Abstract:
The macroeconomic equilibrium expresses that state towards which the structures of the economy, the flows and the system interconnected by markets, characterized by a relative concordance of supply and demand, in their different segments. It is a state of the economy on which opposing forces act, such as saving and investing, demand and supply of labor, import and export, and so on.

In this context, the paper aims at addressing the main goals and the links between them, which aim at achieving a general economic equilibrium.

Key words: macroeconomic balance, employment, economic growth, inflation

JEL Classification: E31, E52, E62

1. Introduction

Generally, economies of developed countries tend to reach overall macroeconomic equilibrium. The modern macroeconomic experience has revealed five economic policy goals that aim at the dynamic, rising economy balance. These are: sustainable economic growth, employment, price stability, limiting the budget deficit and balance of payments balance, and curbing the current account deficit.

As regards achieving and maintaining the general economic equilibrium, two extreme positions are known, namely Neo-Classicism and Keynesism.

Neoclassical currents believe that the balance is automatically achieved, in the long run, from the full employment of the labor force (only as natural unemployment), through the free play of the market forces (the perfect flexibility of prices and wages), the command variable in the economy being the offer. This theory recommends the state to intervene in the economy, especially through monetary policy.

The adherents of Keynesism believe that the general balance does not happen on its own, requiring the systematic and permanent intervention of the state. In addition, it considers that the overall balance must be pursued in the short term and it does not occur at the level of full employment but rather in sub-occupation, the command variable in the economy being aggregate demand. This theory recommends the state to intervene in the economy, particularly through fiscal policy. The contemporary variant of the noninterventionist theory is the monetarism that considers that the state must control demand aggregated exclusively by the control of the monetary mass in the economy, and the contemporary variant of the interventionist theory is the supply theory that requires state intervention in the matter of taxation, especially of the producers.

2. Target of macroeconomic balance

The economic balance reflects the stability of the economic environment, and this is essential for the efficient operation of the economy. Stability of the economic environment is projected through three primary goals: employment, growth, price stability. Derived from these targets, there are also secondary targets: the level of the budget deficit and the level of the current account deficit, and their
achievement is achieved through intermediate targets, such as the level of credit in the economy, the level of the interest rate or the exchange rate. Between these, primary, secondary or intermediate targets, there are certain links. [1]

Regarding primary targets, the essential links between them can be expressed as such:

- Potential economic growth is only achieved under the conditions and through total employment.
- Price instability generates uncertainty and thus hampers economic growth.

Total employment does not mean the absolute absence of unemployment because as long as the economy is characterized by the imperfection of information, both employers and jobseekers must allocate a certain amount of time to the search, generating a certain level of frictional unemployment. This search is largely effective because it leads to a better match between employee training and qualification required for a particular position. A certain level of structural unemployment is inherent to developments in the economy, technical and technological progress. It is clear from this that a certain level of unemployment contributes to ensuring the efficient functioning of a dynamic labor market.[2]

Dedicated from this observation, the concept of total employment is defined as "that level of unemployment characterized by normal rates, corresponding to the frictional and structural unemployment." It is considered that total employment is characterized by employment rates between 96% and 97%, which corresponds to unemployment rates of about 3% - 4%. [2]

Thus, the concept of total employment incorporates the idea of an inherent rate of unemployment, considered natural due to the dynamics of the economy. The rate of natural unemployment is the consequence of the availability of the information period for employers and the available workforce as regards the existing alternatives. This reflects the frictional and structural factors and is considered to be sustainable in the future.

At European Union level, economic growth has been relatively slow, being mainly driven by factors such as falling oil prices, flexible monetary policy and the relatively low foreign currency value of the euro.

Growth is expected to resist the 2017 challenges due to better employment with beneficial consequences on real disposable income, more relaxed credit conditions, progress in reducing leverage and higher investment.

Domestic demand is rising this year in most euro area Member States, and economic activity should increase across the European Union. Private consumption is on the rise as a result of higher nominal incomes and low inflation. Investments are expected to grow to a certain extent as a result of increasing household incomes, improving corporate profit margins, favorable financing conditions and a better demand outlook.

According to forecasts, the real GDP of the euro area will increase by 1.9% in 2017. For the EU as a whole, real GDP growth is expected to reach 2.1% in 2017. (Table no.1)
Table no. 1

Main Macroeconomic and Budgetary Developments which is manifested at the level of the EU member states during 2015-2017

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
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<tbody>
<tr>
<td><strong>GDP %</strong></td>
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<tr>
<td>EURO AREA</td>
<td>1.6</td>
<td>1.8</td>
<td>1.9</td>
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<tr>
<td>UE - 28</td>
<td>1.9</td>
<td>2.0</td>
<td>2.1</td>
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<tr>
<td><strong>UNEMPLOYMENT RATE %</strong></td>
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<tr>
<td>EURO AREA</td>
<td>11.0</td>
<td>10.6</td>
<td>10.3</td>
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<tr>
<td>UE - 28</td>
<td>9.5</td>
<td>9.2</td>
<td>8.9</td>
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<tr>
<td><strong>BUDGET DEFICIT %</strong></td>
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<tr>
<td>EURO AREA</td>
<td>2.0</td>
<td>1.8</td>
<td>1.5</td>
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<tr>
<td>UE - 28</td>
<td>2.5</td>
<td>2.8</td>
<td>1.6</td>
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<tr>
<td><strong>DEBT GROSS %</strong></td>
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<tr>
<td>EURO AREA</td>
<td>94.0</td>
<td>92.9</td>
<td>91.3</td>
</tr>
<tr>
<td>UE - 28</td>
<td>87.8</td>
<td>87.1</td>
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Source: Autumn forecasts of the European Commission 2015

