

ECONOMIC GROWTH. FROM STATISTICAL INDICATORS TO POPULATION WALLETS

Professor, Ph.D. Marius GUST

"Constantin Brâncoveanu" University of Pitesti, Romania

E-mail: mariusgust@yahoo.com

Abstract: *Forecasts, but also official statistics indicate for Romania large and very large increases in gross domestic product. Thus, values of 7% for 2021 are mentioned, and if the increases from the third quarter of 2021 to the previous quarter of the previous year are reported, the values exceed 13%. The question therefore arises as to whether or not these increases are reflected in the income and consumption of the population. Also, if GDP growth is not found in the incomes of the population where they appear and who are the beneficiaries of these increases. Consequently, this Communication seeks to answer the question of how much of this growth is reflected in the living standards of the population. The Communication also aims to answer the question of why these increases are bypassing the general public and whether this view is merely an illusion.*

Keywords: *gross domestic product, remuneration of employees, gross operating surplus, taxes on production and imports, actual final consumption of households.*

JEL classification: *O11.*

1. Introduction

Sometime in August 2021, the IMF released the new economic forecasts for Romania after publishing the conclusions of its annual analysis of each country according to Article IV of the institution's statute and said that *"We forecast 7% economic growth in 2021 to be supported by rising private consumption and accompanied by a transient rise in inflation. Public investment will be supported by the increase in European funds, especially the new program. The current account deficit is projected to decline moderately in the medium term once fiscal consolidation (reducing the budget deficit) takes effect, and the slowdown in economic growth will move the economy toward the optimum potential"* (Nanu, 2021).

Earlier, in July 2021, the European Commission estimated that the European economy would recover faster than previously estimated, and Romania's economy would grow by 7.4% in 2021 and 4.9% in 2022 (European Commission, 2021).

The two previous predictions were based on the positive figures calculated by Romanian statisticians, which aroused great enthusiasm among politicians. Here is an example.

"I promised you great news from the economy: 13% economic growth. Sounds good, doesn't it? Especially since we went through the unfortunate context of last year, when the global economy suffered the biggest blow in the last hundred years. Romania's economy has been shut down. At that time, we did not have the solution we have today, we did not have the vaccine", said Cițu. "I was the only optimist. I promised that the Romanian economy will have a quick recovery, a return in V. I worked hard and I succeeded. Thank you for that, dear Romanians. I wouldn't have made it without you. You are the real heroes. The figures show that Romania's economy has overcome the economic crisis in just one year. 13.6% is a figure that we must keep in mind. Regardless of the comments in the public space, this figure shows that we did a very good job. The Romanian government is not affected by the internal PNL campaign. For me, the interest of Romanians is the most important", said Cițu. "First we invest, we have economic growth and then the results are distributed to all Romanians, through the mechanisms of the market economy and not based on political criteria. Our goal is for Romania to become a destination for high value-added investments. This is possible with a well-educated, but well-paid workforce," he added." (Bonea, 2021).

Indeed, on August 17, 2021, the National Institute of Statistics issued a press release on the evolution of GDP in the second quarter of 2021 (INS, 2021), which, from the very beginning, said in its first sentence “*compared to the first quarter of 2021, gross domestic product in the second quarter of 2021 was, in real terms, higher by 1.8%*”, and in the second sentence “*that compared to the same quarter of 2020, gross domestic product registered, in the second quarter of 2021, an increase by 13.0% in gross data and by 13.6% in seasonally adjusted data*”.

Which amounts not to 13% or 13.6%, but only 1.8%; this was the increase in GDP in the second quarter of 2021, given that we compare it with the last available value in the first quarter of 2021. Obviously if we compare GDP in the second quarter of 2011 with a past value, for example, from 2020, the value will be higher, because past values are lower. For example, if we compare GDP of the second quarter, 2021, with that of the fourth quarter, 2006, before entering the European Union, it will result that it increased by 221% (290.49 billion lei, compared to 90.5 billion lei). In addition, the comparison of GDP in the second quarter of 2021 with GDP in the second quarter of 2020, against the background of the health crisis and lockdown, economic growth was negative, GDP falling sharply (decreased by 27 billion lei compared to the first quarter of 2020), will lead to high, abnormal values.

