

9 THE "DOBRESCU MACROMODEL" OF THE ROMANIAN MARKET ECONOMY* - 2005 VERSION-YEARLY FORECAST SCENARIO FOR "INCREASE IN FOREIGN CAPITAL INFLOWS"

Bianca PĂUNA**
Ion GHIZDEANU***
Cornelia SCUTARU****
Petre FOMIN****
Corina SÂMAN****

Macromodel of the Romanian Market Economy****

In this article we present only the economic forecast of the variable of interest. For a description of the model, see RJEF, No. 1/2007 of [4].

The macromodel estimates the short and medium-term economic implications for internal policies and changes in the international context.

This new version of the Romanian macromodel incorporates the experience accumulated through the utilisation of its previous forms - either experimental (tested during 1991-1995) or operational (developed during 1996-2003). At the same time, it introduces some methodological and information improvements.

The most significant of them is the structural decomposition of the economy, associated with input-output techniques.

Due to the relatively advanced stage of the transitional processes in Romania, the behavioural functions were accommodated - as much as possible - to the standard relationships. Unlike the versions that used the statistical series beginning in 1980, the present one is based exclusively on information concerning the period 1989-2004.

* PHARE Programme RO2003/005-551.02.03 "Strengthening the capacity for analysis, macroeconomic forecast and elaboration of economic policies within the National Commission for Prognosis, the Ministry of Economy and Trade and the Prime Minister's Cabinet" – Romanian Center for Economic Policies.

** National Institute for Economic Research - Romanian Academy, Bucharest.

*** National Commission for Prognosis.

**** Institute for Economic Forecasting - Romanian Academy, Bucharest.

***** Source: Emilian Dobrescu: "Macromodels of the Romanian Market Economy", Editura Economică, Bucharest, 2006.

Therefore, we have considered more adequately to name this variant the macromodel of the Romanian market (not transition, as before) economy.

Key-words: model, input-output analysis, econometric relationships, simulations

JEL Classification: C5, E2-E6, H6

Base Scenario for 2008

The computation hypothesis for the scenario:

- the exogenous variables related to the dynamics of the nominal revenue and the structure of the general consolidated budget is according to the announced government policies;
- the structural funds received from the European Union were included explicitly in the general consolidated budget revenue, and their main destination was to increase the gross fixed capital formation;
- we anticipate a prudent policy in the area of non-governmental credit, which will lead to a moderate expansion of domestic consumption;
- the National Bank's monetary policy will work towards the stabilization of the exchange rate around its end of year value;
- the exogenous variables related to the rest of the world economy are according to the relative optimistic prognosis of the international environment.

In comparison to the previous forecasts (Base Scenario for 2008 RJEf1/2008, p. 193) the current estimation includes an additional increase in the expected disposable income and foreign capital inflows, with the corresponding increase in the domestic demand and money supply.

Given the above hypothesis we consider that the forecasted values are a desirable scenario.

The most important forecasted indicators are presented in Table 1.

Table 1

New scenario for 2008

Indicators	Symbol	Base Scenario	New scenario
GDP, current prices, bill. RON	GDP	451.451	457.3447
GDP index, current prices	IGDP	1.12156	1.136202
GDP index, constant prices	IGDPc	1.05187	1.056151
Household consumption index, constant prices	ICHc	1.06799	1.075952
Gross fixed capital formation index, constant prices	IGFCFc	1.07396	1.023427
Export of goods and services, bill. euros	XGSE	41.0227	41.21773
Import of goods and services, bill. euros	MGSE	55.4006	56.98254
The deficit of the trade balance (% of GDP)	rNX	-0.11632	-0.12552
Labour force, mill. pers.	LF	10.0996	10.11067

The "Dobrescu Macromodel" of the Romanian Market Econo

Indicators	Symbol	Base Scenario	New scenario
Employment, mill. pers.	E	9.5657	9.575166
Unemployment rate	ru	0.05286	0.052964
GDP deflator	PGDP	1.06625	1.075795
Consumption price index	CPI	1.05821	1.069565
Exchange rate, RON/EUR	ERE	3.6524	3.641284
Revenues of the general consolidated budget (% of GDP)	br	0.37449	0.376625
Expenses of the general consolidated budget (% of GDP)	be	0.40421	0.404211
The general consolidated budget deficit (% of GDP).	cbb	-0.02972	-0.02759

Any deviation of the real evolutions from the above premises as well as the changes in the 2006-2007 statistical data will be included in future forecasts.

Bibliography

- Dobrescu Emilian, "Macromodel of the Romanian Market Economy (Version 2005)", PHARE Programme RO2003/005-551.02.03 "Strengthening the capacity for analysis, macroeconomic forecast and elaboration of economic policies within the National Commission for Prognosis, the Ministry of Economy and Trade and the Prime Minister's Cabinet" – Romanian Center for Economic Policies; <http://www.cnp.ro/SiteNCP.pdf>
- Dobrescu Emilian, "Integration of Macroeconomic Behavioural Relationships and the Input-Output Block (Romanian Modelling Experience)", Paper presented at the International Conference on Policy Modelling (Ecomod 2006), Hong Kong, June 28-30, 2006, <http://www.ecomod.org/files/papers/1564.pdf>.
- Dobrescu Emilian, *Macromodels of the Romanian Market Economy*, Editura Economică, Bucharest 2006, 326 pgs.
- Bianca Păuna, Ion Ghizdeanu, Cornelia Scutaru, Petre Fomin, Corina Săman: "The « Dobrescu Macromodel » of the Romanian Market Economy – 2005 version – Yearly forecast, basic scenario", *Romanian Journal of Economic Forecasting*, 1/2007.