

REFERENCES OF CONNECTING SOME FISCAL SUBSYSTEMS WITH OBJECTIVES OF ECONOMIC AND SOCIAL DEVELOPMENT

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Abstract:

Regarding the extensive evolutionary process of human society, especially in the contemporary society context, there are revealed new issues related to the development of social and economic systems, and also the existence of some objective interrelations between them. In particular, we notice the interrelations between the economic growth and the human development, with the highlighting of some objective connections, such as those between the GDP amount, and the magnitude of distribution and redistribution processes in monetary form of GDP (both in the private and the public sectors) and the objective connections between the size of previously mentioned processes and the human development level. At the same time, in the same societal context, constituted as an integral part of the social and economic system, the fiscal subsystem, through its own complex content, needs to be adapted to the requirements of social and economic development, which also implies connecting it with objectives of this evolutionary and embracing process. Based on the previous objective connections, this approach needs to be distinctively conceived and differentiated applied, both in relation to the main structure elements of the fiscal subsystems and the features of social and economic systems. Mostly, in the countries seen as being on the first step of human development level hierarchy, the connecting of fiscal subsystems with the economic and social development goals, is a matter of high interest.

Keywords: fiscal system, public expenditure, economic and social development, human development, economic growth

JEL Classification: E 62, H 51, H 52

1 INTRODUCTION

This paper, aims as main objective, the highlighting and the delineation of some markers of connecting fiscal subsystems with targets of economic and social development, both in normative approach (in the first part), and empirical approach (in the second part). Especially, below the last part, the analysis matrix circumscribes to the experience of the countries located on the first step of human development level hierarchy.

The motivation for choosing this topic, resides on one side, in the fact that in the contemporary society, the development of social and economic systems involves all the aspects of human activity, and between the dimensions of this evolutionary and embracing process, there are several interrelations, of which the most representative are those between the economic growth and human development. On the other side, but in the same context, the fiscal systems, as subsystems of the social and economic advanced systems, need to be connected with the different goals underlying the development of the social and economic systems.

In this context, we set as goals, based on the analysis of relevant statistical data for this matter, to highlight an aggregation of *poles*, underlying such a complex adaptation approach.

2 NORMATIVE ORDER REFERENCES

Created as a main part of the social and economic system, in the ample evolutionary process of the human society, the fiscal subsystem has a complex content, that resides in an assembly of social and economic interrelations in monetary form, generated by the mobilization and use of the fiscal resources, organized and run through a system of specific social and economic institutions, including the ones specialized in the administration of fiscal resources. This is because the formation, respectively the use of financial resources (by default of those fiscal ones too) refers to

“two different moments of the same process, with close ties between them, of interacting”. The purchase of cash resources (including the fiscal ones) to the public financial funds “is justified only through their guidance for meeting certain defined public needs”, and the use of these resources can be complete “only if, previously, there were constituted the appropriate funds” (see Filip, 2002, p. 61). Reporting also to the side referring to the use of fiscal resources through public expenditure, and not only to their mobilization side, is a rational support for formulating realistic assessments regarding not only the notion of fiscal system or its content and structural elements, but also regarding its adaptability to the requirements of economic and social development.

About this last aspect, it is required to mention that the development of social and economic systems, corresponding to each stage of human society evolution, especially in the modern society, was and still is marked by some references (markers), which play the part of milestones in the contemporary economic theory and practice. They have an influence both on the conceiving and the perception of the economic and social development, detaching this way, a series of steps (see Ionic and Petrescu, 2005, pp. 62-63), each one of them revealing new aspects or dimensions of this complex process, according to the various angles and approach perspectives. Synthesized, we notice the creation and the approach of the economic and social development, initially in the terms of economic growth, and then in the terms of the structural changes of production and use of workforce, in order to afterwards redefine the concept through taking into consideration of the social aspects linked to the poverty, unemployment and inequitable distribution of income reduction, but also to aspects tied to saving natural resources and environmental protection. In time, it evolved to a new approach of this concept, by referring to its durable aspects, located at the confluence of three large sets of targets: economic, social and environmental (see Adams, 2006, p. 2). It is admitted that related to such considerations, the fact that economic and social development is a progressive and embracing concept that involves all sides of human activities. Through reference to the “human” dimension of the economic and social development, stands up the frequent use of the human development (HD) concept, defined as the “human flourishing in its fullest sense - in matters public and private, economic and social and political and spiritual” (see Alkire, 2002, p. 182), with the emphasis on the acquisition of capabilities.