A second observation should be made with the mention in the INS communiqué, namely that it is about some signal data, estimates at 45 days after the end of the semester, in case of little information and with high probability of being revised (clarifications that can be found even in the INS communiqué), the correct GDP resulting from about 2 years from the end of that period (between the end of the quarter and the final two years, the authorities publishing more provisional data) So these data should be viewed with caution, especially since the statistical authority in Romania is often reviewing data and sometimes the corrections are quite significant.

In the meantime, between 17 August 2021 and the present, the NIS issued two communiqués, with provisional data, on GDP growth in the second half of 2021. In the first, on 17 August, the values remain at the level of the signal data, but see an increase in the one on 11 October. Thus, the GDP in the second quarter of 2021, increased by 1.9% compared to the previous quarter and by 13.9% in gross data and by 14.4% in seasonally adjusted data, compared to the same quarter in 2020 (INS, 2021).

In this context, more and more voices have emerged, from politicians to the general public, who (1) are distrustful of these figures (i.e. challenge them) and (2) argue that they are not felt in their pockets (or as someone said a few years ago, because it is already in the pockets of others (Cristian Păun, 2018), although we were assured by the incumbent Prime Minister, Mr. Florin Cițu, at the time of publication of the data signal that “*First we invest, we have economic growth and after that the results are distributed to all Romanians, through the mechanisms of the market economy and not based on political criteria*”.

2. Methodological aspects

In fact, the term economic growth refers to the dynamics of gross domestic product.

Gross domestic product measures the value added of the production and service activities of resident economic units over a period of time (quarter or year). Gross quarterly domestic product at market price is estimated through several methods (INS, 2021):

a) production method: $GDP = GVA + TP - SP$, where: GVA = gross value added at basic price; TP = taxes on the product; SP = subsidies per product;

b) expenditure method: $GDP = CFG + CFS + GCF + E - I$, where: FCH = actual final consumption of households; FCS = actual final consumption of the state; GCF = gross capital formation; E = export of goods and services; I = import of goods and services;

c) income method: $GDP = ER + GOS + IMP - SUB$, where: ER = employee remuneration; GOS = gross operating surplus; IMP = taxes on production and imports; SUB = subsidies on production and imports.

Main data sources used to estimate quarterly gross domestic product:

- statistical sources: annual surveys on industrial production, construction, services, trade; the production account of agriculture calculated on the basis of data provided by the Ministry of Agriculture; annual earnings and employee surveys; financial-accounting sources: accounting balance sheets of financial institutions;

- administrative sources: execution of the state budget and local budgets, as well as the state social insurance budget;

- balance of external payments.

In conclusion, in order to assess the impact of economic growth on the population, we should look at the evolution of the components: the remuneration of employees and the actual final consumption of households.

At the same time, in order to have more information, we chose the quarterly data on gross domestic product, its evolution and the two components under study (employee remuneration and actual final consumption of households) in the last 11 quarters, the first being the quarter IV 2018 (2018T4), and the last quarter II 2021 (2021T2), a period that included the impact of the pandemic crisis.

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3. GDP formation analysis

In the last 11 quarters, the value of Romania's quarterly GDP (calculated in current prices as a seasonally adjusted series and by number of days) had values of over 250 billion lei, with two exceptions being 2018Q4, the basic moment of the interval analysed and 2020Q2, the beginning of the pandemic crisis, when it dropped to values of approx. 240 billion lei. Maximum value was reached in 2021Q2, over 290 billion lei, so an increase of over 50 billion lei, compared to the minimum values.

The most important component of GDP, according to the income method, is the gross operating surplus, the component of added value that remains at the disposal of enterprises, which had its maximum value in 2021Q2, of about 145 billion lei, and its minimum value of 121 billion lei when the pandemic started. This component contributes at least 50% to the formation of our country's GDP, but has a slight downward trend from about 52% to 50% or even slightly below this value.

Table no. 1. Romania's quarterly GDP (by income method)

GDP components Billion lei	2018	2019				2020				2021	
	Q4	Q1	Q3	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Employee remuneration (ER)	93,9	98,9	102,4	103,2	105,6	107,6	105,4	109,2	112,1	113,1	116,9
Net export	0,0	0,0	0,1	0,0	0,1	0,1	0,1	0,1	0,1	0,1	0,1
Gross operating surplus (GOS)	127,6	130,7	137,1	137,3	138,3	141,7	121,0	129,2	139,7	142,1	144,8
Net taxes on production + imports (NT)	23,6	22,4	25,3	24,7	26,8	22,0	17,2	24,1	22,3	25,2	30,8
Gross domestic product	244,5	254,8	263,5	264,7	271,8	274,8	241,0	260,0	277,5	283,6	290,5

