Danube - the Common Way between Great Socio-Economic Disparities

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Abstract: The paper deals with the idea that a common river-Danube- can cover a lot of disparities connected to socio-economic, cultural, historical and religious approaches. As a result, the analysis in the paper is focused on economic disparities in all Danube countries, even that they are members or not of the EU27. The analysis is based on the latest official statistical data and is followed by a forecast for 2013-2014 in order to observe if the disparities will decrease or not. The main conclusion of the paper is that Danube can be a way and an instrument to solve regional disparities. The same Danube River can support a better socio-economic integration of the Danube countries, as well.

Keywords: Danube countries; economic disparities; economic forecast; socio-economic integration

1. General Approach

There are new approaches which are focused on the role of regional organisations in socio-economic development under common objectives and interests. The Danube connects 10 countries with different socio-economic and political statutes. 6 of them are Members States of the EU27, 1 is acceding country, 1 is candidate country and 2 are European countries which can support the idea of a future adhering to the EU.

The global crisis' impact on these 10 economies was different. As a result, the socio-economic disparities between them are great. The problem is if the Danube countries will be able to decrease the socio-economic disparities and to improve their cooperation on a atypical regional market under a real partnership.

2. Research's Methodology

In order to obtain better results in analysis, the paper uses a neutral statistical database, Eurostat. The analysis covers two levels. First is the retrospective

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analysis of this 10 economies during 2009-2012. Second represents a prospective analysis during 2013-2014.

The retrospective analysis used the official EU statistical information[1]. The paper created a database with the GDP annual growth rates, unemployment rates and inflation rates for all states, in order to analyse the trend.

This database was used to realise a comparative analysis and to see the disparities across the Danube states. The source for all tables is the European Commission. Historical data for the Member States are based on the European System of Accounting[2].

In order to complete data for Moldova, we realise a forecast for 2013-2014 time period, using dedicated software (SPSS 19) and ARIMA as time series modeller. The dependent variables are the annual GDP, unemployment and inflation rates during 2009-2012 and the independent variable is time.

The next step of the analysis was to realise a diagram which to be able to put together the macroeconomic evolution of the Danube States during 2009-2014. Moreover, this diagram was built in order to analyse three distinct points in time (2009, 2012 and 2014) and to calculate the economic disparities at those moments. The geometrical distance between the individual macroeconomic trends allows us to conclude the dimension and the evolution of the economic disparities related to the idea of decreasing socio-economic disparities.

3. Macroeconomic Evolutions

According to GDP growth rates, all Danube countries had negative rates excepting Ukraine in 2009. In 2012, the economic recovery process supported better growth rates, but the Danube economies could be divided into three groups: economies with negative growth rates (3), economies with GDP growth rates less than 1.00% (6) and a economy with GDP growth rate greater than 1.00% (Slovakia).

The forecast for 2013-2014 talks about a decrease in GDP growth rate disparities, excepting two countries, Moldova and Croatia (see Table 1).

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[1] European Commission (2013). *European Economic Forecast. Spring.* Brussels, pp. 45, 51, 53, 73,79,85,89, 99, 109; http://www.gfmag.com/gdp-data-country-reports/219-moldova-gdp-country-report.html;
http://www.imf.org/external/pubs/ft/weo/2013/01/weodata/weorept.aspx?pr.x=50&pr.y=3&sy=2011 &ey=2015&scsm=1&ssd=1&sort=country&ds=.&br=1&c=921&s=PCPIPCH&grp=0&a=; World Bank**,** (2013). *Ukraine Country Report: GDP Data and GDP Forecasts; Economic, Financial and Trade Information; the Best Banks in Ukraine; Country and Population Overview.* New York.
[2] European Commission (1996). *European System of Accounts ESA 1995.* Brussels-Luxembourg: Eurostat.

