig. 3. The circular flow of income in the open economy and with the State's interference.

The researchers from the economic field saluted the economic model elaborated by J. M. Keynes both in a favourable and doubtful manner, by appealing to circumspection when making decisions in terms of financial policy.

Referring to the effects that the budget deficit might trigger, Maurice Duverger declared: "However, there shouldn't be an overreacted optimism regarding the return to equilibrium. Indeed, on one hand, it implies that the purchasing power created by the state were not too high, so that the maximum level that the national production could attain would not have exceeded, once the labour force was fully reemployed. On the other hand, the budget deficit should stop once the level of full employment *was* attained; thus, the danger of inflation is extremely high, because, before an increase of the payment means, the supply of consumption goods becomes inelastic… Therefore, the policy of the systematic deficit is constrained to some strict boundaries.” [9]

Within the same context, we consider as extremely useful the opinion of Pierre Lalumière, who militates in favour of the appropriate use and in precise purposes of the public expenditures, showing that: “the public/government expenditures were designed as a means of economic and social intervention; if they continue to finance tasks that are run by the state, they must equally serve to the increase of the economy’s capacity of production (public investment expenditures) or to the redistribution of the incomes to socially disadvantaged categories (public transfer expenditures) [10].

In consequence, the State’s interference in economy is justified only if it’s rational and scientifically-based. Therefore, in A. Barrère’s[11] opinion, the State interferes:

– where the individual is needless;
– where the public act, unlike the private one, determines superior benefits;
– where the desired individual interest is incompatible with the achievement of the common interest.

By considering the above-mentioned aspects, we think that the State is entitled to intervene:

– for equity reasons, which is placed at the root of the income redistribution;
– in order to fight against the disadvantages of the market economy that are reflected upon companies;
– in order to prevent the potential discrepancies between the private marginal costs and the social marginal costs.

In order to play an active role in the economic life, the State needs significant financial resources. Their procurement cannot be accomplished only by tax collection, but also, by the practice of loans. In the modern perception of finances, the idea of loan=burden disappears, namely that the use of this method does not longer mean the mortgage of the future at the expense of future generations.

We think that, due to Keynes, the financial policy has acquired more strength and character, by placing the monetary policy in a shadow cone. By the early 70’s, the correlated promotion of fiscal and budgetary measures aimed at influencing the aggregate demand. Therefore, they formed into a set of temporary economic policies based on demand.

The neoliberal *monetarism* occurs in counterweight to the Keynesism.

[9] M. Duverger, *op. cit.*, p. 267.
[10] P. Lalumière, *Les finances publiques,* Paris, Librairie Armand Colin, 1970, p. 17.
[11] A. Barrère, *Politique financière*, Paris, Librairies Dalloz, 1958, p. 21.

The development of monetarism is due to the great effort of the famous economist Milton Friedman[12], the founder of the reputed Chicago School of Economics. He is the in favour of the natural order claimed by the classics, which represents, in his opinion, two particular things:

1. the interruption and the avoidance of any inopportune action of the public power in the economic life;
2. the clear market-orientation, as this represents the most effective regulator.

Friedman tried to argue against the entire system of the scientific construction performed by Keynes, starting from criticizing his psychological laws, and ending with the deficiencies of the fiscal policies. In this manner, M. Friedman claims that the "fundamental psychological law" oriented towards savings is manifested only individually and not collectively. The American scientist launches a new concept – *the consumer's behaviour* – which is absent within the Keynesian analysis, specific to any individual and according to which, each consumer draws up its own "life plan" , by estimating an evolution of the incomes based on certain factors[13].

In return, at a macroeconomic level, Friedman considers that one cannot determine a society's behaviour as a sum of individual behaviours, because they are defined by instability or, in his opinion, the behaviour of the group is stable in terms of the repartition of the newly created value between consumption and savings. Moreover, the economy is less exposed to disturbances than it was thought in reality, however, by the generalized price indexing, wages and interest rates, the monetary stability is ensured, and implicitly, of the economy.

We consider that Friedman's radicalism of speech is contradicted by the economic and social reality, where there are inter-conditioning relationships between micro and macroeconomics.