In relation to such a systemic optics on economic and social development, it is admitted the existence of some interrelations between the dimensions of this process. From them it is noticed, in forefront, through its proportions and showing areas, the interrelations between economic growth and human development (see Ranis, 2000, pp. 198-203), each one of them playing both the part of determinant and of determined factor.

This way, it is admitted the fact that higher gross domestic product (GDP) levels, through its destinations, creates the premises for improving the human development level. At the same time, an improved level of human development, through the acquired capabilities (at different levels - entrepreneurs, managers, workers, farmers) creates the premises for economic growth at high levels (through organization of production, research-development (R&D), technology imports and adaptation). By reference to the first of these interrelations, it delineates, a first section, the objective chaining between GDP levels and the dimensions of its distribution and redistribution processes in monetary form (both in the private and public sectors). On a second section, it delineates the objective chaining between the dimensions of the previous mentioned processes and the human development level. Especially, in the public sector, the global and structural dimensions of the redistribution processes in monetary form, find a correspondent in synthesis indicators, used for the quantification of the human development level (see **Figure no. 1**).

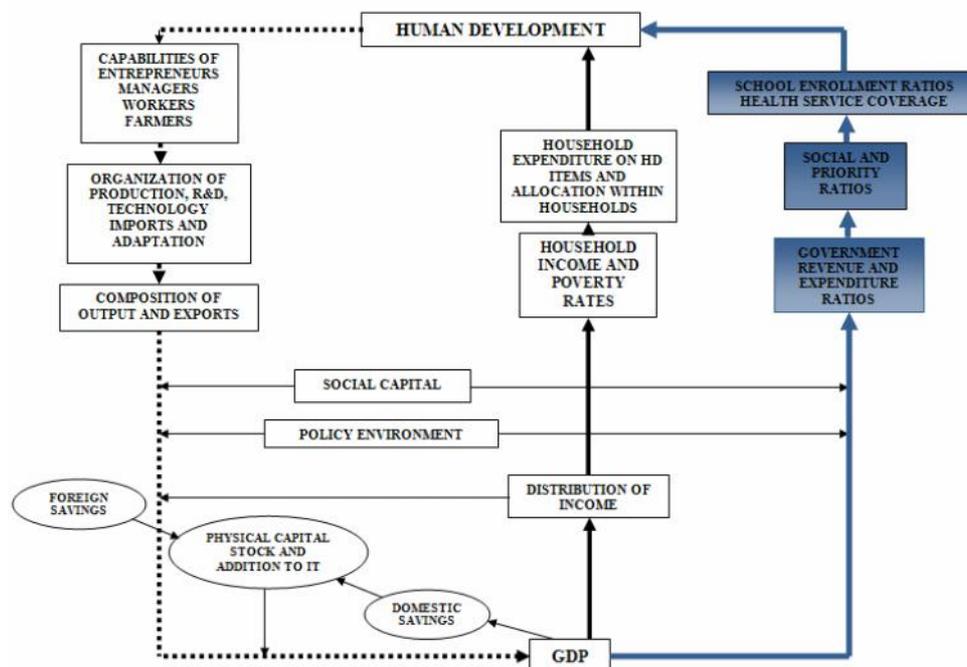


Figure no. 1. The interrelations between economic growth and human development

Source: Ranis, 2000, p. 199.

Based on these objective connections and considering the place of fiscal subsystems within the advanced social and economic systems, connecting the first category to the targets of the development of the second category, finds itself a proper rational support, imposing itself as distinctively conceived and differentiated applied. This, on one side, in relation to the main structural elements of the fiscal subsystems (by reference to subsystems of taxes, respectively, by reference to the public expenditure, financed from the assembly of fiscal resources), and on the other side, related to the main types and defining elements of the social and economic systems.

3 EMPIRIC ORDER REFERENCES

In an empirical approach, it is allowable that the methodology and the quantification indicators of economic and social development, have evolved with the changes in approaching and defining this concept, also being perfectible under the aspect of their sides and size. Even if there are some shortcomings, a representative indicator for this analysis, is the *human development index (HDI)*, that uses four variables (life expectancy at birth, mean years of schooling, expected years of schooling, gross national income per capita), and three coordinates of economic and social development (health, education and living standards) (see UNDP, 2010, p. 13). At the same time in the recent concerns it is to be noticed the use of a hybrid version of this indicator, that aims the same coordinates of economic and social development, also using four variables that are slightly different (life expectancy, literacy rate, gross enrollment and gross domestic product per capita). From the data availability point of view, this method is more appropriate to explore the long term tendencies (see UNDP, 2010, p. 26).