Table 1. GDP Growth Rates in Danube Countries (%)

	2009	2010	2011	2012	2013	2014
Germany	-5.1	4.2	3.0	0.7	0.4	1.8
Austria	-3.8	2.1	2.7	0.8	0.6	1.8
Slovakia	-4.9	4.4	3.2	2.0	1.0	2.8
Hungary	-6.8	1.3	1.6	-1.7	0.7	1.4
Croatia	-6.4	-2.3	0.0	-2.0	-1.0	0.2
Serbia	-3.5	1.0	1.6	-1.7	1.7	1.9
Romania	-6.6	-1.1	2.2	0.7	1.6	2.2
Bulgaria	-5.5	0.4	1.8	0.8	0.9	1.7
Moldova	-6.0	7.1	6.4	0.3	7.0*	8.0*
Ukraine	14.8	4.2	5.2	0.2	0.0	2.8

*forecasted data under SPSS19 software (see Annex)

The trend of unemployment rates leads to the same conclusions: great disparities in 2009 and 2012 and worst situation in 2014. In 2009, 7 Danube countries had unemployment rates less than 10.0%. The peak was in Serbia (16.1%).

A bad situation was in 2012, when only 5 countries achieved unemployment rates less than 10.0% and the peak was in Serbia, as well.

The forecast for 2014 talks about a relative improvement of this economic indicator's values. Even that, 5 Danube countries will faced to unemployment rates between 11.5% and 23.2% (see Table 2).

Table 2. Unemployment Rates in Danube Countries (%)

	2009	2010	2011	2012	2013	2014
Germany	7.8	7.1	5.9	5.5	5.4	5.3
Austria	4.8	4.4	4.2	4.3	4.7	4.7
Slovakia	12.1	14.5	13.6	14.0	14.5	14.1
Hungary	10.0	11.2	10.9	10.9	11.4	11.5
Croatia	9.1	11.8	13.5	15.9	19.1	20.1
Serbia	16.1	19.2	23.0	23.9	24.0	23.2
Romania	6.9	7.3	7.4	7.0	6.9	6.8
Bulgaria	6.8	10.3	11.3	12.3	12.5	12.4
Moldova	6.4	7.4	6.7	6.8	6.9	7.2
Ukraine	8.8	8.1	7.9	8.5	7.4	7.3

Last, but not the least, inflation rates lead more disparities. In 2009, three Danube countries faced to disinflation, six with inflation rates between 0.0% and 7.1% and Ukraine with an inflation rate greater than 15.0%. For countries succeeded to improve the inflation rates' levels in 2012. The forecasts for 2014 talk about better levels of inflation in 10 Danube countries (see Table 3).

Table 3. Inflation Rates in Danube Countries (%)

	2009	2010	2011	2012	2013	2014
Germany	-0.8	0.2	1.5	1.1	0.8	0.6
Austria	-0.6	0.7	2.6	1.6	1.0	0.8
Slovakia	-0.1	-0.3	3.1	2.7	0.9	1.0
Hungary	3.0	3.7	2.9	4.7	1.6	2.1
Croatia	1.2	0.1	1.2	2.4	2.1	1.0
Serbia	7.1	5.1	10.1	6.3	7.4	4.7
Romania	4.6	5.1	4.8	2.4	3.3	2.1
Bulgaria	1.5	2.0	2.4	1.4	1.0	1.6
Moldova	0.0	7.3	7.6	4.6	7.0	10.0
Ukraine	15.9	9.4	8.0	2.0	2.0	2.0

4. Discussions and Conclusions

The European Union Strategy for Danube Region was adopted in December 2010. According to this document, "there are new opportunities and potential, especially for facing the economic crisis under a sustainable way"[1].

As a result, the first common action of the Danube countries is a sustainable economic development strategy. This strategy has to decrease the socio-economic disparities. According to the above three tables, the socio-economic disparities between the Danube countries are not smaller. The problem is that these disparities will growth again after a decrease in 2012 (see Figure 1).

