

## DYNAMICS OF MAIN INDICATORS FOR ECONOMIC GROWTH IN SOUTH-WEST OLTENIA REGION

Mariana Claudia Mungiu- Pupăzan

*Lecturer Phd Candidate, Constantin Brâncuși University Of Târgu Jiu*

**Abstract:** *All resources available to a certain point in time (both physical and economic sense and financial sense) are highlighted by the nation's wealth, in the very limited sense, is a stock. Given that the stock of physical resources (infrastructure, natural resources, capital invested in enterprises, technical knowledge and training of the population) is very difficult to measure, are always references but not a stock at a flow: the flow of goods and services produced in a given year by a country, just what we call gross domestic product GDP (gross domestic product). Economic growth and thus real convergence, both at national and regional level are assessed based on the development processes of gross domestic product. Socio-economic development of South-West Oltenia Region and parts of five counties must take into account national development priorities established by the National Development Plan and the strategic guidelines and EU Integrated Guidelines for Growth and jobs. In an attempt to define the basic problems is very important to take into account and consider the existence of situations of discrimination and promoting equal opportunities for men and women, young and old, the majority and ethnic minorities, while paying attention needs of disabled persons for their economic and social integration.*

**Cuvinte cheie** *growth, GDP, unemployment rate, average number of employees:*

### 1. Introduction

Balanced development of national economy and hence of each region is subject to the existence of four basic correlations between levels and changes (absolute and relative) aggregate results (usually GDP), on the one hand and those of the main factors of economic growth on the other.

Since the GDP of a country's economy and its structure, in what the main components involved in its formation, highlights structural changes that may occur from one period to another, it is appropriate to present below several factors the influence of its size at the macroeconomic level.

The first influence is the human resource factor that can influence the level of gross domestic product both in terms of quality by skill level and motivation, and given quantitatively by the amount of work performed and the number of employed. Qualitative side is highlighted by social productivity of labor. The two types of influences, quality and quantity can be assigned jointly or separately, depending on the method of calculation. Joint influence can be either equal or proportional to independence.

The second factor influencing the size of GDP is capital techniques used. Analyzing the quantitative side of influence should be noted stock of equipment, and the quantitative side affect is achieved by the technical level of equipment. As with the human factor, the influence can be individual or joint, also in various proportions, equal or not. In this case very important influence is technically efficient use of capital.

The third factor is the influence of natural resources, in terms of quantity as stocks, and in terms of quality as the quality level of material resources. Also very important to note is the influence it exercises effective use of these resources.

The fourth factor influencing the size of gross domestic product technology. It made an impact both the proportion of investment for research and technological innovation through.

Considering the influences presented each time, one element of the production process, namely, whether human resources or capital formation, or natural resources or technological innovation. Thus, GDP is attributed entirely change one of the four factors, apart from the other three. How the four factors acting simultaneously in the production process should be as GDP changes related to the outcome of their action. We can not simply sum up the intensity from each element influences and then on the extensive, because the total will not be identical in size, the relative growth of GDP.

As a result, they proposed a series of calculation methods allowing to determine to what extent the national economy is achieved by intensive and extensive about the extent, relative to all four elements together. Thus, economic growth and thus real convergence, both at national and regional level are assessed based on the development processes of gross domestic product.

During the period analyzed in the South-West Oltenia region have been major structural changes, major swing changes were made due to economic restructuring in this period throughout the country. Changes in the structure of product demand combined with rising requirements in product quality significantly influenced the structure and required investment to increase production flexibility and meet the requirements of ecological international market due to globalization and internationalization of production and technology part of the organic A conversion efficiency can be achieved generally after privatization because only private property leads to efficient use of material and human resources

### 2. Analysis of growth as a prerequisite to development of the region

Currently, Gross Domestic Product in the South-West Oltenia Region accounts for about 8% of GDP in the national economy. This result situates the region in a weak position compared to other regions. South-West Oltenia Region during 1995-2008, has experienced a significant increase in economic growth and real convergence, as implicitly valued processes on the evolution of gross domestic product. Along with the two indicators for regional GVA analysis conducted during the same period, this indicator represents an important milestone in highlighting the performance of regional economic activity.