Consumer's behaviour is not only an important concept, but also, one that certifies the affiliation with a certain set of values, with a type of economy that it created and which influences its decisions in return. Regarding the existence of the macroeconomic stability, even in conditions of microeconomic instability, we think that such a state of things is not achievable, as it would outline the incompatibility and the separation of the two social-economic environments.

Finally, when Friedman declared that money is the basic element of the economy, he did not establish the meaning of the existing relation between them, on the contrary, we consider that the economy is the primordial element, and the money – "its product", an outcome of its viability or weakness and of its breakdown. In conclusion, the stability of the monetary system is also an effect of the economy, provided that this is competitive and implicitly, stable.

[12] Milton Friedman a expus bazele de abordare a doctrinei sale în articolul „The Quantity Theory of Money: A Restatement", publicat în anul 1956 la Cicago, în volumul „Studies in the Quantity Theory of Money".

[13] A. Taşnadi, C. Doltu, *Monetarismul. Teorie şi politici economice*, Bucureşti, Edit. Economică, 1996, p. 57 ş.a.

The development of the market economy is the result of a long evolution process, which was founded in terms of doctrine, both on the classical (liberal) school, and on the modern neoclassic or neoliberal-oriented way of thinking. In consequence, we may say that, despite the numerous disputes that existed within the framework of scientific constructions, among the economists who differentiated the action tools in terms of the financial policy, there was a consensus regarding the acknowledgement of the economic system based on competition and real democracy, as the only alternative to development.

As Hayek used to say: "[…] in this game of the market, nobody has previously insured his own stability or upward evolution of his place in society. What matters, is not the degrading or evolving position, but the idea of adapting to change [...]. The market economy keeps the society alive; it rewards you for what you managed to do, not for what you were supposed to do; it does not operate with previously established merits and values"[14]. Therefore, the financial policy subordinates itself to the principles of the market economy with respect to the individual freedom.

The implementation of the command or planned economy instead of liberalism did not only mean that the warnings raised by the great liberal thinkers regarding the consequences of the collectivism were forgotten. Moreover, it determined a misunderstood perception of the democracy that, by virtue of "the power to the people", was going to degenerate into dictatorship.

No one saw more clearly than Tocqueville did that democracy, as the archetype of an individualist institutional system is in an irreconcilable conflict with socialism. Therefore, he would say, "Democracy and socialism have nothing in common but one word, equality. But notice the difference: while democracy seeks equality in liberty, socialism seeks equality in restraint and servitude"[15].

For this reason, the financial policy within a planned economy cannot work out the problem of the individual's economic security; on one hand, there is the *limited security,* that aims to ensure a minimum standard of living for all people and acts like a guarantee in relation to the elimination of poverty; on the other hand, is the *absolute security,* of a certain standard of living or of the rank that a person/group possesses, according to the work performed and the value acquired by personal effort.

On the other hand, history has shown that in the former socialist countries, the authentic values were not established by the free game of the market since the State annihilated its normal manifestations, acquiring total monopoly. In this manner, the State's financial policy identified itself more and more to the personal interests of those who give orders, than to the interest of people in general. "Where the power which ought to check and control monopoly becomes interested in

[14] F. A. Hayek, *The Road to Serfdom*, Bucharest, Humanitas Publishing House, 1993, p. 75.

[15] *Discours prononcé à l'Assemble constituante le 12 Septembre 1848 sur la question du droit au travail* – Œuvres complètes d'Alexis Tocqueville, vol. IX, 1866, p. 546.

sheltering and defending its appointees, where for the government to remedy an abuse is to admit responsibility for it and where criticism of the actions of monopoly means criticism of the government, there is little hope of monopoly becoming the servant of the community"[16].

By unrevealing the reality, the financial policy of the socialist countries left the impression that it could deal with the problems of all citizens and that the State would offer more than the individual was required to give, making them open promises of privileges in order to get the support of those who were disappointed.

As Professor Gh. Filip used to say, "The system implemented in the former social countries outline, according to official records, *the paradox of a great disproportion,* between the volume of public utilities provided by the State, and that of the mandatory collection from the private sector. Simultaneously, in relation to the registered gross domestic product, the collection of taxes was significantly lower than the sums collected in countries with market economy. The two corroborated formal aspects, also contributed to the promotion of an incorrect image on the "miraculous" powers of the (socialist) of satisfying the need of social utilities, mainly based on its resources and on the people's incomes, and also, on its expertise of controlling and directing in a centralized manner, according to the plan, the entire economic and social activity"[17].

