Analysis on the Gross Domestic Product Evolution

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Abstract
This paper presents an analysis of the Gross Domestic Product, as the main indicator that reflects the evolution of Romanian economy. The comparative analysis reveals the position of Romania in the European Union. The evolution of the GDP has an oscillatory trend, analysed on the basis of its main influence factors, such as the resources.

The year 2012 becomes quite difficult to analyse and interpret, mainly due to the fact that three governments succeeded each other, without coherence and continuity in applying their programmes. The last government tried, during the six months of existing, to remake a certain kind of strategy, troubled by the previous commitments, the constraints implied by the IMF programme, funds misappropriations and many other of the kind. By the end of the year 2012 the situation was improving.

Key words: resources, GDP, analysis, trend, comparison

1. Comparative evolutions of the GDP indicator
The Gross Domestic Product represents, synthetically, the quantitative and qualitative evolution recorded by a country over a given period of time.

If we should compare this indicator, obtained by our country during the last years with the one achieved by the European countries, the situation will be definitely negative, Romania being placed on one of the last positions, which situation is generated by the gap existing as to the social and economic development level.
But the situation does not differ either when comparing the GDP level achieved in Romania with the same indicator achieved by central and eastern European countries, starting the transition along with our country.

In this context, the comparisons are by far more self-evident since they are underlining certain evolutions which took place under approximately similar conditions and which, in the situation of the fluctuating evolution of this indicator in our country, imply the obligation to look after the real causes of such evolution\(^1\).

I appreciate that, from this point of view, the most objective is the comparison of the GDP indicator achieved in our country with the levels of the same indicator recorded by Cyprus, Estonia, Latvia, Lithuania, The Czech Republic, Poland, Hungary, Slovenia, Slovakia and Bulgaria.

Here we state out that the process of substantial diminishing of the GDP kept on maintaining from 1995 up to the end of the year 1999, mainly in Romania, the only one country among the above mentioned countries, in the situation of reporting a lower GDP indicator.

As from the year 2000 on the Gross Domestic Product started to record a process of increasing. The fact that in 2007 the GDP was by 6% higher as against the year 2006, although significant, does not the situation that in absolute terms it is still far away from the potential held by Romania.

In 2005, the Gross Domestic Product counted for 287.1863 billion lei in absolute figures and current prices, namely over 100 billion dollars at the exchange rate of 2.85 lei/$ by 31.12.2005.

In 2006, the GDP recorded the level of 342.2 billion lei, namely about 142.7 billion USA dollars at the exchange rate of 2.40 lei/USD, representing an increase of 7.7% as against the year 2005.

In 2007, the Gross Domestic Product counted for 404,708.8 million lei, in absolute figures and current prices, respectively over 169.4 billion dollars at the exchange rate of 2.4564 lei/$ by 31.12.2007 , which means an increase of 6.1% as against the previous year.

In 2008, the GDP reached the level of 514,654 million lei. Comparatively with 2007, the GDP increased by 7.1% in 2008.

In 2009, on the ground of lack of proactive programmes, the “electoral budgets” of the years 2008 and 2009 and under the devastating impact of the crisis, the GDP went down to 491,273.7 lei, recording a decrease of – 7.1% in deflated data.

\(^1\) Anghelache, C-tin (2013). *România 2013. Starea economică sub povara efectelor crizei*, Editura Economică, București
In 2010, the GDP reached the level of 522,561.11 million lei, while in 2011 it counted for 578,551.9, (the recorded wages are not deflated, being expressed in the current prices of each period)

In 2012, the deflated value of the GDP counted for 587,494.4 million lei. For the first six months of the year 2013, the value in current prices of the GDP counted for 266,539.3 million lei, namely by 1.8% higher as against the year 2012, comparable period.

Hungary, a country we can compare with, a fluctuating tendency of the GDP increase has been recorded, from 1.3% in 1996, to 4.6% in 1997, 5.1% in 1998, 5.9% in 1999, 7.7% in 2000 and 3.5% in 2002, 3.7% in 2003, 2.1% in 2004, 4.1% in 2005, 3.9% in 2006, 3.7% in 2007, 0.5% in 2008, 1.1% in 2009 and -1.6% in 2010. In 2010, the GDP decreased by -1.0%, counting for 522,561.1 million de lei. In 2011 a slight increase of 2.5%, has been recorded up to the value of 556,708.4 million lei, as final value. Over the period 2012-2013 a slight stabilization of this indicator evolution has been recorded.

