



Munich Personal RePEc Archive

# **The setting of market economy in Romania - statistical arguments**

Săvoiu, Gheorghe/G.

Pitesti University - Romania

November 2006

Online at <https://mpra.ub.uni-muenchen.de/13534/>  
MPRA Paper No. 13534, posted 21 Feb 2009 16:16 UTC

# THE SETTING OF MARKET ECONOMY IN ROMANIA

## statistical arguments

*Ph. D. Univ. Reader Gheorghe Săvoiu  
Pitesti University - Romania*

### Abstract

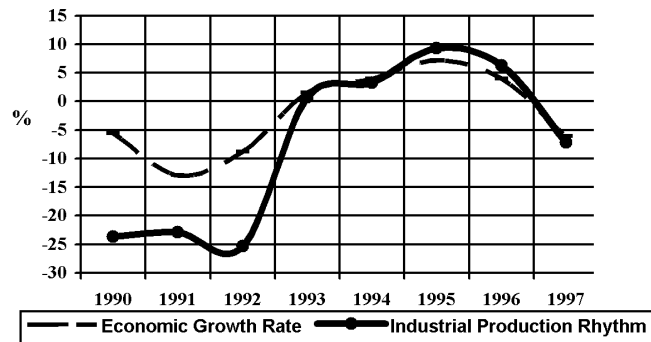
*Concerning the period 1990-2004, one can formulate a hypothesis of economic and national industrial cyclical phenomenon of “Juglar” type, with two visible evolution periods, the former of expansion and the latter of recession, and between them, less evident, the crisis and the downward. The Romanian economy crossed two “Juglar” cycles over three electoral periods that succeeded already to outline the elements of electoral cyclical type.*

Pursuing the evolution of the indexes studied during 1990-2004 one can establish that the intensity of the economic cyclical phenomenon from the first period is accompanied by the trends of equilibrium in the second part, trends that can be evaluated as positive ones in the point of the macroeconomic stability point of view. Today, Romania and Bulgaria are positioned as the last candidate countries for the European Union. A great gap is present now between Romania and european countries. Only a new national political programm and a real political class will be able to keep at least 7-10 percent annual growth of GDP per capita, for the next 25/ 30 years. A new generation is waiting...

### The Economic Growth Rate and dynamics of the Industrial Production Rhythm (1990-1997)

#### The first “Juglar” type cycle in the Romanian economy

Figure 1

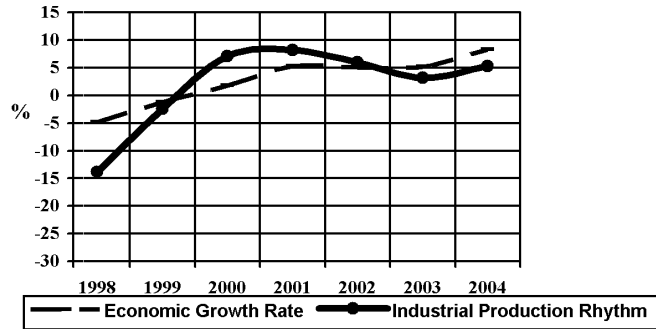


Sources: „Economia românească 12 ani de tranziție”, Ed. INS, București, mai 2002, „România în cifre - iunie 2005”, Ed. INS, București și „Anuarul statistic al României”, Ed. INS, București, 2006

The amplitude of oscillation looks being much more reduced in the second economic national cycle, the signal as such being a positive one of a relative “stabilization” of the limits able to describe fundamental macroeconomic processes.

**The Economic Growth Rate and dynamics  
of the Industrial Production Rhythm (1998-2004)  
The second “Juglar” type cycle in the Romanian economy**

*Figure 2*



Sources: „Economia românească 12 ani de tranziție”, Ed. INS, București, mai 2002, „România în cifre - iunie 2005”, Ed. INS, București și „Anuarul statistic al României”, Ed. INS, București, 2006.

Another important indicator in the field of the above presented cyclical period is also the price instability, rendered by means of the consumer goods price index (CPI) and of the industrial goods price index (IPI), as instruments that point out the inflation experienced by the consumer and the inflation produced by the industrial producer.