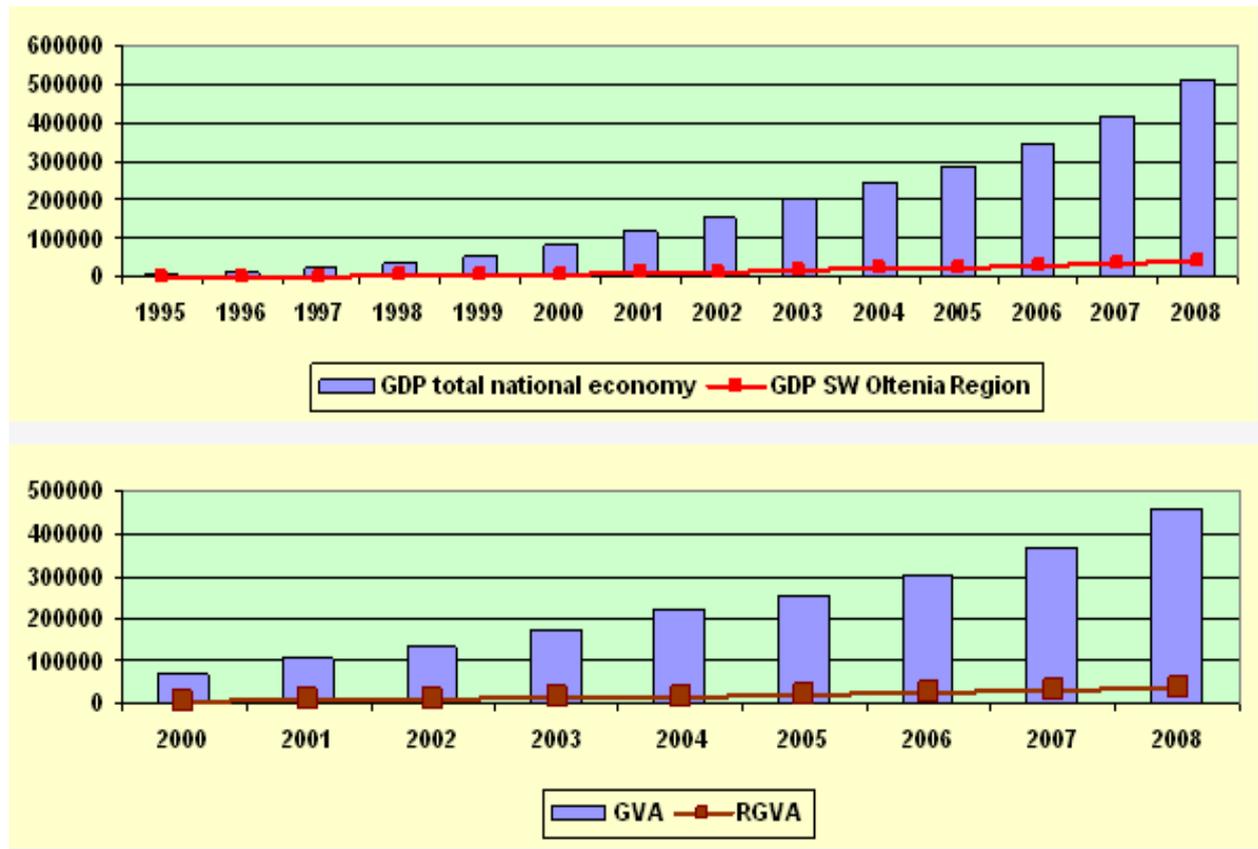


Figure No.1 Evolution of main macroeconomic indicators

Evolution of GDP in the South-West Oltenia Region, from 1993-2003, was generally achieved in developments throughout the country. In 2000-2003, according to Statistical Yearbook of Romania, Gross Domestic Product (GDP) of total South-West Oltenia increased by about 140%, with an upward trend from year to year for the entire period. Regional GDP per capita has increased during the analysis of 156.52% higher respectively. Such regional GDP, gross value added at regional level had an upward trend in the period, with a similar rhythm. After a period of decline (1997-2001) Gross Domestic Product (GDP) growth since 2002 has been relaunched. The increase was driven significantly by increasing the workload of the services, construction and industry. As regards agriculture, seasonality and the influence of weather conditions (droughts, floods) had an ambivalent impact on GDP growth both nationally and regionally.

