

SOME ASPECTS CONCERNING THE ROMANIAN LABOUR MARKET IN THE CONTEXT OF EMIGRATION

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Abstract:

Workforce migration is a phenomenon that has grown over the past 20 years the European Union. Regarding our country, the prevalence of emigration phenomenon holds. This paper aims to realize a study concerning some aspects of the labour market in Romania. We started from the fact that a part of the workforce educated in our country emigrates in order to find a better paying job and a better life. Emigration has positive effects in economic, social and cultural area as well as negative effects for instance on the labour market in the country of origin; it may produce unbalances in the parent-child relationships and it also may create a labour shortage in some sectors of the economy.

Key words: labour market, migration, emigration, quality of life

JEL classification: J01, J60

INTRODUCTION

In the recent years, youth and Romanian specialists' migration has grown, due to the imbalances in the labour market in Romania. In general, these emigrants are seeking better living conditions and some real possibilities of professional affirmation. The phenomenon of migration for work timidly started during the first half of 90s, continuously increased in the second part of the decade and exploded after 2000.

A turning point relevant to external migration is related to 2002 as the beginning of the free circulation of Romanians into the Schengen Area. This is associated with a more dispersed migration field, with streams directed towards more destinations and with a more balanced share of the different streams within the total emigration.

During the last years, migration became a very important phenomenon in the European Union as we are speaking nowadays about *the right to free movement of workers and free access to salaried workplaces*. This is regulated by the disposition of art. 45 of the TFEU, through:

- ensuring the exercise of free movement of labour within the EU (free movement of workers is ensured within the Community);
- abolition of discrimination based on nationality regarding employment, remuneration and other working conditions (free movement of labour involves the abolition of any discrimination based on nationality with regard to employment, remuneration and other working conditions);
- content of rights and limitations of public policy, public security or public health (free movement of labour is subject to limitations justified on grounds of public policy, public security or public health);
- the right to respond to effectively offered employments;
- the right to move freely within the Member States for this purpose;
- the right of stay in Member States to hold a job under the laws, regulations and administrative provisions applicable to the employment of the national labour force;
- the right to remain in the conditions that will be subject to regulations laid down by the Commission, in the territory of Member State after occupying a workplace in that state;
- the exemption appears in the cases of exercising the right concerning the positions in the public administration (these dispositions do not apply to the positions in the public administration). (Official Journal of European Union C 83, 2010)

Regulation 1612/68/CEE of the Council from October 15th 1968 on the free movement of workers within the European Union establishes that any national of a Member State, regardless of its country of residence is entitled to access paid employment in another member state according to national regulations on employment of nationals. The regulation contains provisions on: the notion of worker skills, establishment of working conditions, social and tax advantages for the workers, access to housing, access to training etc.

This regulation is supplemented by the provisions of Directive 68/360/EEC of the Council from October 15th 1968 on the removal of restrictions on travel and subsistence for workers of Member States and their families within the Union.

The literature shows that the political debate about the benefits of migration is a controversial one. The imposition of transitional measures by most of the old EU member states in 2004 and the measure taken in the case of Romania and Bulgaria testifies to this. Standard economic theory sees migration – conceived as the freedom of the factor of production „labour” to seek its highest reward anywhere without hindrance – as unambiguously good, raising the welfare of migrant workers themselves, but also aggregate welfare. Also, there is a voluminous literature that seeks to determine the factors driving – and also retarding – international labour migration (such as: Borjas 1989, 1995; Barro and Sala-i-Martin 1991; Layard et al. 1992 etc). Studies typically regress migration flows on a set of possible explanatory factors in an attempt to estimate econometrically the most important factors and to assess the relative strength of their effects. Some of the specialists consider that „almost all models [of migration potential] discussed in the empirical literature explain migration by income and employment opportunities in the respective countries and a set of institutional variables which should capture different migration restrictions, [... and] country-specific effects such as geography, language and culture”(Alvarez-Plata et al., 2003). In the same time, the specialists try to find different types of explanations regarding causes, effects, externalities and features of this phenomenon that became very important in its dimensions especially in the last century.

Our country is also one of those who deal with the phenomenon of migration, especially with that of emigration. Thus is why the analysis of indicators concerning migration is very important for Romanian decision factors, who lately are taking into account the current demographic trends, with major implications for employment and for the quality of life. Thus, we consider justified an analysis of the causes and effects of this phenomenon, but in the same time we are aware that the indicators calculated by the specialized agencies are under the limits imposed by the lack of complete records of those who emigrate.