In such a perspective, the world countries seem to be grouped in five large groups: very highly human developed countries, highly human developed countries, medium human developed countries, low human developed countries, other countries and territories. This paper aims only countries belonging in the first group, looking to highlight the main references of connecting their fiscal subsystems with their own goals of economic and social development.

At this point, we must stress that in this case, *GDP adjusted for purchasing power parity (GDP, PPP)*, has showed during 1990-2010, a considerable growth trend, more or less sustained. By far, we notice the evolution in the United States, and in the second plan, in Japan, in the other countries (United Kingdom, France, Italy, Spain, Canada, Australia, Netherlands, Poland, Belgium,

Sweden, Austria, Greece, Switzerland, Norway, Portugal, Czech Republic, Denmark, Israel, Hungary, Finland, Ireland, New Zealand, Slovenia, Luxembourg, Estonia, Cyprus, Iceland) the evolution of this indicator was a natural one.

Also regarding *GDP per capita adjusted for purchasing power parity (GDP per capita, PPP\$)*, for the same period of time (1990-2010), it is to be mentioned that it has showed a considerable growth trend, more or less sustained and with significant differences, for the last years. In a first group, we notice three countries: Luxembourg (between 70,001\$ and 80,000\$), Norway (between 50,001\$ and 60,000\$) and the United States (between 40,001\$ and 50,000\$). A second group, and the most numerous one, contains countries with GDP per capita adjusted for purchasing power parity between 30,001\$ and 40,000\$ (Australia, Ireland, Netherlands, Canada, Sweden, Japan, Switzerland, France, Finland, Iceland, Belgium, Denmark, Spain, Italy, Austria and United Kingdom), and a third group contains countries with GDP per capita adjusted for purchasing power parity between 20,001\$ and 30,000\$ (New Zealand, Israel, Greece, Czech Republic, Slovenia, Cyprus and Portugal). Finally, a fourth group contains countries with this indicator levels between 10,001\$ and 20,000\$ (Estonia, Hungary and Poland).

In the context given by the values of such as these indicators, a first step in the current analysis is the highlighting of the chains between their levels and the global quantum of redistributions of monetary resources made through these fiscal subsystems.

Reporting to **public expenditure** and **tax revenue** (excluding social security contributions), the current analysis highlighted the existence of some significant differentiations, for the period between 2000 and 2008, both regarding *their relatively level* (as weight in GDP) and *its dynamics* (see **Table no. 1** and **Figure no. 2**). Wanting to capture the essential aspects, we considered that the interpretation of these indicators needs to be made in the appropriate context, because they cover a long period of time, highlighting at the same time the performances of these countries in the field of human development.

Forefront, we have the countries where the public expenditure for the analyzed period was *over 40% of GDP*, these countries generally have a GDP per capita adjusted for purchasing power parity between 30,001\$ and 40,000\$ (France, Belgium, Austria and United Kingdom), between 20,001\$ and 30,000\$ (Israel, Greece and Portugal), except for Hungary. In all of these countries the tax revenue were for the analyzed period between 20% and 30% of GDP. Also it is to be mentioned that all of these countries had poor performance in the field of human development, including 2010. Even more, we see that the dynamics of the relative level of public expenditure was either dropping (also accompanied by the dropping of the relative level of tax revenue - France, Belgium, Austria and Israel) or growth (accompanied by a constant relative level of tax revenue - United Kingdom and Hungary - or also by the growth of the relative level of tax revenue - Portugal).

In the background, the current analysis puts the countries with public expenditure for the given period, *between 30% and 40% of GDP*, these countries generally have a GDP per capita adjusted for purchasing power parity between 30,001\$ and 40,000\$ (Ireland, Netherlands, Sweden, Finland, Denmark and Italy), between 20,001\$ and 30,000\$ (New Zealand, Czech Republic, Slovenia and Cyprus), except for Luxembourg, Norway and Poland. In most of these countries, the tax revenue were, for the given period of time between 20% and 30% of GDP, except for Denmark and New Zealand (with tax revenue between 30% and 40% of GDP), the Czech Republic and Poland (with tax revenue between 10% and 20% of GDP). At the same time, related to their position in the hierarchy of human development, we notice that some of these countries had significant performances, including the year 2010 (Norway, Ireland, Netherlands, New Zealand, Finland, Luxembourg and Denmark), the dynamics of the relative level of public expenditure is a lot scratchy (un homogeneous) than for the countries in the first group. Unlike these, other countries in the same group, registered regarding the same indicator, performances that are equally modest or even poorer than of those in the previous group (Italy, Slovenia, Cyprus, Czech Republic and Poland), the dynamics of the relative level of public expenditure being pretty scratchy.

