16 THE "DOBRESCU MACROMODEL" OF THE ROMANIAN MARKET ECONOMY[*] – 2005 VERSION – BASE SCENARIO FOR 2008 –

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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.

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.

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

Base scenario for 2008

Indicators	Symbol	2008
GDP, current prices, bill. RON	GDP	451.451
GDP index, current prices	IGDP	1.12156
GDP index, constant prices	IGDPc	1.05187
Household consumption index, constant prices	ICHc	1.06799
Gross fixed capital formation index, constant prices	IGFCFc	1.07396
Export of goods and services, bill. euros	XGSE	41.0227
Import of goods and services, bill. euros	MGSE	55.4006
The deficit of the trade balance (% of GDP)	rNX	-0.11632
Labour force, mill. pers.	LF	10.0996
Employment, mill. pers.	E	9.5657
Unemployment rate	ru	0.05286
GDP deflator	PGDP	1.06625

Indicators	Symbol	2008
Consumption price index	CPI	1.05821
Exchange rate, RON/EUR	ERE	3.6524
Revenues of the general consolidated budget (% of GDP)	br	0.37449
Expenses of the general consolidated budget (% of GDP)	be	0.40421
The general consolidated budget deficit (% of GDP).	cbb	-0.02972

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.

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