

## PREFACE

Starting from the importance and need to investigate one of the most relevant issues regarding the structure and dynamics of the economic and social development of all countries in the world, the authors elaborated this volume, by focusing their scientific research on Romania, from the perspective of certain synthetic indicators, aggregated at macroeconomic level, i.e. the Gross Domestic Product and the National Income, on long data series over the past 150 years, also taking into account the comparative international context, in terms of purchasing power parity.

This volume is structured into two scientific parts. **Part One** represents a synthesis, developed and completed, of the work of professor Victor Axenciuc published in Romanian (*The Gross Domestic Product of Romania – 1862-2000*, Volumes I and II). The present paper contains secular statistical series and methodological arguments, detailed over more than 1300 pages. It is considered a **synthesis** because, by rigorous selection of the most significant statistical worksheets regarding the aggregate indicator – Gross Domestic Product –, a number of 250 papers were kept, leaving aside numerous calculations and preliminary tables and addendums of documents; Part One also stands for **development**, because the current research extended the analysis period until 2010 and, in addition, indicators resulting from the GDP – Net Domestic Product, Net National Product – and **National Income**, respectively, were calculated for the entire period.

**Part Two** of the study, elaborated by George Georgescu, PhD, focuses on the international literature, dedicated to criticism, theoretical and methodological opinions regarding the Gross Domestic Product, as well as a comparative analysis, also novel in nature, of the evolution of this indicator, in various hypotheses, of the Romanian economy compared to other countries.

Our historical research has adopted and applied, with maximum attention, criteria that substantiated the calculations and that verified them, through rigorous techniques and methods of data aggregation, in order to remove certain errors that would lead to distorted results, focusing on the accuracy of the evaluations, so that they would express, in the most genuine manner, the real dimension of the statistical indicators, allowing for a correct interpretation of the economic phenomena.

As it is the case of any research topic, which requires a complex approach, in time and space, the quality and utility of these secular statistical series would be validated by the future activity of scientific knowledge and by further research studies in the field. We would like to point out that the operations for compiling the indicators are accompanied by explanations and comments regarding the criteria and calculation methods, so that the data would be able to be rebuilt in a better format, by the interested authors, should they have more reliable and relevant statistical information available, as well as by methodological improvements.

Such research studies with outstanding results, in which the economic past of several centuries is expressed in the language of modern statistical representations,



have been developed in several countries by different authors and/or institutions, most often of academic nature, measuring the evolution of synthetic macroeconomic indicators by groups of countries, continents and even at a global level.

As regards Romania, it must be mentioned that, due to the discontinuity of data series which could be compared for longer periods of time, also caused by territorial and political regime changes that have occurred over the past 150 years, the analytic studies focusing on the macroeconomic evolutions at a national and international level are relatively few, seizing, in a compact manner, only some of the periods from the reference interval.<sup>1</sup>

In **Part One** of the paper, depending on the nature of the statistical information and the calculations performed, the secular interval of the topic, which focuses on the period 1862-2010, was developed on three time segments, 1862-1947, 1950-1979, and 1980-2010, respectively, (corresponding to sections B, C, and D), anticipated by the presentation of a general synthesis, for the entire period (Section A).

The time segment of the period 1862-1947, which represents the backbone of the paper, was fully developed starting with the collecting and processing of the information for primary operations, up to the development of synthetic indicators.

The module of the 1950-1979 interval was developed by converting the data regarding the National Income according to the System of Material Production, presented in the official statistics, to the Gross Domestic Product.

The time segment of the period 1980-2010 was developed by transposing the data in current prices published by the National Institute of Statistics and the National Bank of Romania, to comparable prices.

At the end of Part One, the aggregate indicators deriving from GDP, e.g. the Gross National Product, Net Domestic Product and National Income are presented by making calculations and processing some data on the historical series, taking into account the levels of the external debt, the BoP current account balance and the consumption of fixed capital.

The building of secular retrospective series of economic statistical indicators and calculating, for the same historical period, the macroeconomic synthetical aggregates, represented, especially in the second half of the 20<sup>th</sup> century, one of the main concerns and focuses of economics and international institutions at global level.

**Part Two** of the paper, in a theoretical and methodological approach to the Gross Domestic Product issues, presents a short history of the System of National Accounts, focusing on the methodological changes of the SNA 2008 and ESA 2010, respectively, as well as their impact on revising the GDP at the level of the European Union.

In the context of the global crisis effects on certain macroeconomic and financial concepts, and from the perspective of the GDP indicator relevance, despite methodological improvements, certain limits are highlighted in this regard, as well as its interpretation distortions, sometimes strained to abusive forms and diverted for political purposes.

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<sup>1</sup> Some of them were useful for our historical research, mentioning in this context the *National Income of Romania for the period 1926-1938*, a study developed by Mitiță Georgescu for the Romanian Encyclopedia and published in its fourth volume in 1943.



The attempts to address the GDP deficiencies, many of them being included in the recommendations of the Stiglitz-Sen-Fitoussi Commission, focused on establishing certain GDP complementary indicators, as well as systems of alternative indicators, suggested by different authors or international institutions, that would reflect, in a more adequate manner, the individual and social wellbeing, both for analytical and operational purposes.

At the end of Part Two our research focuses on international comparisons regarding the GDP at the purchasing power parity, highlighting Romania's position in European and/or global rankings, its evolution over time, as well as the relative and absolute gaps compared to advanced countries, adding some considerations regarding the perspectives of the real convergence with the EU Member States.

Considering that they would add value and interest to the paper, the foreword by Professor Vergil Voineagu to the Romanian edition, and a History historical background, and acknowledgement for the same edition, are presented in the addendums.

In the elaboration of this study the authors started from the belief that the historical data, the secular indicators assessed, as well as our own interpretations, would be useful for the scientific research studies by historians, economists, sociologists and all who would develop retrospective or prospective analyses regarding the evolution of the social and economic life in Romania.

An articulated, coherent system of statistical data, implicitly of the aggregate macroeconomic indicators for long periods of time, can represent benchmarks for substantiating certain policies aimed at the present and future of our country, focusing on the characteristics of the cyclical secular evolution, as well as the nature of development gaps and convergence prospective in the European and global context. The foundation of the current processes and phenomena based on historical and economic sources, the ascertainment by synthetic indicators of the secular dynamics and continuity of the economy evolution and transformation affords a more comprehensive perspective for understanding the present and future trends of the development of the long-term macroeconomic cycles.

Any research paper, such as the current one, enjoys the information support of certain institutions and persons. In this regard we would like to thank the National Commission of Prognosis, the National Institute of Statistics, the Institute of National Economy, and the National Institute for Economic Research of the Romanian Academy; for technical operations and type scripting we benefitted from the support of Mrs. Rădoi Alina and Mrs. Mincu Cristina, who deserve our special thanks.

At the end of this preface we consider that any rigorous scientific endeavor, as we hope ours has been, should be constantly guided by the everlasting truth expressed by Seneca: "Much remains to be done and much will remain. No one will be deprived of the chance to add something".