The financial policy of the countries with a centrally planned economy claims that the government is the most efficient and it can manage the companies even better than they can.

The strong argument is that the State, as a sole owner, is exclusively responsible for fixing the prices and the production policies, for making all the decisions according to the plan and for establishing the industry's development objectives.

As Professor Otto Eckstein would say, an important instrument of the socialist financial policy is the price policy. "By fixing the price increases alone, the government can raise the funds intended for financing new activities, including new investments. Paradoxically, although the socialist countries sustain the equality, in terms of the fiscal policy that they performed, they did not encourage at all the idea of equal incomes for the citizens, giving as a pretext that this happened anyway, through the distribution process performed by the State."[18]

In conclusion, we may say that, the "self-empowerment" of the socialist state was accomplished at the risk of sacrificing the private property, by nationalizing and destroying it.

Thus, a new created power occurred, which would not belong to anybody in a competition-based society, but in the context created by force and violence, the human dignity was injured. We consider that, although there is no ideal economic

[16] F. A. Hayek, *op. cit.*, p. 220.
[17] Gh. Filip, *Fiscalitatea şi nivelul său relativ*, „Finanţe, Credit, Contabilitate", nr. 8, 1995.
[18] O. Eckstein, *Public Finance*, New Jersey, Prentice Hall, Englewood Cliffs, 1979, p. 11.

system, and that there will always be the disparities, the failures and the unfair twists of destiny, they can be dealt with more easily in a democratically led society rather than in one where “someone’s” deliberate decision is crucial.

By comparing the centrally planned system to the free-market system, John Galbraith considered:

– the planned system strongly dominates its surrounding environment, while the market system adapts itself to some forces that it cannot control;
– within a planed system, the consumption needs are not just well–controlled, but also, created in a great measure; regarding the market economy, the need is usually not covered enough;
– the market system is stable in itself, while the instability, in the absence of the government’s intervention, is intrinsic to the planned system.

However, Galbraith’s conclusion regarding the superiority of one system or another, is extremely sharp, considering that “the optimal economic system is the one that provides the maximum of what people need.”[19] Therefore, one could think that the system of the centralized economy has also the power of actually satisfying the “common good”; this affirmation has brought Galbraith numerous accusations.

A new concept occurs between plan and market: *the social market economy* that F. Hayek approached under three aspects, namely:

1. the social market economy is built according to the principles of the “mild” liberalism, in the neoliberal version, but it kept the fundamental values: the private property, the freedom of movement and the free enterprise, the free competition and market;
2. the social market economy is a mixture of three essential characteristics:
   – it is based on a rule of law;
   – it’s an economy where the alpha and omega of the economic process is the freedom of movement rather than the centralized planning;
   – freedom has its own perimeter, established through legislation.
3. In terms of the economic mechanisms that it refers to, the social market economy transcends the ideology. The break between capitalism and socialism is out of the question. Its mechanism is based on a double regulation: *on the market,* with its self-regulatory forces and *on the state’s interventionism*, as a two-way support and motivation (the owner of an important economic sector and the key-factor of the superstructure within the macroeconomic planning). However, the social market economy stands no chance but being the resultant of the economic evolution based on a certain mechanism, as it intends to take the means of creating prosperity from capitalism and those of the redistribution, from socialism.

[19] J. Galbraith, *Economics and the Public Purpose*, Bucharest, Political Publishing House, 1982, p. 114.

Therefore, some specialists consider that this aspect of the social market economy has a certain dose of utopia, regarding the impossible partnership between capitalism and socialism.

As there is no resemblance between the two doctrines, it is extremely hard to lay down the border in terms of the applied financial instruments. Not without reason, we may consider that two mentalities are hard to be created: a *capitalist* one, related to the working style, and a *socialist* one, related to the repartition of the earned wealth. Actually, the human being is asked to acquire an even more special mentality, of producing, of working in a certain manner and of consuming in a different way.

Nevertheless, the social market economy cannot be found at the demarcation line between the plan and the market, it is in fact, a type of market economy, where the requirements of the market merge with the social harmony within a country.

