

THE ECONOMIC-SOCIAL INFLUENCES OF THE CONSUMER PRICE INDEX: THE CASE OF POST-COMMUNIST ROMANIA

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Abstract

The consumer price index plays an important role in the current economic-financial activity because the income level is updated with the help of the rate of this index, both in the private environment and in public institutions, which means that if the level of the index is high, salaries or pensions are increased accordingly. The objective of this paper is to examine the impact of the most important aspects related to the consumer price index and some of the most important macroeconomic determinants in Romania. The authors consider this research proposal necessary because it has been observed that the consumer price index influences the economic situation within a country and causes changes in unfavorable directions on macroeconomic indicators. The study is based on a set of statistical data covering the period 1990-2021. The result of econometric model indicates that all the proposed independent variables - economic growth, labor productivity, invested capital, gross salary, net salary, have a significant impact on the consumer price index - the dependent variable. Our opinion is that the consumer price index influences to a large extent the economic and social activity of Romania because following the results of the econometric analysis it was found that Capital investment and Grosswages are the main factors that led to the increase of the Consumer Price Index, while the study presents and some unfavorable directions (Economic Growth, Labour productivity, Net wages) with direct influence on Consumer Price Index.

Keywords

Consumer Price Index; regression analysis; Ordinary Least Square; macroeconomic factors; Romania case

JEL Classification

L16, E31, F37, F47

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