**The annual evolution of the inflation in the Romanian economy**

Previous year = 100

*Table 1*

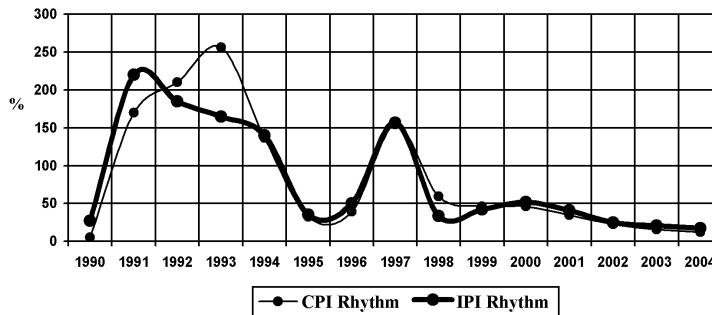
	Year														
	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
CPI rhythm	5,1	170,2	210,4	256,1	136,7	32,3	38,8	154,8	59,1	45,8	45,7	34,5	22,5	15,3	11,9
IGPI rhythm	26,9	220,1	184,8	165,0	140,5	35,1	49,9	156,9	33,2	42,2	51,6	41,0	24,7	20,9	19,1

Source: „Anuarul statistic al României”, Ed. INS, București, 2006

Otherwise, the graphic of both parallel evolutions emphasize the cyclical phenomenon and define trends with a relative similar feature.

**The dynamics of the CPI and IPI at the national level**

*Figure 3*

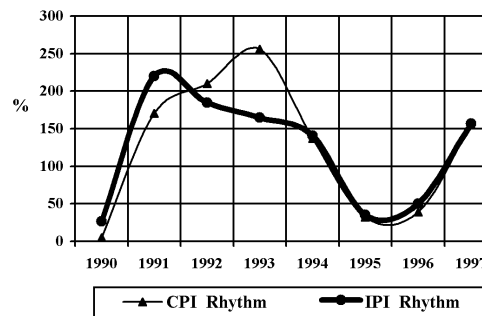


Source: „Buletin statistic de prețuri”, ediții lunare 1990-2004

During 1990-1997 the economic cyclical phenomenon develop due to the convergent character of the electoral cyclical changing reaching the climax in 1992 and 1997. The “Juglar” type cycle in the Romanian economy is described also by the rhythm dynamics of CPI and the rhythm of IPI at the national level.

**The dynamics of the CPI and IPI (1990-1997)  
The first “Juglar” type cycle in the Romanian economy**

*Figure 4*

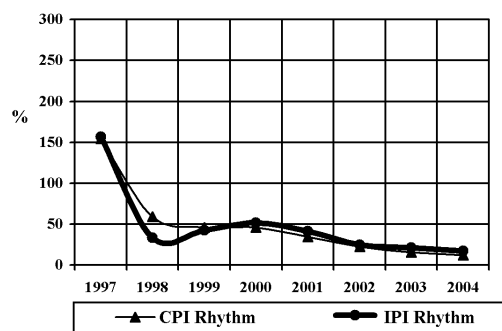


Source: C. „Buletin statistic de prețuri”, ediții lunare 1990-2004

During 1997-2004 one can notice a weak intensity of the economic cyclical phenomenon in what concerns the inflationist event as a result of an increasing price and tax stability.

**The dynamics of the CPI and IPI (1998-2004)  
The second „Juglar” cycle type in the Romanian economy**

*Figure 5*



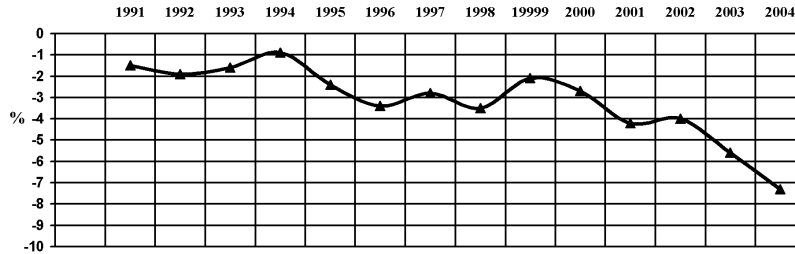
Source: „Buletin statistic de prețuri”, ediții lunare 1990-2004

In order to evaluate its external equilibrium, a signification apart from the balance account of the balance of trade is granted simultaneously with the analysis of the current account of the balance of international payments.