All the transformations suffered by the financial policy, together with the changes that it prints out to the entire economic and social framework, are the result of the practical evolution of its elements: the fiscal and budgetary policy, the credit and monetary policy, the price and income policies, etc. Yet, each type of policy has its own identity and it integrates itself, by its content and working tools, into the framework of the entire financial policy, through dynamic and interacting relationships. Moreover, all the elements of the financial policy represent the interests and the doctrinaire emanation of the political formation that is governing at a given moment. For this reason, even though a number of dissensions and differences of opinion occur, they must be overcome in order for those who have won the elections to be able to govern the financial matter by consensus, taking into consideration the national and international economic and social conditions.

The overall financial policy, elaborated on a macroeconomic level, as an element of the government's economic and social policy, manifests a deep impact upon the financial policy of the companies. Its action legitimates itself by "defending the patrimony and the freedom of the company"[20], against their unprecedented relations with the environment. The company plays an active role in changing the environment and in its actions upon other factors, in order to accomplish its objectives. "Only when its special place and active role in economy and society are regarded, it is implicitly admitted that the economic agent is the bearer of a changing energy upon its surrounding environment."[21]

The environment provides the company with an ordered framework, ensured by the economic and social order, but the companies' behaviour changes these structures permanently and it triggers specific disorders and constraints that must be considered within the overall policy. Therefore, in terms of its content and of its

[20] P. Conso, *La gestion financiere de l'entreprise. Les techniques et l'analyse financiere*, Tome 1, Edition Dunod, Sixieme edition, 1981, p. 159.

[21] A. Iancu, *Treatise on Economics. The Economic Science and Its Interferences,* Bucharest, Economic Publishing House, vol. I, 1993, p. 175.

mission, the company's financial policy enters into its overall policy, which is adopted according to "the greater or lesser importance given to its autonomy, or, to the more or less orientation towards the market supremacy."[22]

As Professor Gh. Filip noticed, "the social and economic environment, where any enterprise arises and operates, also includes as a matter of course, the relationships with the state on whose territory it is placed. In fact, in broader terms, the latter has a major role in the layout configuration which is more or less specific to the foundation and evolution of the enterprise."[23]

Starting from the premise that the government's financial policy manifested on a macroeconomic level significantly influences the financial policy of the enterprise, we ask ourselves if the financial policy of the enterprise delimitates itself against the same policy of the public authority? In other words, where is the limit where the state can intervene in the financial policy of an enterprise, although the enterprise is perceived as an autonomous decision making centre, based on the power relations that it permanently develops? In order to answer these questions, we consider that the landmark should be the type of society defined by the form of property over the means of production.

Viewed from this perspective, it can be noticed that, within a centrally planned economy, where the state is the sole owner and, the single holder of the power respectively, the company's decision-making capacity is significantly reduced. Therefore, the companies' financial policy represents an insignificant reply to the overly centralized mechanism of the state's financial policy, by miming, in terms of financial decision, the forms without substance of the entire economic activity. Moreover, the company's financial policy is subordinated and overwhelmed by the government's financial policy, which holds the attributes of the absolute representativeness and, so, it establishes everything, including the raw material suppliers and the product buyers for all economic agents.

In this situation, prices are fixed administratively, by eliminating the competition, which, the same as the bankruptcy, is incompatible with the command economy or with the single plan, (as, for example, our country's economy during communism), all the companies surviving, even those that are financially challenged, by virtue of the mechanism of payment compensation and of sustaining, by budgetary resources, the lack of quality and efficiency, the lack of work, thus creating the illusion of normality.

The centralized economy uniforms the companies, and the presence of the state behind each one of them leaves the impression of exempting them from liability, amputating the desire of innovation, creating a false feeling of social protection by paying the salaries, irrespective of the degree of production and especially, of its competitiveness.

[22] P. Conso, *op. cit.,* p. 159.

[23] Gh. Filip, *The Financial Dimension of the Enterprise and the Fiscal Policy,* in: *** *The Financial Dimension of the Enterprise*, Iaşi, Eco'Art Publishing House, 1995, p. 88.

By comparison, the market economy totally changes the framework of the companies' performed activity and their financial policy. The competition, the risk, the prudence and the speculation are considered the basic elements of the business success.

