

POST-SOCIALIST TRANSITION: A COMPARISON BETWEEN ROMANIA AND POLAND

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ABSTRACT. We compare the political and economic transition of two previously communist countries: Romania and Poland, the former as a less, and the latter as a more successful reformer. We argue that the initial conditions of transition, while still quite important, matter less than the policy choices of the post-communist governments. We focus especially on the role of the government in dealing with the private sector and the fiscal budget, as two sectors more prone to mismanagement. We then make a quick survey of the other sectors and issues regarding the transition in the two countries.

INTRODUCTION

The economics of post-socialist transition deals often with questions of the following type: How quickly and how far has the country liberalized? Has it achieved macroeconomic stability? How far did privatization go? Has there been restructuring in the state-owned and privatized sectors? Yet, as noted in [Shleifer, 1997], many studies fail to address the basic issue: the transition of the government from an institution of the communist police state and the manager of a planned economy to the arbiter and promoter of a market economy. To understand better the legacy that the reform government has to deal with, and the direction where it needs to go, we must make an incursion into the classical socialist (communist) system¹.

The essential features of the classical socialist system have been described in [Kornai, 1992]. The first and the most important one is the power structure, which consists of the undivided power of the Marxist–Leninist party. The second feature is the dominant position of the state and quasi-state ownership². The third feature is the preponderance of bureaucratic coordination. From these three features derive also the other typical characteristics of communism: paternalistic state, soft budget constraints, weak responsiveness to prices, quantity drive, investment hunger; and, as a consequence, the more visible features: chronic shortages, sellers' markets, unemployment on the job, repressed inflation, distorted relative prices.

In turn, all these features feed back into the power structure of socialism, giving it coherence and stability. Take the example of distorted relative prices. During communism, low prices for basic goods and services, such as food, housing rents, health care and education, were accompanied by high prices for “luxury” items such as cars, refrigerators, color TVs, or trips abroad, whose prices were often the equivalent of many months of the average salary of the economy. In Romania, in the late 1970s, a typical Dacia car cost about 30 times

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¹We are going to use the terms “socialism” and “communism” interchangeably throughout the paper, in the spirit of [Kornai, 1992].

²An example of “quasi-state” ownership are the collective farms, which despite their name were strictly controlled by the state during communism.

the average monthly salary, only to have its price increased during the 80s. Even then, the average family would have to wait—according to some estimates—an average of 5 years to obtain a car. Estimates are similar for Poland. The high prices for “luxury” goods combined with the lack of loans or mortgages under communism, and with almost inexistent used product markets, induced forced savings of households. Since savings equal investment under a balanced budget, forced savings reinforced the investment hunger of the communist state, and tilted the balance once again towards state-owned enterprises (SOEs) and away from households. Thus, together with the help of repression mechanisms, the general population was kept at subsistence levels, while SOEs were helped by various generous subsidies, credits and administrative prices (grouped under the name of soft budget constraints), and constituted the power base of the communist state.

The government bias towards state-owned enterprises is one of the most pernicious legacies of communism. This bias (see [Johnson et al, 1997b], [Hellman & Schankerman, 1999], and [Hellman, Jones, Kaufmann, 2000]) includes massive subsidization of state-owned firms, heavy regulation of entry and operations of private firms, and punitive taxation by government and also by its agents, via corruption. One of the reasons it is so hard to deal with SOEs in transition is that during communism SOEs were effectively part of the welfare system, as providers of easy employment, extensive health care, child care, and pension benefits. Thus, it was difficult from the state to simply let them go, without putting a large strain on the state budget, and without creating serious social unrest.

The present paper focuses on the way governments, in particular the Romanian and Polish ones, have been dealing with this legacy. The final goal is to achieve depoliticization of the economy, and create a viable market system. Liberalization, stabilization and privatization are only one part of this process. The other part, equally important, is the creation of laws and institutions that protect private property, encourage competition, and also limit the ability of government officials to extract rents from the private sector. We will see in the next section that, while in Poland the government largely succeeded in depoliticizing economic life, in Romania the government still wields a lot of power over economic life, which is used by the Romanian politicians to further their political or pecuniary goals. We offer an explanation of this finding, and discuss alternative explanations.