As far as Romania is concerned, the Gross Domestic Product increased by 4.8% (figure 1) in 2016 as compared to 2015, with more important contributions to the activities of the wholesale and retail sectors, the repair of motor vehicles and motorcycles, storage, hotels and restaurants. According to data provided by the National Institute of Statistics (NIS), the estimated GDP for 2016 was 759,228 billion ROL, current prices rising - in real terms - by 4.8% as compared to 2015. [5]

Figure no. 1

GDP growth rate (%)

Source: NIS, World Bank
From the GDP growth point of view, the increase was mainly due to household final consumption expenditure, whose volume increased by 7.4%, contributing 4.5% to GDP growth, and to the actual collective final consumption of government, with a contribution of +0.4%, as a result of the 4.7% increase in its volume.

The Eurostat series show that in 2016, among the EU Member States that published data on GDP developments, Romania recorded the highest growth rate of 4.8%.

A favorable development is also registered in terms of employment. In 2016, the occupancy rate of the 20-64 year-old population was 66.3% at a distance of 3.7 percentage points compared to the national target of 70% set in the context of the Europe 2020 strategy and 0.2 percentage points over the previous year. [6]

The highest level of employment rate for older workers was recorded among graduates of higher education (86.2%). 65.2% of people with average education were employed and only 41.0% of those with low education.

As such, we deduce from the above that the assumption that potential economic growth is only achieved under the conditions and through total employment is checked. A sustained increase in employment levels undoubtedly leads to real economic growth.

As regards price stability, as a macroeconomic balance target, it is appreciated by inflation.

Inflation is the rise in the overall price level of goods and services, and therefore the purchasing power of the currency affected by inflation is decreasing.

The annual inflation rate rose sharply during the second quarter by 0.67 percentage points, reaching 0.85 percent in June. The location of the indicator below the lower bandwidth of ±1 percentage point associated with the 2.5% target is solely due to the direct effects of tax measures adopted in early 2017. [7]

This upward dynamics can be attributed to the pressures generated by the steady increase in production costs, the transmission of which in consumer prices is facilitated by the opening of the aggregate aggregate demand surplus in the economy.

The annual CPI inflation rate is projected to increase over the entire forecast horizon, projected to reach 1.9 percent at the end of 2017, 3.2 percent at the end of 2018 and 3.5 percent at the forecast horizon, mid-year 2019. [7]

The alert dynamics of inflation is expected to occur mainly on the back of rising wage costs as well as on the background of the expansionary fiscal policy.

Growth refers to a positive, upward trend of the national economy. However, not any increase in economic dimensions is synonymous with economic growth, but only a sustainable one that extends over an appropriate time horizon, even if during this time we witness also conjunctural oscillations or even temporary economic regressions.

Thus, for the economic policy of the government, both economic growth, reaching the level of employment that excludes voluntary unemployment and stability of purchasing power must be correlated.

At the above-mentioned primary targets, we add the secondary ones, which reflect the balance in two other fundamental macroeconomic fields:

- the level of the public budget deficit corresponds to the budgetary imbalance; in principle, the causes of the deficit are related either to rising budget expenditures or to decreasing budget revenues, either by rising budget expenditures and by lowering budget revenues.

- the current account deficit reflects external imbalance, export with imports of goods and services, and income and transfers from abroad to those paid abroad.

The current account of the balance of payments recorded a deficit of EUR 3.631 billion in the first seven months of this year, up 63.11% as compared to the same period in 2016, according to data from the National Bank of Romania.
Regarding the budget deficit, according to the Ministry of Public Finance, the implementation of the general consolidated budget for the first eight months of 2017 ended with a deficit of 6.5 billion lei, mean 0.78% of GDP, compared to the deficit of 3.1 billion lei, or 0.41% of GDP, recorded in the similar period of 2016.

We note two more important aspects, namely that the excise tax receipts were 5.2% lower compared to the same period of the previous year, being influenced by the lowering of their level for some energy products as of 1 January 2017 and the personnel costs up 21.4% over the same period last year, driven by wage increases in 2016.[8]

According to the Eurostat European Statistics Bureau, at the end of the first quarter of 2017, Romania had a budget deficit of 3.2% of GDP, the second lowest in the European Union.

Measures to reduce the budget deficit should take into account:
- Increasing the efficiency of budget expenditures;
- Increase of investments funded by EU funds;
- Accelerating fiscal administration reform.

Last but not least, greater emphasis should be placed on boosting the private sector, as this is the engine of economic recovery.

As such, it is necessary to rethink the macroeconomic policy in its entirety, knowing that at a budget deficit above the 3% of GDP limit in a Member State, the European Union may trigger the excessive deficit procedure for that country.

CONCLUSIONS

The evolution of the Romanian economy is characterized by the fact that most correlations between the components of the general economic equilibrium were influenced by conjunctural factors related to the restructuring of the national economy.

In the context of the related economic policies, investment incentives should be prioritized to increase production capacities and gross domestic product, reduce and avoid imbalances in the labor market and achieve medium-term balancing of the account deficit balance of payments current account.

The main objective for the next period is to strengthen recovery through bold and decisive policies, by restoring responsible public finances, stimulating investment, and applying structural reforms to increase competitiveness firmly and collectively, especially in the context of the uncertain global outlook, a necessity.

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