Hungary and Poland are two countries which, although facing a series of difficulties as well over the time, went for an improvement of the activity that allowed them to get a quantitative increase of the GDP indicator.

As for our country, if in the year 1996 this indicator showed an increase of 3.9% as against the year 1995, the following period of the year 1997 showed a decrease of 6.6%, in 1998 a decrease of 7.3%, while in 1999, a decrease of 3.2%.

The GDP evolution during the period 2001-2013
(the corresponding period of the previous year = 100)

Starting with the year 2000, the GDP kept on recording a constantly upward evolution, increasing by 3% in 2001, by 4.8% in 2002, by 4.9% in 2003, by 8.4% in 2004, by 4.1% in 2005, by 7.7% in 2006, by 6.0% in 2007 and by 7.1 in 2008. The calculation is made as against the previous year\(^2\).

This is the year 2009 when the real return started by a recorded decrease of -7.1%, as comparatively with the previous year. The process of the GDP decreasing continued in 2010 as well, when the GDP diminished by -1.6%, while for the year 2011 the GDP increased by 2.5%. In 2012, also, there was a slight increase (1.1%), while in 2013 a comparable increase of 1.8% has been recorded.

2. The evolution of the Gross Domestic Product in 2012 - 2013

GDP, the main indicator characterizing the evolution of the national economy, recorded in 2010 a decrease of -1.6% as against the year 2009 but an increase of 2.5% in 2011 as against 2010. In 2012, the GDP increased by 1.1% as against 2011, while for 2013, the increase counts for 1.8%.

The GDP decrease in 2010 has been generated, firstly, by the reduction of the activity volume and, consequently, of the gross added value in constructions and services, sectors which contribution to the Gross Domestic Product forming was decisive.

From the point of view of the absolute figures concerning the achievement of the GDP, by categories of resources and utilizations, we can point out that the forestry and fish breeding counted with a low contribution, the industry and constructions decreased at a moderate rhythm while the services and the production connected to the banking services recorded a negative rate.

An evaluation of the stocks situation emphasizes the fact that a large part of the economy consumptions has been supplied through stocks accumulated during the previous periods and that, generally speaking, there is a production on stocks due to the fact that the economic circuit production-selling-consumption is choked either by the lack of incomes and financial sources within the economy or, sometimes, by the poor quality of certain products\(^3\). Under the circumstances, in order to avoid the unemployment and get the indicators on which basis the pay is made, many


\(^3\) Goodwin, N.R. (2008) – “\textit{Macroeconomics for the Twenty-First Century}”, Tufts University, series GDAE Working Papers no. 03-02
of the state owned or of a majority of state participation enterprises keep on producing doesn’t matter what, irrespectively of the final situation of the products.

Let’s hope that the deciding factors would proceed to realistic analyses meant to emphasize these depreciations of the macroeconomic indicator and, consequently, the depreciation of the economic evolution in Romania.

3. The Gross Domestic Product shows a fluctuating trend over the 2009-2013

The evolution of the social and economic evolution in our country cannot be performed otherwise but on the basis of the study on data which are covering and emphasizing, at a macroeconomic level, the stage of development of the country, materialized by the GDP\(^4\). The individual analysis of this indicator evolution, although of nature to underline the macroeconomic situation which Romania is traversing, is not enough eloquent, as opinions and point of view might exist, leading to the conclusion that, perhaps, we are dealing with particular conditions or that the analysis is aiming to identify, doesn’t matter at what price, the negative aspects only.

The increase of the Gross Domestic Product in % as against the I half of the previous year

![Graph showing the Gross Domestic Product trend](image)

**Data source:** The National Institute of Statistics, Statistic Bulletin no. 7/2013

That’s why we shall proceed to a comparative analysis on the way this indicator, the GDP, developed over the periods 2001-2013 and 1997-

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\(^4\) Anghelache, C-tin (2008). *Tratat de statistică teoretică și economică*, Editura Economică, București
2000, substantiated on chained basis indices (comparing the level of the current year with that of the previous year), in a context which suits us, namely, that of the central and east-European countries\textsuperscript{5}.