PATTERNS OF TRANSITION AND INITIAL CONDITIONS: ANALYSIS

Typically, in all the rankings of post-communist transition, Romania comes as an intermediate reformer: situated below the leaders of transition, Hungary, Poland, Slovenia, the Czech Republic, and the Baltics, but above the laggards of the Former Soviet Union³. With its inflation one of the highest in the whole region, and with sluggish growth, Romania’s future as a prosperous country looks ever more uncertain. By comparison, Poland, with its consistently high growth (although showing signs of slowing down in the last year), and bright prospects for joining the European Union, is now looking confident towards its European future. How is such a difference possible? Is it all because different initial conditions in the reform process? Or is it because of proximity to the West? Are government policies the explanation? What are the determining factors of this difference?

Despite the increasing number of technical papers on the subject, we believe that, given the short time span and small number of countries involved in transition, plus the large

³See for example [EBRD Transition Reports], 1994-2001, for precise measures of the success of a country in transition and various comparisons.

complexity of the issues involved, it would be impossible to devise a good econometric test with enough power to do a causal analysis of transition. But not all hope is lost. We can still use the methods of political economy to search for possible explanations. And armed with the intuition from the tests of the more technical literature, we can then determine what the more plausible explanation should be.

We identify two main candidates for a causal explanation. One, let's call it the deterministic view, says that no matter what the Romanian government would have done, the path of the transition would have been roughly the same, at least not significantly better (could have been worse). And vice versa, Poland, given its initial advantages, couldn't have done significantly worse, except for rare events such as war, global recession, etc. The other view, call it the "policy" view, allows the government to have a very serious choice. Yes, given the tough situation of Romania at the beginning of transition, it was more likely to make the wrong choices. But **if** Romania had chosen the right policies, and that event shouldn't be so unconceivable, then reforms would have succeeded quickly in Romania, too.

We would like to make these two views disjoint, but of course they are not. The difference between them is more one of degree. The deterministic theory says that given a set of initial conditions in transition, the variation of outcomes is quite small. The policy view says that the variation of outcomes should be large, with the importance of initial conditions decreasing as time passes. Phrased this way, it looks like one could tell the difference between the two views by devising a simple empirical test. The larger the ex-post variance of outcomes (given similar initial conditions), the more likely the policy view, and vice versa. The problem with a test like this is that one has to define clearly what factors determine if a country has similar initial conditions. Also, one has to be able to determine when two countries follow similar patterns of transition. At this point, the problem is so complex, that we believe that attempting a direct quantitative solution would not be of much help.

LIBERALIZATION

However, now we know that have to look at various factors that seem important as initial conditions, and at various transition patterns. We will do this briefly. The paper of [De Melo et al, 1997] considers some unfavorable initial conditions proposed by EBRD Transition Report 1995, such as repressed inflation between 1987–1990, black market premium in 1990, and trade dependence in 1990. A short table with these initial distortions for Romania and Poland is:

Table 1. Measure of initial conditions: distortions in 1990

	Repressed inflation (87-90)	Black market premium	Trade dependence
Poland	13.6%	277	8.4%
Romania	16.8%	728	3.7%

The general findings of [De Melo et al, 1997] are that policies are not less potent under unfavorable initial conditions. On the contrary, some evidence shows that bigger initial macro structural distortions may make liberalization and stabilization more effective. According to the authors, unfavorable initial conditions discourage reforms, but the effectiveness of reforms is **not** reduced once they are implemented. As a consequence, policies explain 35–40% of total variance, while initial conditions only 19-30%. Moreover, the influence of initial conditions

decreases over time, again in agreement with the policy view. One immediate criticism of this paper is in the choice of unfavorable initial conditions. Why not include in the unfavorable conditions the *lack* of favorable conditions, such as previous market reforms, existence of civil society, proximity to the West, previous democratic traditions, etc? Presumably these conditions are more important than a few macro estimates of 1990. In particular, the existence of Solidarity in Poland, and of an incorrupt Catholic Church stood in stark contrast with Romania, which was just coming out of a very tough communist dictatorship of Ceausescu, with practical no political alternative to a bloated communist party (we should mention that the Romanian Christian Orthodox Church was quite obedient to the communist state, despite occasional persecution by the state, and infiltration by the secret police). In Poland's free elections of 1990, the anti-communist Solidarity swept the elections and won about 47% of the popular vote, while in Romania the successor of the communist party won 66% of the votes, and its leader, Ion Iliescu, was elected with 87% of the votes, and stayed in power, together with his party until 1996! We should also mention that while Poland started reforms during communism (agriculture was practically private from the beginning, it was never collectivized), Romania had only a brief liberalization, during 1968–1971.

