
ANALYSIS OF THE EVOLUTION OF THE GROSS DOMESTIC PRODUCT IN THE LAST DECADES

Prof. Constantin ANGHELACHE PhD (*actincon@yahoo.com*)

Bucharest University of Economic Studies / Artifex University of Bucharest

Assoc. prof. Mădălina-Gabriela ANGHEL PhD (*madalinagabriela_angel@yahoo.com*)

Artifex University of Bucharest

Assoc. prof. Ștefan Virgil IACOB PhD (*stefaniacob79@yahoo.com*)

Petroleum – Gas University of Ploiesti / National University of Science and Technology Polytechnic of Bucharest / Artifex University of Bucharest

Abstract

The Gross Domestic Product is the most complex indicator of results of any country, therefore also of Romania. In this paper, the authors set out to highlight how the Gross Domestic Product has evolved, especially in recent years, but based on its evolution over the past 33 years of market economy. Of course, the Gross Domestic Product as the most complex indicator of results expresses how natural resources have been used in the national economy. Before 1990, National Income (Total Social Product) had only one structure: Accumulation and Consumption. Through this structuring, a high percentage of each year's results is allocated for accumulation, i.e. investments. Now, of course, the structurally analyzed Gross Domestic Product carries a more easily evident weight of accumulation. In fact, this can no longer be achieved in the context where the economy as a whole, theoretically, is privatized. In the analysis of this indicator, the Gross Domestic Product, we used statistical data, statistical indicators, structure indicators, resource and use indicators, which are expressed in the article and give the essence of the authors' desire to reveal how this indicator has evolved and is evolving.

Keywords: *Gross Domestic Product, indicators, developments, macrostability.*

JEL classification: *E20, E30*

Introduction

In this article I started the analysis from the definition of the Gross Domestic Product indicator, then I made short comparative analyzes over different periods of time, in which there were either increases or decreases, I explained why the evolution is like this and I went further for to find that the market economy brought what was needed, that the Gross Domestic Product was achieved in the vast majority in the private sector, but without having the

levers to control and influence these results to be better and in the interest of the national economy.

I also used some tables and graphs, precisely to reveal more meaningfully how the Gross Domestic Product was realized and changed on account of resource categories and uses, thus making this evolution easier to interpret.

The Gross Domestic Product is growing but, as we have pointed out and revealed here, mainly due to the effects of some indicators, such as inflation, which have nothing to do with the qualitative level of economic growth.

Investments are the surest way to increase the Gross Domestic Product, in the sense that they lead to the creation of new jobs, the absorption of part of the unemployment, the increase of wages and many other advantages compared to the credits that are taken and used in investments.

In fact, this logical scheme boils down to the same thing, in the sense that investments are made but the private sector is, as a rule, to a large extent foreign and uses its own resources that bring its own additional income, who knows where to make the investments and finally the concrete results are quite small compared to the potential that Romania has, but which has no way to be taken into account now.

Literature review

Anghelche C. and others (2022) who highlight the important role that consumer prices play in maintaining macrostability. Anghelache C., Anghel M. G. (2019) addresses issues related to the collection, sorting, arrangement of statistical data series and economic modeling from a theoretical and practical point of view. Angel, M.G. and others (2018) studied fundamentals of price indices used in measuring inflation. Censolo, R. and Colomco, C. (2008) publish a study on consumption and economic growth. Khaskheli A et al (2021) are concerned with financial development, international trade and environmental degradation, using a non-linear threshold model based on panel smooth transition regression in their analysis. Moguees T. et al. (2015) studied the role of public investment in agriculture, and Quamrul A. and Michalopoulos S. (2015) analyzed how climate volatility influences agricultural activity. Tosun C. and others (2015) addressed a number of issues regarding the decisions of choosing the tourist destination and their impact on the economic evolution.

Data, Results and Discussion

In 2012, there was a GDP growth of 1.1%. The GDP recorded in 2010 a value of 522,561.1 million lei, reaching 578,551.9 million lei in 2011 and 596,681.5 million lei, final, deflated data, in 2012. The value of GDP in 2013 increased by 3.5 %, reaching 617,565.4 million lei in the context where the domestic and international crisis continued to affect economic growth. Also, in 2014, the GDP value reached 668,143.6 million lei and in 2015 the value was 712,832.3 million lei. On 30.06.2016, the GDP value was 325,572.8 million lei. In the second quarter of 2023, compared to the previous quarter, the Gross Domestic Product increased by 0.9%. Also, compared to the same quarter of 2022, the Gross Domestic Product increased by 2.7%.

Quarterly GDP evolution in the period 2021 – June 2023

Table 1

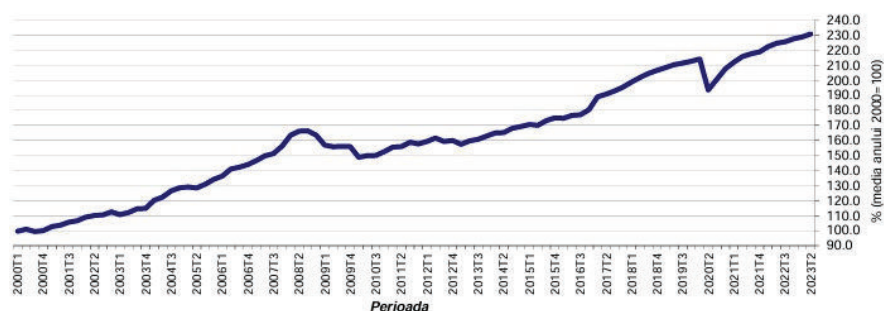
		Trim. I	Trim. II	Trim. III	Trim. IV	An
- în % față de perioada corespunzătoare din anul precedent -						
Serie brută	2021	99.7	115.4	106.7	102.4	105.8
	2022	106.3	105.0	103.7	104.5	104.7
	2023	102.4	101.1	-	-	-
Serie ajustată sezonier	2021	99.0	111.5	108.4	105.4	-
	2022	104.9	104.1	103.7	104.0	-
	2023	102.9	102.7	-	-	-
- în % față de trimestrul precedent -						
Serie ajustată sezonier	2021	102.0	101.8	100.8	100.6	-
	2022	101.6	101.0	100.4	100.9	-
	2023	100.5	100.9	-	-	-

Source: National Institute of Statistics, data processed by the authors.