Table 1. Public expenditure (G) and tax revenue ^{a)} (T) in a series of very highly human developed countries, as a % of GDP

Country	2000		2001		2002		2003		2004		2005		2006		2007		2008	
	G	T	G	T	G	T	G	T	G	T	G	T	G	T	G	T	G	T
Norway	32.6	27.4	33.3	26.9	38.2	27.9	37.5	26.3	35.6	28.0	33.3	28.9	31.8	29.7	31.8	29.2	30.7	28.2
Australia	24.0	23.0	26.2	24.7	26.3	23.4	25.7	24.2	25.6	24.2	25.7	24.7	25.0	24.5	24.5	24.0	24.4	24.2
New Zealand	n/a	n/a	32.6	29.5	31.7	29.1	32.2	30.2	31.4	30.2	32.0	31.3	32.5	33.2	32.9	31.7	n/a	n/a
United States	n/a	n/a	19.9	12.7	20.7	10.5	21.3	10.0	20.9	10.0	21.2	11.2	21.1	11.9	21.4	11.9	23.0	10.1
Ireland	27.8	26.0	29.4	24.2	29.7	23.2	29.8	23.7	29.9	24.8	30.7	25.1	30.9	26.5	32.1	25.5	37.2	22.9
Netherlands	39.3	22.3	39.7	22.6	40.1	22.5	41.1	21.6	40.4	21.6	39.3	22.6	40.4	23.2	40.2	23.5	40.5	22.8
Canada	19.0	15.3	18.8	14.3	18.2	13.8	18.4	13.9	18.4	14.1	18.0	13.8	17.6	13.9	17.8	14.0	17.7	12.9
Sweden	36.5	23.1	35.5	20.3	36.1	18.5	36.3	18.9	34.7	19.3	35.1	20.3	33.9	20.6	32.3	19.8	31.8	19.0
Japan	n/a																	
Switzerland	25.5	11.1	18.6	10.0	19.0	10.0	19.6	10.0	19.4	10.0	19.1	10.3	18.3	10.4	17.3	10.0	n/a	n/a
France	44.8	23.2	45.0	23.0	46.0	22.4	46.3	22.0	45.8	22.2	45.8	22.3	45.1	22.4	44.4	21.8	44.7	21.4
Israel	44.2	28.7	46.8	28.4	47.7	27.6	47.1	26.7	44.7	26.6	43.0	26.9	42.4	27.6	41.6	27.8	40.7	25.3
Finland	34.9	24.6	34.1	22.3	35.3	22.9	36.1	22.7	36.0	22.6	36.2	22.6	35.6	22.1	33.8	21.7	35.1	21.4
Iceland	30.5	26.1	30.7	23.7	31.8	23.6	33.3	24.7	31.9	25.9	30.7	28.1	29.4	28.1	29.7	27.3	44.4	24.4
Belgium	43.1	27.4	43.8	27.0	42.1	26.0	43.4	25.4	41.6	25.9	44.4	26.1	41.1	25.8	41.0	25.1	42.5	25.6
Denmark	34.8	30.8	34.5	29.5	34.4	29.4	35.0	29.5	34.5	30.8	32.7	32.6	32.0	31.6	35.9	35.8	36.7	35.0
Spain	31.3	16.2	30.5	15.8	26.7	12.8	25.6	12.2	26.0	11.8	25.0	12.6	24.9	13.2	25.1	13.9	26.4	10.7
Greece	44.3	23.3	43.6	21.8	42.9	21.4	42.2	19.9	42.6	19.5	41.8	20.1	40.8	20.0	42.4	20.1	46.4	19.8
Italy	39.2	23.2	39.9	22.8	39.3	22.1	39.5	22.1	38.7	21.6	39.2	21.2	39.6	22.7	39.3	23.0	40.3	22.6
Luxembourg	33.8	26.4	35.4	25.9	36.3	25.4	37.0	24.6	38.3	24.4	37.0	25.2	34.5	24.0	33.1	24.1	34.3	23.8
Austria	40.6	19.9	41.1	21.7	40.8	21.1	41.1	21.2	44.1	21.0	40.2	20.2	39.7	19.9	38.8	20.2	38.4	20.2
United Kingdom	36.2	28.4	36.7	28.2	37.6	27.1	38.8	26.3	39.1	26.6	41.2	27.2	40.3	28.0	40.1	27.8	42.7	28.5
Czech Republic	33.4	15.4	35.4	15.9	37.3	15.8	37.3	16.1	35.3	15.7	35.7	15.6	35.6	14.7	33.7	15.2	34.1	14.8
Slovenia	39.0	20.6	39.9	20.5	39.1	18.9	39.5	20.8	39.3	20.6	39.6	20.5	38.6	21.0	35.7	19.6	37.4	20.0
Estonia	29.5	15.8	27.7	15.5	27.6	16.0	27.5	16.2	27.4	16.0	26.7	16.1	26.9	16.4	27.1	16.8	31.1	15.1
Cyprus	36.1	23.0	37.3	23.7	39.0	24.1	43.2	25.6	41.0	25.1	42.3	26.6	41.8	27.9	41.5	33.2	42.2	31.3
Hungary	40.7	21.9	41.2	21.5	43.6	21.1	43.1	20.9	42.3	20.7	42.7	20.3	44.1	20.1	42.9	21.4	45.0	23.6
Portugal	38.7	21.3	39.6	21.0	40.1	21.5	41.2	21.5	42.1	20.6	43.3	21.3	42.2	22.0	41.6	22.4	42.9	22.1
Poland	n/a	n/a	35.6	16.0	35.3	17.0	38.7	17.0	36.9	15.7	36.3	16.7	35.9	17.4	34.2	18.3	35.3	18.3