In any case, we believe the general findings of [De Melo et al, 1997] to be plausible. In fact, a simple glance at the evolution of post-communist reform finds some unlikely successful reformers such as Kyrgyzstan and Albania, which despite bleak initial conditions managed to establish lively market economies (for example the share of the **de novo** private sector of Albania in GDP was in 1997 a hefty 50%, bigger than that of many successful reformers. And clearly, countries like Poland adopted good reforms from the beginning, and reaped the benefits of good policies (except privatization, which even now, in 2002, is a delicate issue).

This brings us to the second issue we need to discuss, that of patterns of reform. What constitutes the success of a transition (at least a temporary one)? Clearly, the reform index constructed by [De Melo et al, 1996] are at least part of the story. The variables that got in their CLI index (cumulative liberalization index) are quite important: liberalization of prices, liberalization of external trade, stabilization, privatization. Referring to the debate between gradualism and shock therapy, [De Melo et al, 1996] show that one cannot reject at a reasonable confidence level the hypothesis that slow reform is better. They don't quite show that quick reform is better, but they hint at it by the following findings: First, there is a clear negative correlation between inflation and growth during transition, and the CLI index and inflation are positively correlated. A second finding is that quasi-fiscal operations by public banks contribute to larger output declines.

FISCAL AND QUASI-FISCAL DEFICITS

The budget deficit is another aspect of the transition which points to the success or failure of reforms⁴. Typically large deficits generate inflation, and we know that inflation reflects negatively on growth. But one very important issue is the measurement of budget deficits. The size of the government in the economy, the composition of budget revenues and expenditures, the size of fiscal deficit and sources of its financing are all key issue in the reform, and as such, are closely followed by the international organizations (also, EU members have strict requirements on budget deficits, typically that it be smaller than 3% of GDP.) Unfortunately, the measurement of budget deficit is very poor for countries in transition. Attempting to reduce the official budget deficit, governments may hide the true fiscal balance. (For examples,

⁴For a thorough discussion of fiscal and quasi-fiscal deficits, see [Kolesnichenko, 2001]

Romania's reported budget deficit in 2001 is only about 3.5% of GDP, which is reasonably low, given the precarious state of the fiscal coffers in Romania.) In fact, sometimes the whole transition economy operates on two levels, the official and the unofficial one. The hidden, unofficial part can be so considerable that conventional economic indicators become of little value. This phenomenon has been called "virtual economy" and is intensively investigated by economists (see also [Johnson et al, 1997a], [Johnson et al, 1999a]). These "quasi-fiscal" operations, and their extensions: subsidized credits, tax arrears, inter-enterprise arrears, barter, all point to the fact that the state is trying to rescue loss-making SOEs or even private firms, thus giving rise to soft budget constraints, and perverse incentives from the enterprise managers.

In fact, one can follow the evolution of hidden financing in Romania, by taking a closer look at the various macro indicators and measures calculated by EBRD (see Table 2 in the Appendix). Initially, until 1995, loss-making SOEs were financed by a combination of direct budgetary subsidies (up to 13% of GDP in 1992), high inflation (hence cheap credits in real terms), and low energy prices. As the population quickly adjusted behavior, i.e. lowered real money balances, the government adopted a tighter anti-inflationary policy, decreased direct subsidies, but continued increasing the level of public and foreign debt (Romania entered transition with zero foreign debt, due to the ambition of dictator N. Ceausescu). The percentage of bad loans also increased starting with 1995. The situation became unsustainable in 1997, when a currency crisis struck, and the Romanian Foreign Trade Bank, Bancorex, became insolvent, plagued by an incredibly high percentage of bad loans (90% of total loans). The new, more democratic government had introduced a tough stabilization package, and was forced to devalue the Romanian currency. The economy shrank for the second time in the decade, which made it clear that Romania would not be in the top reformers any time soon. In any case, the tough government fiscal stance made the usual sources of soft financing unavailable, so the perverse result was to resort to (or rather tolerate from the government) large tax and inter-enterprise arrears. The arrears increased from 25% in 1995 to 42% in 1999, and to a reported 50% of GDP in 2001 (see [IMF Country Reports], Romania, 2001).