Source: insse.ro

The second component of GDP, according to the income method, is the remuneration of employees, which also had a maximum value in 2021Q2 of 117 billion lei, and a minimum value of 94 billion lei, in the first quarter of the analysed period, 2018Q4. In the first quarter of the pandemic crisis, the remuneration of employees decreased to 105 billion lei, an average value. The contribution of this component has increased from approx. 39% in all quarters before the pandemic, to a maximum of about 44% in the first quarter of the pandemic, so that in the following quarters to evolve to the reference value of 39%, but continues to remain one % above it.

Table no. 2. Romania's quarterly GDP structure (by income method)

GDP components	2018	2019				2020				2021	
	Q4	Q1	Q3	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
GDP structure											
ER	38,6	38,8	38,9	39,0	38,9	39,2	43,7	42,0	40,4	39,9	40,3
GOS	52,2	51,3	52,0	51,9	50,9	51,6	50,2	49,7	50,3	50,1	49,9
NT	9,6	8,8	9,6	9,3	9,9	8,0	7,2	9,3	8,0	8,9	10,6
Statistical discrepancy	-0,5	1,1	-0,5	-0,2	0,4	1,2	-1,1	-0,9	1,2	1,2	-0,7
Gross domestic product	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0

Source: insse.ro and author's calculations

The third component of GDP, according to the income method, is net taxes on production and trade, with a maximum of about 31 billion lei, and a minimum value of 17 billion lei in the first quarter of the health crisis. As a contribution to GDP, this component had a share of about 9-10% before the pandemic, to fall to about 7% in the first quarter of the health crisis, after which it seems to increase, returning to standard values or even surpassing them. In the last quarter of the analysed period 2021Q2, net taxes on production and trade continue to be 1% above the reference values.

So, as the highest values were recorded in 2021Q2 and the lowest (only two components (net taxes on production and trade and gross operating surplus) in 2020Q2, it is clear that the largest increases are between these two moments.

With regard to contributions to the formation of GDP, the 2% decrease in the contribution of the gross operating surplus is transmitted in almost equal proportions (of 1%) to the remuneration of employees, respectively, the net taxes on production and trade.

Table no. 3. Romania's quarterly GDP changes (by income method)

Indicator	2008	2019				2020				2021	
	Q4	Q1	Q3	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Variations compared to previous quarter											
ER	1.562,4	4.451,5	3.488,8	755,6	2.460,4	1.972,7	-2.174,3	3.737,1	2.988,7	959,7	3.819,4
GOS	1.666,2	3.064,6	6.462,4	217,1	917,0	3.479,6	-20.759,9	8.230,5	10.466,6	2.389,9	2.779,3
NT	1.611,8	-1.149,5	2.891,5	-595,0	2.055,1	-4.743,9	-4.805,4	6.826,0	-1.779,6	2.891,9	5.585,9
Statistical discrepancy	-1.632,6	3.898,2	-4.170,8	897,6	1.598,4	2.324,9	-6.025,8	193,1	5.755,5	-57,3	-5.343,5
Gross domestic product	3.207,8	10.264,8	8.671,9	1.275,3	7.030,9	3.033,3	-33.765,4	18.986,7	17.431,2	6.184,2	6.841,1
Annual variations compared to end of previous year											
ER	-	4.451,5	7.940,3	8.695,9	11.156,3	1.972,7	-201,6	3.535,5	6.524,2	959,7	4.779,1
GOS	-	3.064,6	9.527,0	9.744,1	10.661,1	3.479,6	-17.280,3	-9.049,8	1.416,8	2.389,9	5.169,2
NT	-	-1.149,5	1.742,0	1.147,0	3.202,1	-4.743,9	-9.549,3	-2.723,3	-4.502,9	2.891,9	8.477,8
Statistical discrepancy	-	3.898,2	-272,6	625,0	2.223,4	2.324,9	-3.700,9	-3.507,8	2.247,7	-57,3	-5.400,8
Gross domestic product	-	10.264,8	18.936,7	20.212,0	27.242,9	3.033,3	-30.732,1	-11.745,4	5.685,8	6.184,2	13.025,3

Source: insse.ro and author's calculations

If we look at quarterly or annual increases, we see that they are constantly growing, both in terms of gross domestic product and its components, with the only deviations being noticeable in 2020Q2, when all indicators fall on account of the health crisis, and net taxes, which have an oscillating evolution.