Source: <http://data.worldbank.org/indicator>.Note: ^{a)} excluding social security contributions.

Regarding *the relative level* of these two types of public expenditures, the current analysis distinguishes between three large groups of countries. First, there are countries where both types of public expenditures represented over 15% of all public expenditures (Norway, United States, Iceland, Denmark and New Zealand). Second, there are countries where public expenditure on education represented between 10% and 15% of all public expenditures, and the public health expenditure represented over 15 % (Australia, Ireland, Switzerland, France, Spain, Austria and United Kingdom). In a third group, we notice that both types of public expenditures represented between 10% and 15% of all public expenditures (Netherlands, Sweden, Finland, Belgium, Slovenia, Portugal, Hungary and Poland). At the same time, we notice that some of these countries registered, related to their position in the hierarchy of human development, significant performance, including the year 2010 (Australia, Norway, Netherlands, Ireland, United States, New Zealand, Iceland, Switzerland and Denmark).

Table 2. Public expenditure on education (G_E) and public health expenditure (G_H) in a series of very highly human developed countries, as a % of GDP, as a % of G

Country	2000	2001	2002	2003		2004		2005		2006		2007	
	G_E	G_E	G_E	G_E	G_H								
Norway	16.2	n/a	16.1	15.7	17.4	16.6	17.8	16.7	18.0	16.2	17.9	16.5	18.3
Australia	13.3	n/a	n/a	14.4	16.2	14.2	16.7	14.0	16.8	14.0	17.1	n/a	17.6
New Zealand	n/a	16.1	16.2	20.9	16.6	n/a	17.4	15.5	17.5	19.7	18.2	n/a	18.0
United States	n/a	17.1	n/a	15.2	18.6	14.4	18.9	13.7	18.9	14.7	19.6	14.1	19.5
Ireland	13.5	n/a	12.8	13.2	17.0	14.0	17.4	13.9	16.8	14.0	16.3	13.8	17.1
Netherlands	11.4	11.3	n/a	11.5	12.4	11.8	12.6	12.2	13.2	12.0	16.1	n/a	16.2
Canada	n/a	12.5	n/a	n/a	16.7	n/a	17.3	n/a	17.7	n/a	17.8	n/a	18.1
Sweden	13.4	12.8	n/a	12.8	13.6	12.9	13.5	n/a	13.5	12.7	13.7	12.7	14.1
Japan	10.5	10.5	10.6	9.7	17.1	9.8	17.8	9.5	17.7	9.5	17.9	9.4	17.9
Switzerland	15.1	n/a	n/a	13.0	18.0	n/a	18.4	n/a	18.4	16.3	19.0	n/a	19.8
France	11.4	n/a	n/a	11.0	16.2	10.9	16.4	10.6	16.5	10.6	16.6	n/a	16.6
Israel	13.8	13.8	13.7	13.7	9.9	n/a	9.9	n/a	10.2	13.3	9.9	13.8	10.1
Finland	12.2	12.7	12.7	12.8	11.8	12.8	12.0	12.5	12.4	12.6	12.7	12.5	12.9
Iceland	n/a	n/a	16.5	16.8	18.6	16.6	18.2	18.0	18.2	18.1	18.0	17.4	17.8
Belgium	n/a	12.4	n/a	11.8	13.1	12.2	14.1	12.1	14.1	12.4	14.7	12.4	14.4
Denmark	15.3	15.4	n/a	15.1	14.0	15.3	14.4	15.5	14.9	15.5	15.7	n/a	16.2
Spain	11.2	11.3	n/a	11.2	14.9	11.0	14.9	11.0	15.2	11.1	15.5	11.1	15.6