Compared with Romania, Poland's fiscal situation is much healthier, although see the [IMF Country Reports], Poland, No. 00/60 for possible problems. More exactly, Poland's rigid commitment to maintain budget deficits under 3% can be very difficult to sustain, given the other necessary expenses required by joining the EU, in coal, steel, defense, railways, agriculture. Moreover, Poland's devolution, and hence the creation of a large number of local governments (about 400 of them) will certainly affect the central budget, not to mention the possibility that some of the newly created pension funds (based on a 3-pillar system) may become insolvent and will have to be bailed out by the state. An increasing lack of transparency of the budget, and tax evasion throughout the economy don't help, either. A positive aspect of the fiscal situation is the constitutional 60% cap on public debt, together with tough debt caps for the local governments.

Both countries have troubles in collecting their taxes, although Romania's problems are of a larger magnitude. See for example [Schaffer & Turley, 2001] for a discussion of statutory and effective tax rates for VAT (Value-Added Tax), SST (Social Security Tax) and CIT (Corporate Income Tax). [Tanzi, 1994] discusses also a steady fall in revenues in both countries, although admittedly from a lower base in Romania. To harmonize the tax system with the EU's, both countries have started taking measures to make indirect taxes like VAT and excise tax become the main sources of revenue for the budget, instead of the direct taxes. Needless to say that that puts an extra strain on the budget and on the population, especially in Romania, where

44% of the population is already under the official poverty line. An added problem in the near future is the steady decrease of Romania's population (compared to Poland's increase in population). In 2050, The World Bank estimates that, at the current demographic trends, Romania will have each active person in the labor force support 2.1 retired people. That makes pension reform imperative in Romania, and adds some extra clouds to the horizon.

1. PRIVATIZATION AND RESTRUCTURING

Finally, besides liberalization and fiscal issues, the success of a transition government can also be measured by looking at privatization and restructuring. As we discussed in the introduction, [Shleifer, 1997] argues that it is extremely important that the government become an arbiter and promoter of a viable market economy, and create also the laws and institutions to support the market. [Gray, 1996] identifies three goals of privatization: (1) Creating "Real" owners; (2) Establishing supporting institutions; and (3) Creating a self-sustaining reform process. How far did Poland and Romania go in achieving these goals?

In the initial privatization process (1990, Poland, 1991, Romania), both tried to follow a centralized approach by giving the government broad powers to decide which firms would participate in mass privatization and how they would participate. [Gray, 1996] argues that this was feasible in Romania, because of the strong tradition of centralized power. In Poland, because of the diffuse power structure, the privatization process became quickly unpopular. Indeed, managers and employees of Polish firms have maintained effective veto power over the choice of privatization method. Privatization has been going rather slowly in Poland. In Romania things have been also going slowly, but with some major recent successes, such as the biggest steel factory (which was reportedly was losing 1 million USD per day up to that point, and was surrounded by a lot of private firms that preyed on its property), and a number of banks. Only 2 major banks are left state-owned, one is scheduled to be privatized during 2002, and the other is the National Savings Bank, which will probably remain state-owned for a long time to come (following the bad example of the majority of transition countries). Interestingly, out of a total of 33 banks in Romania, 22 are foreign owned.

The primary method of privatization used in both Romania and Poland was MEBO, i.e. manager-employee buy-out. This generated a lot of controversy, mainly because it meant privatization by insiders. Later on, the state reserved the larger enterprises for direct sales, and the process in both countries is far from over. One interesting question is: how come the economy is so much more dynamic in Poland than in Romania? The immediate answer is: privatization in itself is not the only goal. The dual one is, in the Schumpeterian spirit, to allow and foster the appearance of a **de novo** private sector.

Many studies show that there is not much difference in efficiency between the SOEs and privatized firms. See for example [Bilsen and Konings, 1997]. Romania passes well tests involving the new private sector, although it does lag behind Poland. For example, in 1995, the de novo sector share of GDP was at 50% in Poland, and only 35% in Romania (compare however with Russia's 20%). See [Havrylyshyn & McGettigan, 1999] for a survey of issues related to this. A few stylized facts collected from the literature are as follows: After privatization, 4 years later, productivity typically increases 3-5 times compared to the non-privatized SOEs. Insider privatization typically performs worse, especially in the worker-dominated case. [Johnson & Loveman, 1995] show that in Poland the failure to privatize and restructure large SOEs increasingly retards the growth of private firms. Economic reform improves governance in countries with a low degree of state capture, but not in high-capture

countries ([Hellman & Schankerman, 1999]). Property rights are more important than the reform of the financial sector ([Johnson et al, 1999b]). Romania scores well in all papers of Johnson et al (for example it has the highest rate of growth of employment in start-ups—even compared to Poland, Hungary and Slovenia), but of course, Poland scores higher in general, especially when it comes to legislation and corruption (see papers of Hellman et al). Finally, [Raiser et al, 2001] show that trust in general and civic participation do not econometrically show a relationship with reform, while trust in the public sector does correlate positively with reform success.