In the period 2001-2008, the GDP evolution was achieved in leaps and bounds, with positive developments. Starting from 2009, under the effect of the economic-financial crisis, the decrease in economic growth started. After 2010, economic activity recovered until 2019. Comparing Romania's GDP growth level in 2012 with some countries in the European Union, we will see that it was almost the lowest.

Quarterly gross domestic product of Romania, in the period 2000 – 2023 (seasonally adjusted data)

Graph 1



Source: National Institute of Statistics, data processed by the authors.

In the first semester of 2016, GDP increased by 4.3%, gross series (3.8% adjusted series), and in the second quarter it increased by 3.8% gross series (3.4% adjusted series) compared to the corresponding quarter from the previous year.

In the second quarter of 2023, the GDP evolution, compared to the first quarter of 2022, was 101.0%.

In 2015 and 2016, GDP was achieved due to the activity carried out in the main branches of the national economy. The contribution was different from the point of view of the gross added value that was achieved at the level of each branch. Net product taxes made a positive contribution in the 1st semester of 2016, representing 11.7% of GDP, constructions increased by 0.2%. Industry had an increase of 0.25%. Also, in 2015, agriculture, forestry and fish farming had a small contribution and in 2016 they represented around 2.5% of GDP.

Contribution of resource categories to GDP formation and growth in the first quarter of 2023

Table 2

	Contribution to GDP formation - %		Contribute to GDP growth - %	
	Provisional (1)	Provisional (2)	Provisional (1)	Provisional (2)
Agriculture, forestry and fisheries	1.9	1,9	0	0
Industry	23.6	22.4	-0.5	-0.5
Construction	3.7	3.5	3.5	3.5
Wholesale and retail trade; repair of motor vehicles and motorcycles; transport and storage; hotels and restaurants	22.0	21.5	0.9	0.8
Information and communications	8.2	8.0	0.5	0.5
Financial intermediation and insurance	3.0	2.9	0.0	0.0
Real estate transactions	7.2	7.0	0.1	0.0
Professional, scientific and technical activities; administrative service activities and support service activities	5.4	5.0	0.5	0.5
Public administration and defence; social insurance from the public system; education; health and social work	14.3	14.7	0.1	0.2
Entertainment, cultural and recreational activities; repair of household products and other services	2.2	2.2	0.1	0.2
Gross value added — total	91.5	89.1	2.0	2.0
Net taxes on products	8.5	10.9	0.3	0.4
Gross domestic product	100.0	100.0	2.3	2.4

Source: National Institute of Statistics, data processed by the authors.

Compared to the provisional version, GDP dynamics increased by +0.1 percentage points and that of gross added value decreased by -0.1 percentage points.

The volume of gross added value by activity branches registered more important changes between the two estimates, as follows:

- Constructions, with an increase in the volume of activity of +0.3 percentage points;
- Performance, cultural and recreational activities; repairs of household

products and other services, with an increase in the volume of activity of +0.3 percentage points;

- Information and communications, with an increase in the volume of activity of +0.2 percentage points;

- Public administration and defence; social insurance from the public system; education; health and social assistance, with an increase in the volume of activity of +0.2 percentage points;

- Wholesale and retail trade; motor vehicle and motorcycle repair; transport and storage; hotels and restaurants, with a decrease in the volume of activity of -0.7 percentage points.

Net taxes on the product registered an increase in their volume by +1.6 percentage points.

Agriculture remains within normal parameters of influence, with a reduced evolution. Relevant to the formation of GDP by resource categories (as modifying factors) is also the structural evolution in the last period of time.

The activities in services, industry, construction and net taxes on the product together had a decisive contribution to the decrease in GDP, which means a negative fact for the Romanian economy which, although it restructured, gave up a series of sub-branches of the industry, engaging in the wake of the development of the production of services, constructions, etc., it failed to cope with the effects of the crisis, also correlated with the lack of an adequate anti-crisis governance plan, established at the onset of the phenomenon. The share of the main categories of resources in the formation of GDP in the last three years shows that the industry remains in first place, with a slight upward trend compared to the corresponding period of the previous year.

Conclusions

A series of conclusions emerge from the study. Thus, a first conclusion is that Romania has much more varied and valuable resources that must be discussed and used in commercial companies, which have a high share of domestic capital. Only the share of capital can bring an increase in income at the level of the national economy.

Another conclusion is that the Gross Domestic Product is the indicator that tells us absolutely everything about economic growth and, above all, about the quality of economic growth. We say this because economic growth can be achieved, as I said, also due to the inflation factor, but, from a qualitative point of view, it is not the form that also brings an increase in the population's standard of living.

Currently, we find that although we have announced economic growth, we also have unacceptable inflation. An increase in the Gross Domestic Product is ensured, but this increase is not found in the increase in the standard of living of the population.

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