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[1] European Commission (2010). *COM(2010) 715 Final, 8.12*. Bruxelles, p. 3.
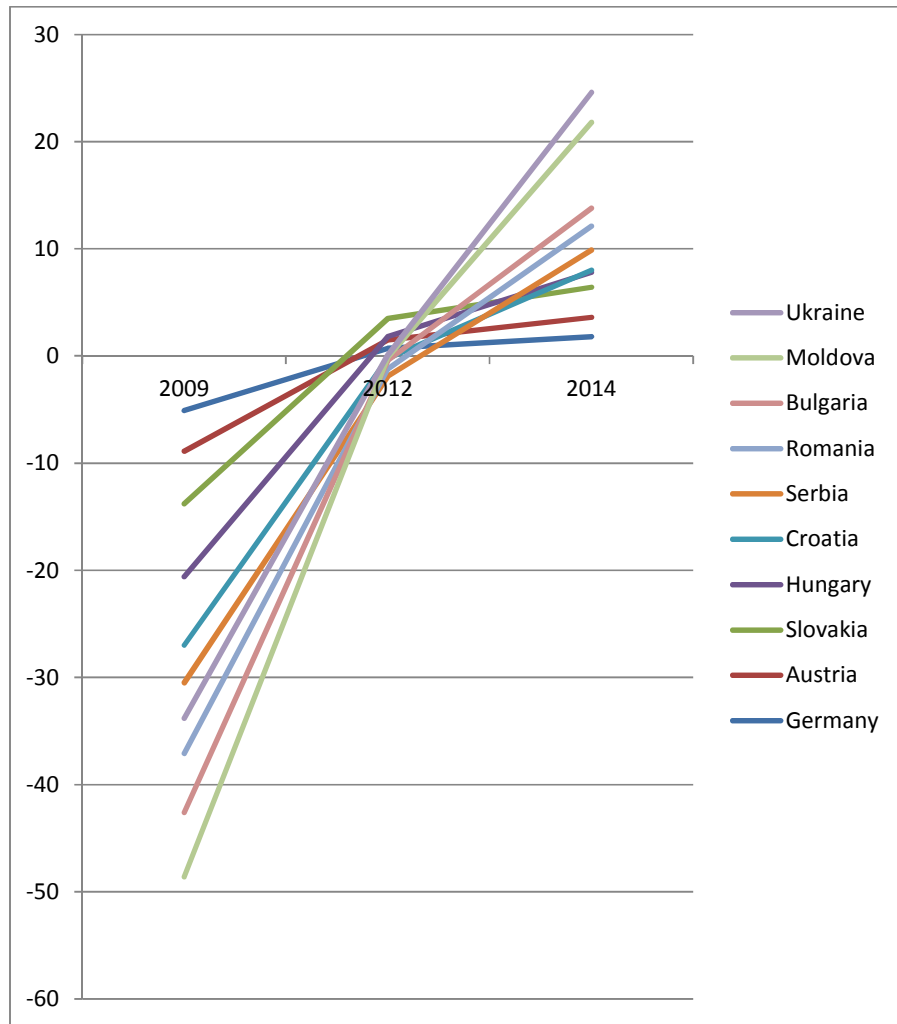
Figure 1. GDP Growth Rates' Disparities