CONCLUSIONS

Coming back to the comparison of the two views, the deterministic versus the policy one, we just want to mention that, according to all the studies mentioned above, Poland scores very well, especially when it comes to early reform, entrepreneurial environment, shareholder rights, etc. That, in our view, gave Poland a Schumpeterian edge during the transition. Note that, according to the model of Blanchard, [Blanchard, 1997], a transition country can fall into one of two equilibria: the first, the good equilibrium, is the Schumpeterian one, where the new private sector takes off and forms the political and economic base to for a viable market economy. The other equilibrium, the bad one, is one where the new private sector doesn't take off, and the state spreads its tentacles over the whole economic life and maintains its power base through the large loss-making SOEs and a clientele of insider-privatized companies, all supported through soft budget constraints. So adopting the policies that avoid the bad equilibrium is the right policy choice, and Poland apparently got it right. It is interesting that, even though privatization didn't work well in Poland, it didn't matter that much, because the new private sector could cushion the problems. In Romania, the state is much more powerful, and still helps loss-making SOEs through an elaborate system of arrears, debt forgiveness and low energy prices. However, the studies mentioned above show that Romania does have a strong new private sector (as a proof, exports have grown constantly since early 90's), so we hope that not very long from now Romania will move to the new equilibrium, and will join NATO and the European Union.

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APPENDIX

Table 2. Romania: Selected Macroeconomic Indicators 1989–2000

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
<i>(Percentage changes in real terms)</i>												
Real GDP	-5.8	-5.6	-12.9	-8.8	1.3	3.9	7.1	3.9	-6.1	-5.4	-3.2	1.6
Industrial Output	-5.3	-23.7	-22.8	-21.9	1.3	3.3	9.5	9.8	-5.6	-17.3	-8.8	8.2
Agricultural Output	na	na	-8.6	-12.2	12.9	0.2	4.5	1.3	3.4	-7.6	5.5	-14.1
Exports	-8.2	-41.8	-26.2	2.9	11.1	19.0	17.0	2.0	11.4	na	9.7	23.9
Imports	10.6	14.5	-41.6	7.5	4.4	2.8	16.3	8.7	7.5	na	-5.1	29.1
<i>(Percentage changes)</i>												
Consumer Prices (av.)	1.1	5.1	161.1	210.4	256.1	136.7	32.3	38.3	154.8	59.1	45.8	45.7
Av. Monthly Earnings	3.9	10.6	123	170	196.5	135.6	50.5	54.2	98.2	60.3	44.3	46.9
Labor Force	na	-1.0	1.8	-1.8	-1.4	0.1	-6.6	-4.3	-1.3	-0.7	-2.9	na
Employment	1.3	-1.0	-0.5	-3.0	-3.8	-0.5	-5.2	-1.2	-3.8	-3.2	-4.5	na
<i>(Percent of total Labor Force)</i>												
Unemployment	na	na	3.0	8.2	10.4	10.9	9.5	6.6	8.9	10.3	11.8	10.5
<i>(In percent per annum, year end)</i>												
Bank Deposit Rate	na	na	na	28.3	42.5	49.5	32.4	38.9	34.1	42.3	41.3	27.0
Bank Lending Rate	3.8	3.8	19.5	43.6	86.4	61.8	47.5	53.6	55.6	58.9	62.0	47.3
<i>(Percent of GDP)</i>												
Government Balance	na	1.0	3.3	-4.6	-0.4	-2.2	-2.5	-3.9	-4.6	-5.0	-3.5	-3.7
Government Expenditure	na	38.7	38.7	42.0	34.2	33.9	34.7	33.8	34.3	38.4	36.8	35.1
Government Debt	na	na	na	na	na	na	17.6	28.1	27.9	30.6	34.7	31.6
External Debt	na	na	7.4	16.6	16.1	18.3	18.3	23.6	27.2	26.0	26.6	27.0
Current Account Balance	5.4	-4.7	-4.5	-7.8	-4.5	-1.4	-5.0	-7.3	-6.1	-7.7	-3.8	-3.8
Broad Money (M3 yy end)	na	59.6	46.9	30.8	22.3	21.4	25.3	27.9	24.8	27.5	25.7	23.2
<i>(Denomination as indicated)</i>												
Population (in millions)	23.1	23.2	23.2	22.8	22.8	22.7	22.7	22.6	22.6	22.5	22.5	22.3
GDP per capita (ml.USD)	2021	1257	1245	859	1158	1323	1564	1563	1551	1688	1512	1644
Ex. rate (leu/USD yy end)	14.9	34.7	189	460	1276	1767	2578	4035	8023	10951	18255	25926