In such circumstances, the company's financial policy has a major role. The decisions in terms of financial policy are supported on the financial structure adopted by the company according to its objectives and to the intended degree of profitableness, the state's immixture being almost excluded.[24]

The financial structure approach also needs a certain degree of vigilance, as "[...] concerning the present and the future of an enterprise, the options regarding the ways of procuring the financial resources and of capital formation are determinant in relation to their purposes and their lifetime, which are also conditioned by the type of activity and the specific influence factors, by taking into consideration the cost of each source, the degree of uncertainty and the risk rate of the investment etc., including the capacity of the enterprise of covering its needs based on its ownership equity."[25]

It is important the fact that lately, the degree of responsibility in the decision-making process is significantly increasing, considering the transformations within the structure of the company's capital that were recorded in the meantime. An article written by Oliver Robert de Massy in 1990, in "Revue Banque" no. 501, presented the following:

- before 1985, companies manifested a clear predilection for indebtedness, against turning to the resources on the financial market;
- between 1985–1987, it was recorded a reduction in the taste for credit and an increase in the operations related to the titles of the financial market. The Report of the National Credit Council for 1985 is extremely explicit. The financial intermediaries that in 1981, ensured almost 80% of the financing needs of the economy, covered only 40% in 1986. Actually, the year 1986 registered a significant decline of the interest rate of intermediation (decreasing by 20%).

The comparative financial structure of the companies from the developed capitalist countries in Western Europe, highlights two types of financial policy with different perspectives, namely:

- *the Latin model* (France, Italy, Spain, Belgium), based on both medium and long-term indebtedness, and less on its own financial resources;
- *the Anglo-Saxon model* (represented by Great Britain and Germany) defined by a weight of 40–43% in its own and attracted funds within the financial structure and by the decrease in the predilection for indebtedness.

[24] Gh. Filip, *The Financial Viability of the Enterprise and the Indebtedness*, in: *** *The Financial Dimension of the Enterprise*, Iaşi, Eco'Art Publishing House,p. 128.

[25] *Ibidem*, p.129

The decrease in the predilection for indebtedness manifested by countries like Great Britain and Germany is also explained by the risks implied as a "risking financing method both for the borrower and for the creditor. From the perspective of the company that uses the practice of loans, by running into debt, there is the risk of not being able to deal with the outstanding payments to creditors (reimbursements or interest rates), and, a high volume of outstanding debts due for payment can make it insolvable, by declaring bankruptcy and by losing its ownership equity."[26]

Therefore, we consider that the policy, which promotes a financial structure according to the Anglo-Saxon type, is more profitable to the companies, with a low risk degree and higher chances of maintaining and developing the patrimony.

It can be said that, in the circumstances of a special complexity specific to the competitive economy, the elaboration of the company's financial policy is vital, because "a strategy without its financial means is a real fiction, and a diagnosis without the detailed examination of the financial situation leads to the lack of managerial responsibility."[27]

At the same time, in relation to the companies, the influence of the state's financial policy is maintained, even in the context of the capitalist system. Beyond the field of taxation, this is also manifested in other directions[28] such as:

– reserving the right of the public authorities of performing different activities, either directly, within local communities, or via the public services created by the state (post service, telecommunications, electricity, etc.);
– holding the role of shareholder in more or less significant proportions;
– promoting social measures for the public purpose of both companies and citizens;
– granting subsidies and financial grants for certain sectors or fields of activity of national importance.

On the other hand, within a competitive environment that became more and more instable, the state takes upon itself the role of the economy's regulator, by counteracting the abuses of the liberalism. However, it is necessary that, in the process of their evolution, the relationships between the state and the companies ended, even financially, in compliance with the economic and financial legal norms and regulations, based on the harmonization of the macro and microeconomic financial policies.

[26] *Ibidem*, p. 135.

[27] Gh. Manolescu, *Economic Policies. Concepts, Instruments, Experiences*, Bucharest, Economic Publishing House, 1997, p. 527.

[28] I. Neagoe, *The Enterprise and the Financial Market*, in: *** *The Financial Dimension of the Enterprise*, Iași, Eco'Art Publishing House, 1995, p. 102.