The same trend is that connected to the unemployment rates across the Danube countries. The only difference is that the disparities increased all the time during 2009-2012 and the increase will continue in 2014 (see Figure 2).
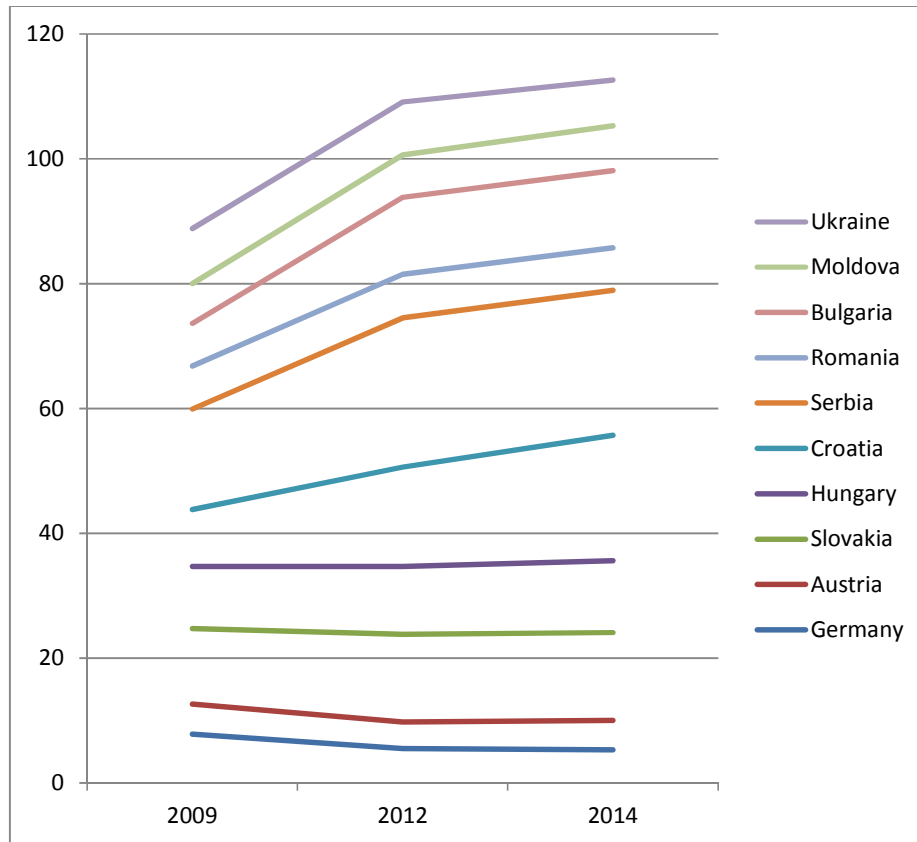
Figure 2. Unemployment Rates' Disparities

The inflation rate is the indicator with a positive trend connected to the disparities' decrease. As a result, the inflation rates will decrease in eight Danube countries in 2014, related to 2012 (see Figure 3).
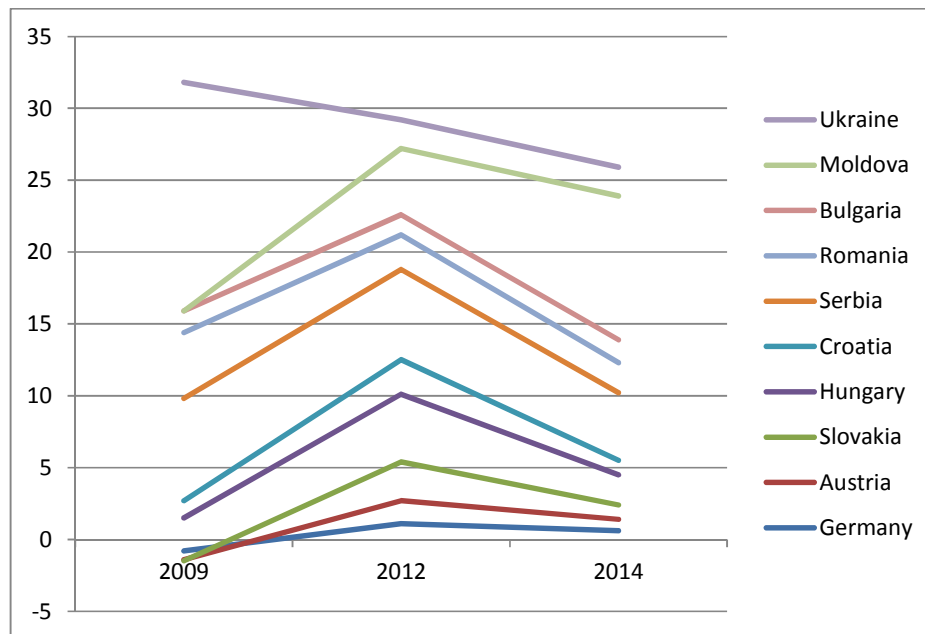
Figure 3. Inflation Rates' Disparities