The evolution of the main categories of resources to the GDP modification, in the first half of the years 2003-2013

![Graph showing the evolution of main categories of resources to GDP modification]

**Data source:** The National Institute of Statistics, Statistic Bulletin no. 7/2013

This analysing possibility is much more self-evident than a solitary analysis which might be “jeopardized” by considering it as insufficiently relevant due to certain internal conditions or than an exhaustive comparison with all the European countries which might be, also subject of interpretations on the idea that a series of countries from Europe hold social, economic etc. conditions totally different than those from our country.

The only way for a concrete analysis of these elements concerning the evolution of the GDP consists of a comparative study of the evolutions in Romania and the other central and east-European countries, such as the Czech Republic, Hungary, Poland, Slovenia, Slovakia, Bulgaria, Latvia, Lithuania, Estonia and Cyprus.

These ten countries are representing, along with Romania, the nucleon of the central and east-European countries which embarked upon the same road under almost similar conditions.

\textsuperscript{5} Anghelache, C-tin (2013). *România 2013. Starea economică sub povara efectelor crizei*, Editura Economică, Bucureşti
This analysis does not include the situation of the European states resulting out of the disintegration of the former URSS and also, not entirely, those states resulting after the disintegration of the former RSFI.

Meantime, Albania which, for the time being, does not report essential and precise data as regards its social and economic development cannot be taken into consideration.

This one of the essential elements within the analysis performed by economists who started from the fact that such a micro-stabilization, on the ground of a change in the context of the submitted electoral programmes, would be hopes generating. As comparatively with Latvia, Lithuania, Hungary, Poland, Czech Republic, Hungary, Poland, Slovakia, and the Czech Republic Romania recorded a certain average annual increase over the period 2001-2012, as regards the GDP rate of evolution although in 2009-2011 a decrease had been recorded under the impact of the crisis.

We come to the conclusion that, from the point of view of the economic level, Romania was placed in a good position up to the year 2008, with an alarming collapse during the period 2009-2010 and an insignificant rhythm over the period 2011-2012. The year 2013 shows an enlivenment with an increase of 1.8%.

The mode in which the GDP evaluated from 2005 up today is a conclusive one in the context that this indicator is including the services sphere as well, namely the sphere of all the activities run in the frame of the national economy. This means that those transfers of activities from one activity sector to another have been accomplished, which is of nature to stimulate the market economy consolidation provided that the concern as to invest in the economic sectors specific to Romania, accepted by the domestic and international markets quantity, quality and costs wise, gets intensified. The deficiency of the anti-crisis programs from 2009-2012 consists exactly of the lack of pro-active anti-crisis steps which would certainly have positive effects. The year 2013 could mark a recovery based on a more realistic policy as to the resources allocation. In order to sustain such a point of view and since I emphasized in 2011 also the need for such steps without seeing any conclusive step taken, I take the liberty to submit farther on, a number of such steps that have been and still are available with the governing structure in Romania.

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The above discussion is not representing an articulated programme but is merely representing a suggestion only, which might be taken into consideration in order to attempt, at least, a slight relaxation.

We need « a non-jeopardized way of thinking», meaning a group of technocrats, without inhibitions, able to state openly where “the electoral years 2008-2009”, followed by the year 2012, led us, which have been the mistakes and, mainly, how long have we to report the austerity steps and which is the concrete programme aiming to control/get out of the crisis.

The agricultural year 2012 was very poor but 2013 marked a recovery. The European funds have been accessed to a small extent or, if accessed, they have been inadequately utilized. The tourism recorded an unsatisfying development. The autochthonous investments diminished or have been inefficiently utilized, not to say otherwise, while the foreign ones have practically vanished. Under such conditions, the evolution became chaotic. The salaries have been diminished, the unemployment rate increased, the inflation rate increased, the number of jobs decreased, all of them with a negative effect on the living standard of the population, namely on the life quality. As a matter of fact, I submitted previously (here as well) to the attention the fact that the mistakes occurred immediately after December 1989 when, recklessly, the inflation and unemployment have been launched with their devastating effects on the economy and the first step to be taken has been refused, namely the privatization on a correct basis of the social participations existing even at the level of a super-nationalized economy.

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