Table no. 4. Structure of changes in Romania's quarterly GDP (%) (by income method)

Indicator	2018		2019				2020				2021	
	Q4	Q1	Q3	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	
Structure of GDP growth	48,7	43,4	40,2	59,2	35,0	65,0	6,4	19,7	17,1	15,5	55,8	
ER	51,9	29,9	74,5	17,0	13,0	114,7	61,5	43,3	60,0	38,6	40,6	
GOS	50,2	-11,2	33,3	-46,7	29,2	-156,4	14,2	36,0	-10,2	46,8	81,7	
Statistical discrepancy	-50,9	38,0	-48,1	70,4	22,7	76,6	17,8	1,0	33,0	-0,9	-78,1	
Gross domestic product	100	100	100	100	100	100	100	100	100	100	100	

Source: insse.ro and author's calculations

If we refer to the structure of the quarterly GDP increases, we notice that in six quarters out of a total of 11, most of the increase is stopped by value creators (enterprises, private entrepreneurs, etc.) in the form of gross operating surplus, and the value of increase is over 50% (with one exception in 2020Q3). The remuneration of employees in only three years was targeted as the first destination of the increase and this happened in 2019, while net taxes acted as a shock absorber, income from this source bearing the surpluses that exceeded the amount of salaries and gross operating surpluses.

Table no. 5. Changes in the components of Romania's quarterly GDP (by income method)

Indicator	2018		2019				2020				2021	
	Q4	Q1	Q3	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	
Increase in employee remuneration (%)	-	4,7	3,5	0,7	2,4	1,9	-2,0	3,5	2,7	0,9	3,4	
Quarterly increase in consumer prices (%)	-	1,6	1,44	-0,14	0,8	1,1	0,73	-0,01	0,31	2,01	1,29	
Net increase in wages (%) in relation to consumer prices	-	3,1	2,1	0,9	1,6	0,8	-2,8	3,6	2,4	-1,2	2,1	
Consumer price index (2018Q4 = 100%)		101,6	103,1	102,9	103,7	104,9	105,6	105,6	106,0	108,1	109,5	
Employee remuneration (billion lei 2018T4 prices)	94,5	97,4	99,4	100,2	101,8	102,6	99,8	103,3	105,8	104,6	106,8	
Employee remuneration (billion lei current prices)	94,5	98,9	102,4	103,2	105,6	107,6	105,4	109,2	112,1	113,1	116,9	
Differences - billion lei	0,0	-1,6	-3,0	-2,9	-3,8	-5,0	-5,6	-5,8	-6,3	-8,5	-10,1	
GDP deflator (%)	-	6,3	7,1	6,4	7,3	3,7	1,4	4,1	4,7	3,3	5,5	
Net wage growth (%) relative to GDP deflator	-	-1,6	-3,6	-5,7	-4,9	-1,8	-3,4	-0,6	-2,0	-2,4	-2,1	
Increase in gross operating surplus (%)	-	2,4	4,9	0,2	0,7	2,5	-14,6	6,8	8,1	1,7	2,0	
Net increase in gross surplus (%) relative to GDP deflator	-	-3,9	-2,2	-6,2	-6,6	-1,2	-16,0	2,7	3,4	-1,6	-3,5	
Increase in net taxes on production and imports	-	-4,9	12,9	-2,3	8,3	-17,7	-21,8	39,6	-7,4	13,0	22,2	
Employee remuneration/gross operating surplus ratio	0,74	0,76	0,75	0,75	0,76	0,76	0,87	0,84	0,80	0,80	0,81	
Employee remuneration ratio/net taxes	4,00	4,41	4,04	4,17	3,94	4,88	6,11	4,54	5,03	4,49	3,80	

Source: insse.ro and author's calculations

The percentage increase in the employee remuneration component (between 0.7% and 4.7%), amid low inflation (calculated at consumer prices), leads to positive values, i.e. a real increase in employee remuneration: Only two quarters are exceptions, both after the outbreak of the pandemic crisis: 2020Q2 and 2021Q1. If we compare the increase in the employee remuneration component with the GDP deflator, the values are permanently negative, which means a decrease in the purchasing power of this component.

