

Statistic Indicators and Real Growth of GDP
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Summary

When working out the contemporary economic policy, several basic macrostatistic indicators are used. For example, the Rate of Growth of GDP/GNP indicator which is connected with the growth of the national product. This indicator reveals the state of the economy and its importance is the reason for many discussions on the methodology of measuring.

The reliability of the calculations is presumed because of the functioning of the System of National Accounts, which is in the basis of the calculation of GDP. The National Institute of Statistics uses a system of information that is set up in conformity with the references of UN, IMF, etc.

At the same time the reliability of the data is disputed by the decrease of the aggregate consumption, the continuous negative trade balance and so on. These facts do not confirm an increase in production.

The System of National Accounts functions adequately under several assumptions:
the economy is based on market principles,
the local legislation is harmonized with the international,
the system of information reflects the real volume and character of transactions and so on.

The transition of the Bulgarian economy, which started in 1989, has violated these assumptions to a certain extent but no research has been carried out so far.

The real dynamics of the national product is expressed by the dynamics of other economic parameters: aggregate price rate, increase of unemployment, etc. They can serve as a secondary evidence as long as these parameters are examined independently from the System of National Accounts.

According to the classical model of demand and supply under the condition of low inflation, when the demand curve moves to the left and the supply curve moves to the right of the equilibrium point, the prices are falling. In the first case, the national product decreases, while in the second one it increases. Consequently, the deflation observed in Bulgaria in 1998 and 1999 confirms the lack of growth of the national product.

It is stated that for the same period of time the unemployment rate follows a stable tendency of growing. According to the Okun's law, the rate of GDP is drifting from the actual potential rate.

The evidences above show that the data concerning the growth of GDP provided by the National Institute of Statistics is not proved by the indirect sources. This is due to the statistic discrepancy.

The most common statistic discrepancy is the systematic discrepancy connected with the imperfections of the book-keeping, tax and customs accountancy.

There are arguments that during the past years the scope of the statistic observation of the System of National Accounts is changing. If we assume the hypothesis that the gray economy is gradually being brought to light, then the relative share of the systematic discrepancy is

diminishing. In that case the relative share of the discrepancy toward the actual GDP during the basic period will be bigger than the relative share of the discrepancy toward the actual GDP during the current period. Therefore, the evaluated growth rate of GDP is bigger than the real ratio of GDP during the basic and the current period.

It may be concluded that the statistic discrepancy leads to overestimation of the growth rate of GDP calculated by the National Institute of Statistics. For unofficial purposes it is advisable to correct the evaluation of the national product in terms of the scope of the statistic observation - transactions, transactors, value of transactions.