

USING MACROECONOMIC INDICATORS FOR MANIPULATING

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The data of macroeconomics is very important for all actors of economic stage. Many times this data generates dissatisfaction, confusion, even revolt. We'll try to identify the limits of macroeconomic indicators, insisting on its manipulating character. For example the limits of the income per capita are quite numerous and may be organized by three main categories: the report variables related uncertainties, the effects of the exchange variations and the difficulties of a price system international comparison.

Macroeconomic indicators, manipulate, limits, optimize

Essential elements in achieving macroeconomic indicators are in fact microeconomics indicators which integrate at different structure levels of national economy. Through the market the value of the merchandises is achieved, their transfer from producers to consumers and anticipated level of utility on the consumption process.

An identification macroeconomic result makes up one of the essential elements which leave its obvious mark on the national economy profile. Also, macroeconomics results represent the starting point and one of the most important elements on strategy substantiation and tactic over national economy development. They also represent one of the indicators through the agency of which one can establish the place a national economy absorbs in global economic system, same as in different state structures.

National economics must be seen as multidimensional realities. Each of them has a certain dimension, an established structure; a certain potential; defines as a technological and technical level, and through some economics performances, level of urbanization, making progress system, etc.

All national economy dimensions can be valued, measured and evaluated on an indexes system. For analyzing and comparing national economies, World Bank uses over 30 groups of indexes.

As about Romania's Statistic Yearbook, we find the presentation of GDP on different type of resources with the help of 20 indicators and 17 indexes, GDP on utilities – using 8 indicators and 5 indexes, institutional macroeconomic aggregate (7), the main macroeconomic aggregate per capita – with 4 indicators etc.

Economical quantification of these results is sustained by a specific theory and methodological conception, according with market and planned economy. Now the science of economy is using two methodological systems for calculating macroeconomic results:

- a) The system of national accounts
- b) The system of material production

National account system is based on the theory of the production factors and the way of recompense of each of them: labor – salary, land –rent, capital – profit

This system is used especially in states with market economy, but also in some states with planned economy. The beginnings of this system is at the end of 17 century when national accounting system of developed countries calculated only national revenue and wealth of the nation. The system of national accounts after the Second World War became more complex, and starts to offer the main information for implementing strategies of development

The system of material production is based on the theory of productive labor, where only the labor in the sphere of material production creates economical goods, in conclusion incomes too. Actually this theory knows two extremes: first consider that only the labor that creates material goods is productive labor, and the second extreme consider all human activities are productive.

Both systems try measuring the economical results using synthetic indicators. Both systems have to accomplish the next three functions:

- Instrument for statistical evidence
- Instrument for economical analyze
- Instrument for substantiation the decisions and strategies for economical and social decisions

Between these two systems are also some differences. The most important is how they make the identification the sphere of national revenue.

The limits of the income per capita are quite numerous and may be organized by three main categories: the report variables related uncertainties, the effects of the exchange variations and the difficulties of a price system international comparison.

Uncertain or ambiguous variables

The GDP per capita is a two variable ratio regarded with certain doubts when it comes to emerging economies. A national accounting aggregate that underestimates the fortune production reality in such countries occupies the numerator position. First of all, the domestic consumption production activity, which is quite important in the rural areas, is hardly accounted for when it comes to book keeping, since it does not actually involve merchandises and it only generates few money flows. Besides, the informal economy is in itself hardly noticeable by the national accounting. Yet, this sector may stand for a very significant part of the economic activity, 30% of the non-agriculture active population in Latin America, 45% of the Indian urban occupation, 40% of the Peru's GDP.

The population number, occupying the numerator position, is also debatable. Both the accuracy and the reliability of demographic data highly depend on administrative capacities, which are weak in most part of the underdeveloped economies. The census, which is an irreplaceable instrument yet a very expensive one and extremely difficult to organize, already presents a reduced frequency in developed countries as well, and moreover in the emerging economies. The announcement regarding the fact the India has one billion inhabitants, that Nigeria has 120 million and Brazil has 160 million requires great precautions. One must also add that the population level and the GNP/ inhabitant may be conferred upon a political use.

The result is that no indication is made available regarding the income distribution, which proves to be the central issue in various Southern economies. The calculation of the inhabitant income leads to an implicit hypothesis of an income egalitarian distribution. We obviously refer to a highly debatable hypothesis in such context. The very analysis of the Gini coefficient underlines the way the same income level may describe very different situations when referring to inequalities. Brazil and the Czech Republic have comparable development levels but Brazil is characterized by a very inequality distribution (0.634), which is definitely not the case for the Czech Republic (0.266). The same may be stated for both Kenya (0.575) and Bangladesh (0.283).

Exchange variations

In order to compare data, it is necessary to convert the information resulted from various national accounting systems into one currency: the dollar. The evolution of bilateral exchange rates between each national currency and the dollar actually disturbs the significance of operated calculations. One modality is introduced when we shall observe and analyze the product per capita in current dollars throughout several periods of time. A country whose currency tends to depreciate, as compared to the dollar, shall see its product per capita facing a cut back without such situation signaling deterioration in the domestic fortune production. Conversely, any appreciation shall lead to an artificial increase of the living standard. Throughout the past 30 years, the dollar has registered irregular oscillations as compared to many world currencies. The obvious solution is to set a reference year for the bilateral exchange rates and such year to remain unchanged, which shall allow for longitudinal comparisons although the solution in question may not solve all issues.

Price systems

The international comparison of living standards based on the product per capita criterion implicitly states that the price systems as applied for each national accounting system are comparable. If one is to reckon that one economy consists of two main sectors (the changeable goods sector and the domestic goods sector), it is easily provable that one positive way was introduced. We shall accept that the unique price law is imposed for internationally exchangeable goods while the price of the domestic goods is itself

endogenous as compared to the development level. The price level of non-exchangeable goods is inferior in the emerging economies as compared to the prices in the developed economies: this is what we call the Balassa-Samuelson effect. Thus, one understands that the current dollar-converted national income shall undervalue the actual living standard of developing countries. In order to assess the living standards one must evaluate the size of the accessible basket of consumer's goods and to neutralize the issue involving the price at which goods are appraised. It is therefore our duty to rectify such disparities of price levels by taking into consideration the internal currency purchasing power, i.e. using the corrected bilateral exchange rates with the *purchasing power parity* and not the official exchange rates.

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