Actual final consumption and, in particular, individual final consumption of households, have experienced strong growth due, in particular, by increasing the volume of sales by retail trade and the provision of services to the population. Also, gross fixed capital formation and, especially, the investment has marked significant growth. Economic growth after 2001 was affected by substantial current account deficit increased due to faster increase in imports of goods and services, compared to exports.

Amid the global economic crisis since 2009, Romania's economy is experiencing a contraction.

The largest contribution to the gross value added had regional industrial sector (including electricity, gas and water), the real estate, renting and business activities of enterprises, transport, storage and communications, administration government and defense, trade and construction. The contribution percentage was maintained throughout the period under review.

A forecast made for the years in the region looks like this:

Table no. 1 Evolution of percentage of GDP in the South West Oltenia

-%-			
GDP	2010	2011	2012
<b>Total South West Oltenia</b>	-0,1	2,5	3,6
<b>Dolj</b>	0,2	2,6	3,9
<b>Gorj</b>	-0,3	2,2	3,5
<b>Mehedinti</b>	-0,8	2,3	3,3
<b>Olt</b>	0,2	2,3	3,6
<b>Vâlcea</b>	0,1	2,5	3,7

Source: National Commission for Prognosis

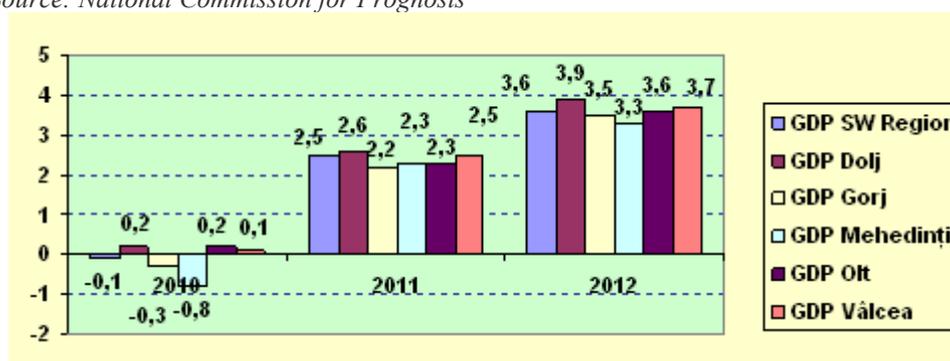


Figure no. 2 Evolution of percentage of GDP in the South-West Oltenia (%)

It can be seen that the South-West Oltenia Region in 2010 still feel the effects of economic crisis effects leading to a decrease in dynamic regional GDP. This decrease, as seen from the data expected, mainly due to declines in GDP occurring in the two counties, Gorj and Mehedinți counties that were based on mining, in the other counties, it appears that there will be a shy one-up two percentage points.

As a result of sharp structural imbalances and the economic performance and competitiveness deficit employed population declines continue until 2005, when in most counties of the region have recorded increases except Gorj that is maintained downward trend due to restructuring extractive industry.

Survey on labor costs, including forecasts for 2012 reflect the structure of the average number of employees across the region and by county components shown below:

Table no. 2 Average number of employees in the South-West Oltenia Region, counties detailed components  
-thousand-

Region	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010*	2011*	2012*
<b>SW Oltenia</b>													
<b>Total region</b>	428,8	425,5	405,9	408	395	393	400	421	424	415	413,6	413,6	417,7
<b>Dolj</b>	130,3	127,4	136,6	122	121	119	125	134	136	134	133,2	133,1	134
<b>Gorj</b>	89,7	89,8	87,4	86	83	78	78	81	79	80	79,7	79,5	80
<b>Mehedinți</b>	50,5	53,9	47,8	49	46	47	48	49	49	47	46,9	46,9	47,4
<b>Olt</b>	75,2	75,6	69,9	70	68	69	68	73	75	72	72,4	72,5	73,3
<b>Vâlcea</b>	83,0	78,8	77,8	81	77	79	81	84	85	82	81,5	81,6	83,1

Source: Romanian Statistical Yearbook 2010, Statistics of Regional, National Institute of Economic Forecasting  
\* Provisional data according to the National Commission for Prognosis

As seen from the analysis conducted in the South-West Oltenia Region in the period 2000-2009, the average number of employees has fared sinusoidal, which was characterized by periods of declining growth and

wage labor. These trends are largely reflected Average number of employees registered at the national level. In the period 2000-2005 is continuing decreases, the most pronounced occurring in 2004-2005 when major restructuring took place in areas such as telecommunications, oil extraction, energy, coal extraction. The same trend is observed at the county level components Dolj recording the highest number of employees and Gorj followed Valcea. In 2006-2007 there was a return of the average number of employees, then, in 2008 to fall again, with signs the current economic crisis.