The remuneration of employees does not change significantly even if we calculate its real value in 2018Q4 prices. It is true that there is a decrease, due to a slightly more consolidated price index, but over the whole period we have a real increase of over 12 billion lei (in current prices, the increase is over 22 billion lei). However, most of the growth is in 2019 (over 8 billion) and only 5 billion lei in the six semesters of 2020 and 2021. In addition, we note a real decrease of over one billion in 2021Q1, fully recovered by 2021Q2.

The other component, the gross surplus of exploitation, has much higher dynamics, between 0.7% and 8.1%, which makes the comparison of these increases with the GDP deflator to maintain positive values for two quarters.

If we compare the size of the employee remuneration component with the gross operating surplus, we notice that the first component is lower, representing between 75%

and 87%, with the growth trend and reaching its maximum at the time of the pandemic crisis, after which the coefficient flattens, heading towards values of about 80%. Thus, companies keep more of the added value created than they give to employees.

If we compare the size of the employees' remuneration component with the net taxes, we notice that the first component is much higher than the second, the values being between 3.81 and 6.11, both limits being registered after the beginning of the health crisis. From values around 4-4.5, before the pandemic crisis, it reaches a maximum of 6.11 in 2020Q2 (the time of the lock down), after which it starts to decrease to pre-crisis values. This development confirms the dampening role of net taxes, with this component allocating to employee remuneration or gross operating surplus, when they tend to decrease.

Table no. 6. Structure of the component of employees' remuneration as part of Romania's quarterly GDP (according to the income method)

Employee remuneration	100	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0
Agriculture, forestry and fishing	2,1	2,0	2,0	2,0	2,0	2,0	2,0	2,0	2,0	2,0	2,0	1,9
Industry	22,5	22,1	22,3	22,1	21,9	21,6	21,1	20,9	20,8	20,8	21,1	
Construction	5,2	5,4	5,6	5,7	5,8	5,7	5,9	5,8	5,8	6,0	6,1	
Commerce	22,1	22,0	21,8	21,9	22,0	21,9	21,3	21,5	21,5	21,8	21,4	
Information and communications	5,9	6,1	5,9	6,0	6,2	6,5	6,6	6,5	6,8	7,0	6,9	
Financial intermediation and insurance	2,3	2,2	2,3	2,2	2,3	2,3	2,3	2,3	2,3	2,4	2,5	
Real estate transactions	0,5	0,6	0,6	0,6	0,6	0,5	0,5	0,5	0,5	0,5	0,5	
Professional, scientific and technical activities; administrative services and support activities	8,2	8,3	8,3	8,4	8,3	8,1	8,1	8,1	8,1	8,2	8,2	
Public administration and defence; social insurance from the public system; education; health and social assistance	28,1	28,2	28,1	28,0	27,5	27,8	28,7	28,8	28,6	27,8	27,5	
Entertainment, cultural and recreational activities; repairs of household products and other services	3,1	3,1	3,2	3,2	3,3	3,5	3,5	3,7	3,6	3,7	3,8	

Source: insse.ro and author's calculations

Most of the employees' remuneration component is realized in three sectors of activity, and without big variations, during the 11 quarters analysed. Thus, 27-28% of this component is achieved in public administration and defence, social insurance, education, health and social assistance and 21-22% in industry and trade. So about three quarters of the GDP remuneration of employees is achieved in three sectors of activity.

Table no. 7. Romania's quarterly GDP (according to the expenditure method) and its structure

Indicator	2018	2019				2020				2021	
	Q4	Q1	Q3	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Gross domestic product - billion lei	244,5	254,8	263,5	264,7	271,8	274,8	241,0	260,0	277,5	283,6	290,5
Effective individual consumption of households											
billion lei	176,3	179,4	183,5	186,6	196,8	186,4	169,6	182,9	189,7	193,4	189,1
increases compared to previous quarter											
billion lei	0,0	3,2	4,1	3,1	10,2	-10,4	-16,7	13,2	6,8	3,8	-4,4
% compared to 2018Q4	100,0	101,8	104,1	105,9	111,7	105,7	96,3	103,8	107,6	109,7	107,3
% compared to previous quarter	100,0	101,8	102,3	101,7	105,5	94,7	91,0	107,8	103,7	102,0	97,8
quarterly price indices	100,0	101,6	101,4	99,9	100,8	101,1	100,7	100,0	100,3	102,0	101,3
cumulative price indices (2018 = 100)	100,0	101,6	103,1	102,9	103,7	104,9	105,6	105,6	106,0	108,1	109,5
Real consumption of the population	176,3	176,6	178,1	181,3	189,7	177,7	160,6	173,1	179,0	178,9	172,7
billion lei											
Real increases in population consumption	0,0	0,4	1,4	3,2	8,4	-12,0	-17,1	12,6	5,8	-0,1	-6,3
billion lei											
share in GDP	72,1	70,4	69,7	70,5	72,4	67,8	70,4	70,3	68,4	68,2	65,1