Greece	n/a	7.7	7.9	8.0	11.9	8.5	11.3	9.2	13.1	n/a	14.0	n/a	13.2
Italy	8.9	9.9	9.2	9.8	12.9	9.6	13.8	9.2	14.1	9.7	14.2	9.0	13.9
Luxembourg	n/a	9.8	n/a	n/a	16.2	n/a	17.3	n/a	16.5	n/a	17.1	n/a	17.3
Austria	11.0	11.1	n/a	10.8	15.1	10.8	14.6	10.9	15.8	11.0	15.7	11.1	15.9
United Kingdom	11.4	11.4	n/a	12.0	14.8	11.7	15.3	12.5	15.3	11.9	15.7	11.7	15.6
Czech Republic	9.7	9.6	n/a	9.5	14.1	10.0	14.4	9.5	14.1	10.5	13.8	n/a	13.5
Slovenia	n/a	n/a	12.5	12.6	13.4	12.6	13.4	12.6	13.5	12.8	13.5	n/a	13.2
Estonia	13.4	15.1	15.5	15.4	3.8	14.9	3.9	14.6	3.9	n/a	3.7	13.9	4.0
Cyprus	n/a	n/a	15.0	16.2	6.8	14.4	6.5	14.5	6.1	9.5	6.4	9.6	7.0
Hungary	14.1	n/a	10.3	11.9	12.3	11.1	11.9	10.9	12.0	10.4	11.3	n/a	10.5
Portugal	12.7	12.7	n/a	12.2	15.6	11.5	15.4	11.3	15.3	11.3	15.3	n/a	15.4
Poland	12.7	n/a	12.3	12.0	9.8	12.7	10.0	n/a	9.9	12.0	9.9	11.7	10.8

Source: <http://data.worldbank.org/indicator>.

Simultaneously, *the dynamics of the relative level* of these two types of public expenditures, for most of these countries, transposed in a growth of the relative level of the public health expenditure, often accompanied by the growth of the relative level of public expenditure on education, notable exceptions being the United States and Finland. All of the other countries, with one or both types of public expenditures through their relative level under 10% or even 5% of the total public expenditure, and the dynamics of this level wasn't sustainable, registered poor performances regarding their position in the hierarchy of human development.

G_E	G_E			trend of G_E		
	> 15%	10%-15%	5%-10%	downward	constant	ascending
> 15%	Norway (2, 2) United States (8, 6) Iceland (5, 9) Denmark (10, 12) New Zealand (9, 7)	Australia (1, 1) Ireland (3, 4) Switzerland (12, 10) France (15, 13) Spain (13, 15) Austria (18, 19) United Kingdom (22, 22)	Japan (16, 16)	United States (8, 6) Sweden (14, 14) Japan (16, 16) France (15, 13) Spain (13, 15) Israel (23, 23) Poland (37, 35)	Finland (6, 8) Italy (19, 20) Austria (18, 19)	Norway (2, 2) Australia (1, 1) Netherlands (4, 3) Switzerland (12, 10) Belgium (17, 17) Denmark (10, 12) United Kingdom (22, 22) New Zealand (9, 7) Greece (21, 21)
10%-15%		Netherlands (4, 3) Sweden (14, 14) Finland (6, 8) Belgium (17, 17) Slovenia (25, 25) Portugal (28, 28) Hungary (36, 37) Poland (37, 35)	Italy (19, 20) Greece (21, 21) Czech Republic (32, 32)	Cyprus (29, 29) Portugal (28, 28)	Estonia (35, 38)	
5%-10%		Israel (23, 23) Estonia (35, 38)		Hungary (36, 37)		Ireland (3, 4) Iceland (5, 9) Czech Republic (32, 32) Slovenia (25, 25)
< 5%		Cyprus (29, 29)				