A forecast made in subsequent years, 2010 -1012 points shy of the average number of employees increases recorded in each county.

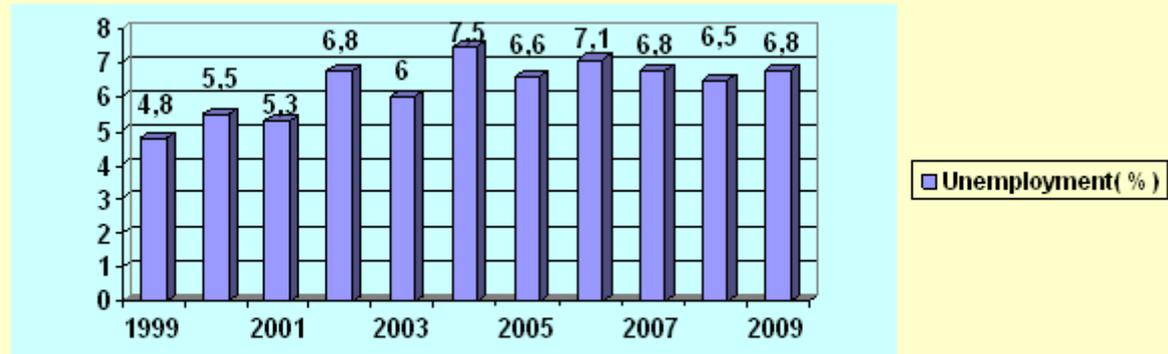


Figure no. 3 Evolution of unemployment in the South-West Oltenia Region

Closure of many unprofitable enterprises and mines have increased the number of unemployed, this with many social and economic consequences for those areas. Also, lack of jobs in urban areas and increasing maintenance costs of housing has led to migration of unemployed rural areas where inefficient farming practices.

The regional unemployment rate was 6.6% in 2005, a value higher than the national average which was 5.9%. Region of the northern counties of Mehedinti (9.5%), Gorj (9.3%), Olt (7.1%), Valcea (6.8%) had a higher rate than the national average, while Dolj (6.3%), recorded an unemployment rate lower than the regional. In 2008, Dolj (8.1%), Gorj (7.3%), Mehedinti (9.3%) showed values above the regional average (6.5%), while Olt (5.3%) and Valcea (4.7%) had an unemployment rate lower than the region.

unskilled foreign population. Thus, in the years after 1990, leaving, especially in Serbia, after the crisis in Yugoslavia, destinations became Italy and Spain. In what external migration, South-West Oltenia has a relatively low level compared with other regions, but this phenomenon seems to intensify given that social protection measures and delay economic recovery.

### 3.Conclusion

Region's economic structure is based on functional complementarity rather than uniformity of their counties. As in other regions of the country, and the South-West Oltenia region is de-structured urban areas and rural areas underdeveloped industry generating both unemployment and poverty. One of the directions pursued in the region aimed at reducing the negative impact due to conversion of business by creating new jobs. Since we conclude that analyzes trends in regional development are the result of a combination of local development models with complex influences of different factors rather than true regional trends.

Taking into account the new economic conditions and international economic crisis, have shown that access to EU funds massive South-West Oltenia Region will have an important contribution to regional mitigation. Thus, active involvement of all local authorities in increasing the absorption of these funds would be another priority.

For counties in the region in the coming years is irreversible actions need to continue to modernize administrative-territorial support the growth of Romanian economy by maintaining a steady pace of development, institutional modernization, reducing bureaucracy, promoting while traditional local values and active protection of regional interests.

Although the Oltenia region recorded significant increases in sectors of the economy, however, employed population declines continue in all counties, especially in Gorj. This was due to restructuring of the mining industry. Although the evolution of labor productivity per employee was positive, a gap still remains higher than in central and western regions of the country. Labour productivity growth per employee registered by our country in recent years has been possible due to favorable international image change and reduce unemployment through labor mobility by emerging economies.

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