Source: insse.ro and author's calculations

We also analysed the formation of GDP according to the method of expenditures (the seasonally adjusted series variant according to the number of working days) and, in this case, we observed the evolution of the actual individual consumption of households. The data analysis shows that throughout 2019 the individual consumption of the population

increased by about 20 billion lei, from 176 to 196 billion lei, followed by two quarters Q1 and Q2 of 2020, in which the consumption of the population lost 27 billion, almost 1.5 times compared to the increase in 2019. The consumption of the population recovers starting with 2020Q3, recovering in the last two quarters of 2020, approx. 20 billion lei and another about 4 billion lei in 2021Q1, but without reaching the value of the end of 2019 and the beginning of the pandemic crisis. Unfortunately, in 2021Q2, population consumption is declining and losing about 4.5 billion more, moving away from the value at the end of 2019. And these are data measured in current prices. If we consider inflation, measured at consumer prices, the reduction in consumption is even greater. Thus, against the background of the outbreak of the pandemic crisis, in the first two quarters of 2020, the reduction of consumption is 29 billion lei, with two billion over the series measured in current prices, and after a return of 19 billion lei in the last two quarters of 2020, the consumption decreases again in the first two quarters of 2021, the value in 2021Q2 being 3.5 billion below the value of December 2018, by 17 billion lei below the value of December 2019, but also below the value of December 2020 (by 6 billion).

In fact, household consumption is adjusting in size and share in GDP, losing 7% in 2021Q2, compared to 2018Q4, mostly in 2020 and 2021, and the evolution of the figures seems to continue and it is possible that in the next quarters of 2021 the trend will continue, and if it is not offset by other components, it will even affect GDP growth.

4. Why, however, economic growth is an illusion for the population

So, indeed, much of the growth in 2020 and 2021 did not find its way in the pockets of the general public. Or rather, it is not found in everyone's but only in certain pockets.

Previous data show that much of the economic growth in 2020 and 2021 would make its way in the pockets of employees, because wages have risen, and not of those in rural areas who work in subsistence farming, of pensioners, of young people, of workers who work illegally, in general, the pockets of all those who do not have the status of employees (because we have seen a decline in consumption, but not in the remuneration of employees).

However, it is unlikely that absolutely all employees have felt the economic growth of the last 2 years. Here are some arguments:

a. Most employment contracts of employees are signed for an indefinite period and do not provide salary review clauses, i.e. they have fixed salaries. This means that, on the one hand, they have been depreciated by inflation, and on the other hand, they have not benefited even in part from the nominal GDP growth of the last two years. Probably the only salaries that increased during the analysed period were those of some state employees, as well as those that were at the level of the minimum wage in the economy (1 January, 2019 - 2080 lei, 1 January, 2020 - 2230 lei, 1 January, 2021 - 2300 lei), but, as can be seen, the increases were small and had a marginal impact. For example, DP, in the article "Single rate vs. progressive tax. How Romanians are divided according to the level of salaries and what are the arguments for and against progressive taxation" (HotNews.ro, 14 November, 2021), mentions that the number of employment contracts signed at average salary level is 1,369,646, which marks an annualized increase, for 2021, of 1.15 billion lei, i.e. 0.1% of the relatively certain GDP of 2020.

b. The structure of salaries in Romania is much dispersed, and inequality is so widespread in our country that even high economic growth cannot be felt quickly and, especially, in pockets. Here, in Table no. 8, based on the previous source, what the structure of salaries would be in Romania (from the private sector) and what share would it have in the amount of remuneration of employees in the first two quarters of 2021 (230 billion lei).