Figure 3. The relatively level (as a % of G) and its dynamics (trend) for public expenditure on education (G_E) and public health expenditure (G_H) in a series of very highly human developed countries between 2000 and 2007, respectively between 2003 and 2007

Source: own calculations, based on statistical data available at the following web address: <http://data.worldbank.org/indicator>.

Note: the numbers in parentheses denotes the position in the ranking of human development in 2008 and 2010 respectively.

With reference to **the correlation between public expenditure on education and the position occupied by those countries in the hierarchy based on the values of the hybrid human development index**, the current analysis revealed in this case also, significant differentiations.

Especially for the countries with the highest performances, it was found that the maintaining of their constant position (Australia and Norway) was possible on the background of some expenditures of this type between 10% and 15%, respectively over 15%, but also thanks to the growth of their level as share in all public expenditures. Instead, the maintaining of a relatively constant position of other countries in this group (United States) was possible on the background of this type of expenditures at over 15%, but also on the dropping of their level as share in all public expenditures (see **Figure no. 4**).

G_E	G_E			trend of hybrid HDI position	trend of G_E		
	> 15%	10%-15%	5%-10%		downward	constant	ascending
ascending		Sweden (14, 14) Belgium (17, 17) Austria (18, 19) United Kingdom (22, 22) Israel (23, 23) Portugal (28, 28) Poland (37, 35)	Japan (16, 16)	Sweden (14, 14) Japan (16, 16) Israel (23, 23) Portugal (28, 28) Poland (37, 35)	Austria (18, 19)	Belgium (17, 17) United Kingdom (22, 22)	
constant	Norway (2, 2) United States (8, 6) Denmark (10, 12)	Australia (1, 1) Switzerland (12, 10) France (15, 13) Finland (6, 8) Hungary (36, 37)	Italy (19, 20)	United States (8, 6) France (15, 13) Hungary (36, 37)	Finland (6, 8) Italy (19, 20)	Norway (2, 2) Australia (1, 1) Switzerland (12, 10) Denmark (10, 12)	
downward	Iceland (5, 9) New Zealand (9, 7)	Ireland (3, 4) Netherlands (4, 3) Spain (13, 15) Slovenia (25, 25) Cyprus (29, 29) Estonia (35, 38)	Greece (21, 21) Czech Republic (32, 32)	Spain (13, 15) Cyprus (29, 29)	Estonia (35, 38)	Ireland (3, 4) Netherlands (4, 3) Iceland (5, 9) New Zealand (9, 7) Greece (21, 21) Czech Republic (32, 32) Slovenia (25, 25)	

Figure 4. The correlation between public expenditure on education (G_E) and the trend of hybrid HDI position for a series of very highly human developed countries between 2000 and 2007

Source: own calculations, based on statistical data available at the following web address: <http://data.worldbank.org/indicator>.

Note: the numbers in parentheses denotes the position in the ranking of human development in 2008 and 2010 respectively.

At the same time, it was noticed that the improving of other countries positions, with higher performances, was possible on the background of shares over 15% of these expenditures or between 10% and 15% in all public expenditures and on the growth of these shares (Iceland and New Zealand, respectively Ireland, Netherlands and Slovenia). Nevertheless, the maintaining of a relatively constant position, for some countries in this group, occurred on the background of shares of these expenditures of over 15% or between 10% and 15% of the total public expenditure and of the growth of these shares (Denmark and Switzerland).

As regards to the countries with lower performances, in some cases, the improvement of their positions occurred on the background of shares of these expenditures between 5% and 10% of all public expenditures and of their growth (Greece and Czech Republic), for other countries, that same thing happened on the background of shares of these expenditures between 10% and 15% of all public expenditures and the maintaining of relatively constant level for these shares (Estonia) or their dropping (Spain and Cyprus).

Finally, we notice that the deteriorating of the position, usually noticeable about the countries with poor performances, occurred on the background of shares of these expenditures in all public expenditures between 10% and 15% or even under 10%, mainly following an unsustainable dynamics.