This holds the majority share in the current account balance, characterising synthetically and promptly the international trade evolution. The economic cyclical phenomenon is emphasized with a certain inertial degree by the balance account of the balance of trade, usually the negative limit of the balance being recorded at the end of the period.

### The Balance Account dynamics of the Trade Balance at national level

Figure 6

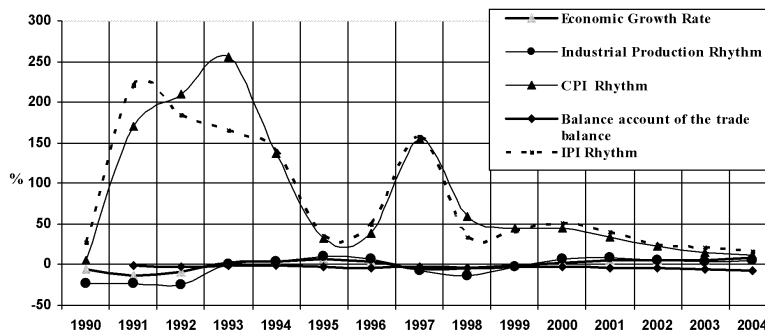


Sources: „Economia românească 12 ani de tranziție”, Ed. INS, București, mai 2002 și „Anuarul statistic al României”, Ed. INS, București, 2006

Pursuing the evolution of the indexes studied during 1990-2004 one can establish that the intensity of the economic cyclical phenomenon from the first period is accompanied by the trends of equilibrium in the second part, trends that can be evaluated as positive ones in the point of the macroeconomic stability point of view.

### The dynamics of Economic Growth Rate, Industrial Production Rhythm, CPI and IPI Rhythm and Balance Account of the Trade Balance

Figure 7

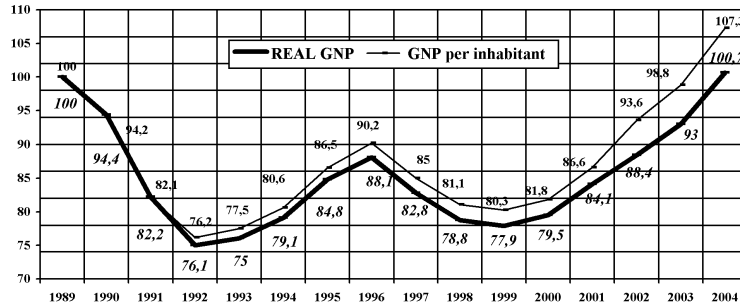


Sources: „Economia românească 12 ani de tranziție”, Ed. INS, București, mai 2002 și „Anuarul statistic al României”, Ed. INS, București, 2006

The final upward trend points out the relative closure of the transition only as level of the real GNP at the end of 2004

### The dynamics of the real GNP and the GNP per inhabitant (1990 - 2004)

Figure 8

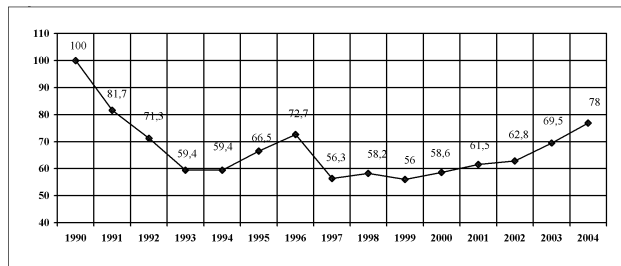


Sources: „Economie românească 12 ani de tranziție”, Ed. INS, București, mai 2002 și „Anuarul statistic al României”, Ed. INS, București, 2006

Actually, for the large majority of the “actors” of the Romanian economy, the transition hasn’t ceased yet, as one can notice from the evolution of the real incomes (1990 = 100 %):

### Evolution of the real incomes in Romania (1990-2004)

Figure 9



Source: „Buletin statistic lunar”, ediții lunare 1990-2004

The myth of a market economy completely stable is valid only for the Romanian political class that constitutes also the knots from the business entrepreneurs network in Romania. But it is very clear too that a little number of such persons, that is approximately one million people, covering the new occupational positions as owners, associates, entrepreneurs and all their families were substantially simulated in the new Romanian economy.

### Conclusions

The efficiency of each market economy has at its base a much more important criterion. That is “stimuli count for everyone”, a generating principle of a substantial middle class in the European developed countries and of an obvious political social and economic stability...