Sources: EBRD Transition Reports: 1996, 1997, 1999; and EBRD Strategy for Romania, 2002.

Table 3. Poland: Selected Macroeconomic Indicators 1989–2000

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
	<i>(Percentage changes in real terms)</i>											
Real GDP	0.2	-11.6	-7.0	2.6	3.8	5.2	7.0	6.0	6.8	4.8	4.1	4.0
Industrial Output	na	-24.2	-8.0	2.8	6.4	12.0	9.6	8.3	11.5	4.8	4.4	7.1
Agricultural Output	na	-2.2	-1.6	-12.7	6.8	-9.3	10.7	0.7	1.0	1.0	-2.0	0.0
Exports	2.6	15.1	-1.7	10.8	3.2	13.1	23.6	12.5	9.9	11.0	1.0	17.5
Imports	4.3	-10.2	29.6	1.7	13.2	11.3	24.3	28.0	16.7	14.0	6.0	12.0
	<i>(Percentage changes)</i>											
Consumer Prices (av.)	251.1	585.8	70.3	43.0	35.3	32.2	27.8	19.9	14.9	11.8	7.3	10.1
Av. Monthly Earnings	291.8	398.0	63.1	38.7	36.7	34.6	31.6	26.5	21.5	16.7	10.6	11.4
Labor Force	na	-0.7	1.9	-0.4	0.7	0.6	-0.9	1.4	-2.7	-4.0	-1.0	1.8
Employment	-0.8	-7.2	-4.3	-2.8	-1.7	1.1	0.3	3.5	1.3	1.4	-1.5	3.3
	<i>(Percent of total Labor Force)</i>											
Unemployment	0.1	6.3	11.8	13.6	16.4	16.0	14.9	13.2	8.6	10.4	13.0	15.0
	<i>(In percent per annum, year end)</i>											
Bank Deposit Rate	na	53.0	36.0	32.0	25.0	26.0	19.5	17.0	18.0	11.0	7.5	10.0
Bank Lending Rate	na	61.0	40.0	39.0	35.0	31.0	24.0	20.5	22.5	15.5	14.4	16.0
	<i>(Percent of GDP)</i>											
Government Balance	-7.4	3.1	-6.7	-6.7	-2.4	-2.2	-3.1	-3.3	-3.1	-3.2	-3.7	-3.2
Government Expenditure	48.8	39.8	49.0	49.5	49.9	50.5	49.2	46.4	45.8	44.6	43.9	42.6
Public Debt	na	na	na	147.3	88.7	72.4	57.9	51.2	49.8	43.2	44.5	42.5
External Debt	na	na	61.5	56.4	54.9	47.1	38.0	35.3	36.6	37.6	42.1	42.9
Current Account Balance	na	na	-2.6	1.1	-0.7	0.7	4.5	-1.0	-3.2	-4.4	-7.5	-6.2
Broad Money (M3 yy end)	na	32.2	31.6	35.8	35.9	36.7	36.1	37.2	39.6	40.2	43.1	42.7
	<i>(Denomination as indicated)</i>											
Population (in millions)	38.0	38.2	38.3	38.4	38.5	38.6	38.6	38.6	38.7	38.7	38.7	38.7
GDP per capita (ml.USD)	na	1630	2037	2197	2234	2399	3085	3483	3511	4066	3987	4108
Ex. rate (Zl/USD yy end)	0.65	0.95	1.10	1.58	2.13	2.44	2.47	2.9	3.5	3.5	4.2	4.3

Sources: EBRD Transition Reports: 1996, 1997, 1999; and EBRD Strategy for Poland, 2002.