Table no. 7. Wages in the private sector and the remuneration component of employees' GDP

Value / Minimum wage range	Number of contracts total	Number of contracts % in total	Middle range	Estimated monthly value (million lei)	Estimated value for the first 6 months (million lei)	% in the remuneration component of Q1 + Q2 employees
2300	1.369.646	30,00	2300	3.150	18.901	8,22
2300-3000	819.242	17,94	2650	2.171	13.026	5,66
3000	309.431	6,78	3000	928	5.570	2,42
3000-4500	1.018.970	22,32	3750	3.821	22.927	9,97
4500-10000	861.648	18,87	7250	6.247	37.482	16,30
10000-30000	179.597	3,93	20000	3.592	21.552	9,37
peste 30000	6.950	0,15	45000	313	1.877	0,82
Total	4.565.484	100	-	20.222	121.333	52,75

Source: DP, 2021

So in the first six months of 2021, private sector salaries would represent approx. 53% of GDP component remuneration of employees (plus salaries in the budget system and public enterprises). However, salaries with values up to 3000 lei gross would represent only 16% of the value of GDP component, the remuneration of employees, although they would represent 55% of the total number of employment contracts in the Romanian private system. Even more edifying, salaries below 900 euros gross (4500 lei), i.e. about 80% of the number of employment contracts in the private system, represent 26% of the remuneration of employees (close to the perfection of the Pareto curve). It is obvious that any economic growth is handled by decision makers, redistributed by them - political factors, business managers, business owners - because they control the decision-making bodies, and in no case by those who produce the value. This probably did not happen even at the dawn of capitalism.

c. Consumer price index. For years, the population and unions have been particularly critical of the construction of the consumer price index or rather, the discrepancy between real market and store prices and the half-truths or maybe quarter-truths in price statistics. It is not a problem of statistical technique, the index being correctly calculated, it is another problem that leads to distrust of the population and state authorities/politicians. The population feels one way (in their pocket), the authorities say another on TV. Maybe the construction of another consumer price index, with the goods and services of strict necessity or the elimination of the complexity of the current index would reduce the discrepancy we were talking about (not all of us consume, and are not essential for everyday life: bakery specialties, margarine, citrus fruits and other southern fruits, trimmings and haberdashery or services such as making and repairing clothing and footwear). A more correctly calculated price index would draw attention to the fact that the general public is affected by inflation (as is currently the case, unfortunately this period is not included in the analysis), by economic crises, that the increases in GDP remain in the minority and do not spread to the general public. Most of the public are in good faith and resort to reprehensible and immoral acts, precisely because they see that although they work from morning till night and respect their social contract, they are deprived of benefits, to the detriment of some who have the same rights as them.

d. Strong polarization is a feature of Romanian society and economy characteristic of both the '90s and of the present. The consequence is that the calculated average values have no practical relevance. Specifically, the distribution of economic indicators is strongly asymmetric to the right, i.e. a minority in the economy/society have above average results, and most have below average results. For example, the investigation of firms with gross value added at a difference of $\pm 10\%$ from the company sector average will cover only 1% of firms. Widening the range of variation to $\pm 25\%$ compared to the average will increase the number of companies to 3%, and increasing the variation to $\pm 50\%$

characterizes 8% of the population of active companies in Romania (Florin Neagu, Florin Dragu, Adrian Costeiu, 2016). This has consequences such as:

- The translation of favourable or unfavourable effects signalled by macro figures to the individual situation of companies is not relevant.
- Aggregate trends were generated by a small number of firms while the vast majority of firms active in the economy had an insignificant evolution.
- The thinking behind policies or models based on the assumption of the existence of a representative agent in the economy must be changed because it only suits a minority (10%).
- Decision makers need to change the way they interpret macroeconomic values, because most (about 90%) look different.

5. Conclusions

Although official statistics, but also a series of forecasts by some international economic and financial institutions give Romania high figures, the same statistics still indicate that only a part of it reaches the public. Thus, of the economic growth, most belongs to enterprises, in the form of the gross surplus of exploitation, then another part, to the part of the population that qualifies as employees and finally the state, in the form of taxes. However, population consumption in recent quarters has experienced a sharp decline, which tells us that there are many who do not benefit from economic growth: those in rural areas, those who work in subsistence agriculture, pensioners, young people, workers working illegally, in general, is not reflected in the pockets of those who do not have the status of employee.

But it is also debatable that this economic growth would be reflected in the pockets of all employees. This is demonstrated by the large number of employment contracts signed at the level of average salary per economy, by salary structure, by values registered by the consumer price index, by the strong polarization that is a feature of Romanian society and economy.

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