Regarding the correlation between the public health expenditure and the position occupied by those countries in the hierarchy based on the values of the hybrid human development index, the current analysis, revealed in this case also, the existence of some significant differences.

In the case of some high performance countries, it was concluded that the maintaining of a constant position occurred on the background of this type of expenditures at over 15% of all public expenditures, but also on the growth of their relative level (Australia, Norway, Canada, United States, Switzerland, Denmark, France). The improvement of the position in the case of other countries in the same group, occurred on the background of over 15% of all public expenditures and of the growth of these shares (Spain, New Zealand), respectively of their dropping (Ireland and Iceland), or even on the background of shares between 10% and 15% of all public expenditures and of the growth of these shares (Netherlands and Greece) (see **Figure no. 5**).

G_H				trend of hybrid HDI position	trend of G_H		
> 15%	10%-15%	5%-10%	< 5%		Downward	Constant	Ascending
Luxembourg (11, 11) Japan (16, 16) Austria (18, 19) United Kingdom (22, 22)	Sweden (14, 14) Belgium (17, 17) Portugal (28, 28) Poland (37, 35)	Israel (23, 23)		ascending		Portugal (28, 28)	Luxembourg (11, 11) Sweden (14, 14) Japan (16, 16) Belgium (17, 17) Austria (18, 19) United Kingdom (22, 22) Israel (23, 23) Poland (37, 35)
Norway (2, 2) United States (8, 6) Australia (1, 1) Canada (7, 5) Switzerland (12, 10) France (15, 13) Denmark (10, 12)	Finland (6, 8) Italy (19, 20) Hungary (36, 37)			constant	Hungary (36, 37)		Norway (2, 2) United States (8, 6) Australia (1, 1) Canada (7, 5) Switzerland (12, 10) France (15, 13) Finland (6, 8) Denmark (10, 12) Italy (19, 20)
Ireland (3, 4) Iceland (5, 9) Spain (13, 15) New Zealand (9, 7)	Netherlands (4, 3) Greece (21, 21) Czech Republic (32, 32) Slovenia (25, 25)	Estonia (35, 38)	Cyprus (29, 29)	downward	Ireland (3, 4) Iceland (5, 9) Czech Republic (32, 32) Slovenia (25, 25)	Cyprus (29, 29) Estonia (35, 38)	Netherlands (4, 3) Spain (13, 15) New Zealand (9, 7) Greece (21, 21)

Figure 5. The correlation between public health expenditure (G_H) and the trend of hybrid HDI position for a series of very highly human developed countries between 2003 and 2007

Source: own calculations, based on statistical data available at the following web address:

<http://data.worldbank.org/indicator>.

Note: the numbers in parentheses denotes the position in the ranking of human development in 2008 and 2010 respectively.

It was also found that for some of the countries with poor performances, the improvement of their position occurred on shares of these expenditures between 10% and 15% of all public expenditures and of the dropping of these shares (Czech Republic and Slovenia). Instead, for

another part of that same group of countries, the improvement of their position occurred on the background shares for these expenditures between 5% and 10%, or even under 5% in the total public expenditure, but also of maintaining relatively constant of these share (Estonia and Cyprus).

It finally stands that the deteriorating of their position, usually noticeable for the countries with low performances, occurred on the background of some shares of these expenditures in the total public expenditure between 10% and 15% or even below 10%, in spite of the growth trend of these shares.

4. CONCLUSIONS

Having them as subsystems of the national social and economic systems, the fiscal systems are required to be adapted to the requirements of the development of the first category, this process also involves, especially on empirical level, connecting actions placed under the political factors in that society.

In the case of the analyzed countries, the analysis revealed under all targeted aspects, the existence of some significant differentiations, but this doesn't exclude the possibility to refer and punctually formulate certain similarities between the experiences of these countries, regarding the connecting of their fiscal subsystems with their goals of economic and social development.

As a general observable trend, it is necessary that, although there is a strong correlation between economic growth and the human development level in the analyzed countries, still the positive performances regarding the last aspect are based on the global moderate dimensions in conjunction with structural dimensions (regarding education and health), significant and growing of the processes of redistribution of monetary resources mediated by their own fiscal subsystems.

In the plan of extending research, we consider reporting to be useful, in the same frame, of connecting fiscal subsystems with the targets of economic and social development, and the experiences of other groups of countries with lower levels of human development degrees. At the same time, we consider to be useful, regarding future research, taking into consideration of other aspects or dimensions of economic and social development, such as those related to the environment.

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