The bad news is that there is no money from the EU in order to support the Danube Strategy. Moreover, the economic recovery across the Europe is still not too fast (Ionescu, 2012, pp. 30-39).

The best news is that we can find unconventional ways to cooperate and to obtain a sustainable development in this region.

Universities has to have a important position in this approach, because they are able to put together academic specialists, representatives of the business environment, NGOs, public and private administrations under a viable partnership.

This partnership can lead to a better approach in order to implement the Danube strategy and to define priorities and ways of achieving.

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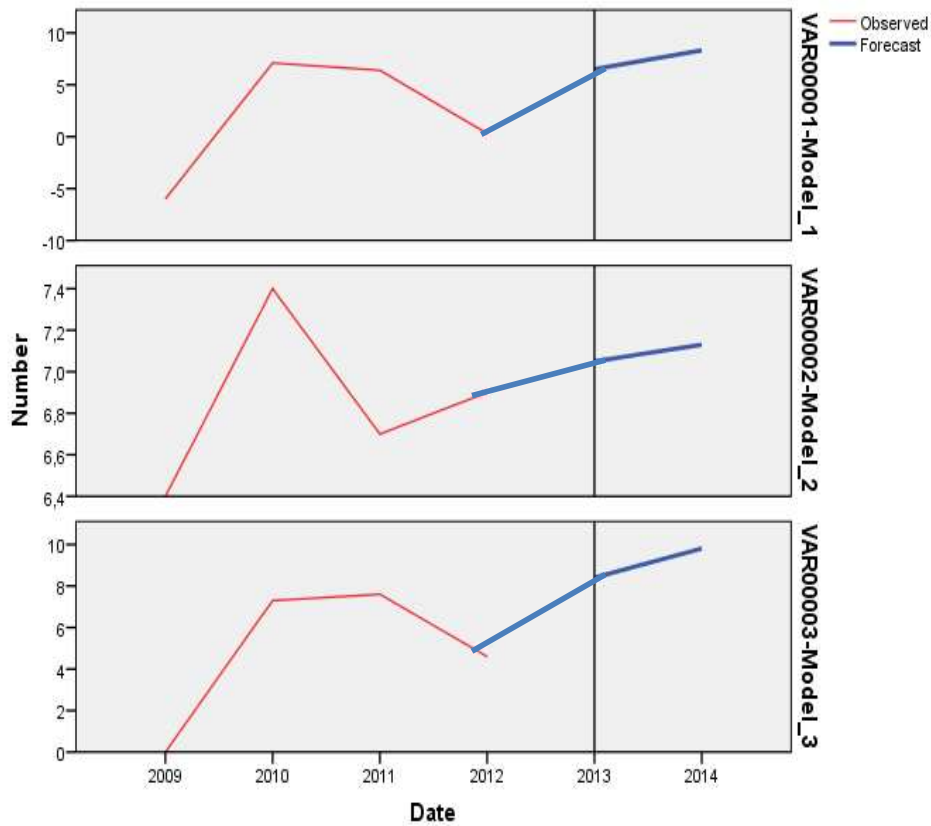European Commission (2010). *COM(2010) 715 Final, 8.12*. Bruxelles, p. 3.

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Annex

VAR00001- GDP growth rate in Moldova;

VAR00002- Unemployment rate in Moldova;

VAR00003- Inflation rate in Moldova.