Regarding the number of Romanians who left to work abroad (temporary migration), officials do not have complete data. In fact, nor the Ministry of Administration, the Ministry of Labour, Social Solidarity and Family, nor the National Statistics Institute have developed appropriate methodologies to track the process and cannot provide general information in this area. As a result, in the Romanian media there are spread very different data on to extent of shift of Romanians in search by jobs abroad, especially in the European Union countries (Aceleanu, 2011).

TRANSITORY MEASURES CONCERNING FREE CIRCULATION OF ROMANIAN WORKERS

In the case of Romania it was established, by the EU Accession Treaty in April 2005, the possibility of imposing transitional arrangements on free movement of workers. Transitional measures govern the right of each Member State to determine the policy of access to employment for workers of Member States of the European Union according to local labour market situation so as not to prejudice their economic and social security system.

In the case of EU states who do not apply to Romania the free movement transitional measures for workers, Community legislation (Regulation 492/2011 on free movement of workers within the Union) is applied, so that Romanian citizens become employed in the same terms as citizens of that state.

The European Commission announced that starting January 1, 2012, nine states have decided to maintain the restrictions for the next two years for workers from Romania and Bulgaria. The only country that has lifted from January 1, 2012, the restrictions imposed on Romanian workers in the labour market was Italy. (<http://www.euractiv.com/enlargement/italy-opens-romanian-bulgarian-workers-news-509960>).

In the case of the nine states, the first states who have notified the Commission regarding the decision to maintain the labour market restrictions were: UK, Germany and Ireland. Thus, Romanians and Bulgarians intending to work in the UK must obtain in advance a work permit from the United Kingdom Border Agency. This decision is part of the British government's strategy to reduce dependence on foreign workers to employers, especially in sectors where unskilled labour is required, the main aim being to help the unemployed people to find a job.

Germany has not fully opened its labour market to Romanian and Bulgarian workers. In December 2011, the Berlin Government decided that the disciples, seasonal workers and highly qualified persons coming from Romania and Bulgaria have no need of work permits to be employed in Germany. This decision came into force on January 1, 2012.

Spain invoked the safeguard clause and the Commission accepted, on August 11th 2011 the request of that country to reintroduce restrictions to Romanian workers until December 31st, 2012. The reason was that unemployment in Spain has increased dramatically.

Belgium also refused to open its labour market to Romanians and Bulgarians, extending restrictions up to the end of 2013. The reason is that citizens of the two Eastern European countries who are already working in Belgium refuse to pay social contributions, thus deceiving the state. The Netherlands has also decided to extend the restrictions for Bulgarian and Romanian citizens by 2013.

Luxembourg, France and Austria announced the European Commission in December 2011 that they will keep restrictions for the EU-2 workers by 2013. The cause is the growth of unemployment in these countries and the negative effects of the global crisis.

Thus, Romanian workers now have free access to the labour market in 16 of the 25 EU member states, 9 maintaining the restrictions until 2013 (UK, Germany, Ireland, Spain, Luxembourg, Belgium, Netherlands, France and Austria).

Each year, the member states that have not opened their labour market for Romanian citizens publish a list of occupations and sectors/industries open to citizens of the new EU member states and those for which the release of a work permit is not subject to the national labour market situation.

During the last years, it was seen that Italy and Spain have proved to be the most receiver countries for the Romanians. Thus, according to OECD the Romanian population residing in Italy in 2009 increased with 90.000 persons, while the total number of Romanians living in Italy was approximately 887.800. In the same time, the increase in Spain in 2009 was one of around 30.000 persons, while the total number of Romanians living in Spain is approximately 751.700 (OECD, 2011). These countries have proved to be the most attractive, by a number of characteristics of their economies and by their policies regarding the access of the Romanian labour force. One important reason was the fact that their Latin languages sound familiar to Romanians.

The number of Romanian migrants remained at a very low level in Ireland and the UK, showing, among other, the effect of the transition measures for workers that, in contrast to the first round of accession in 2004, were put in place when Romania and Bulgaria joined the EU in 2007. The same is true for Germany in the context of Romanian and Bulgarian migrants (Galgóczy, Leschke and Watt, 2011).

When speaking about the migration, in the case of Romania, it is easy to observe that the most important part is the emigration one. Thus, in 2009 the total number of the Romanians working abroad was estimated at about 3 million of persons (OECD, 2011). However, data on emigration concerning the Romanians is limited.

According EUROSTAT, in 2010, one quarter of the foreigners in the EU are citizens of Turkey, Romania, Morocco or Poland. Citizens of Turkey and Romania were the most numerous

among foreigners in the EU. Among the other EU nationals living outside their country of citizenship, Poles and Italians ranked second and third, each with more than one million citizens living in another Member State (Vasileva, 2011). Among the non-EU foreigners, citizens of Morocco and Albania followed those of Turkey (see fig. 1).

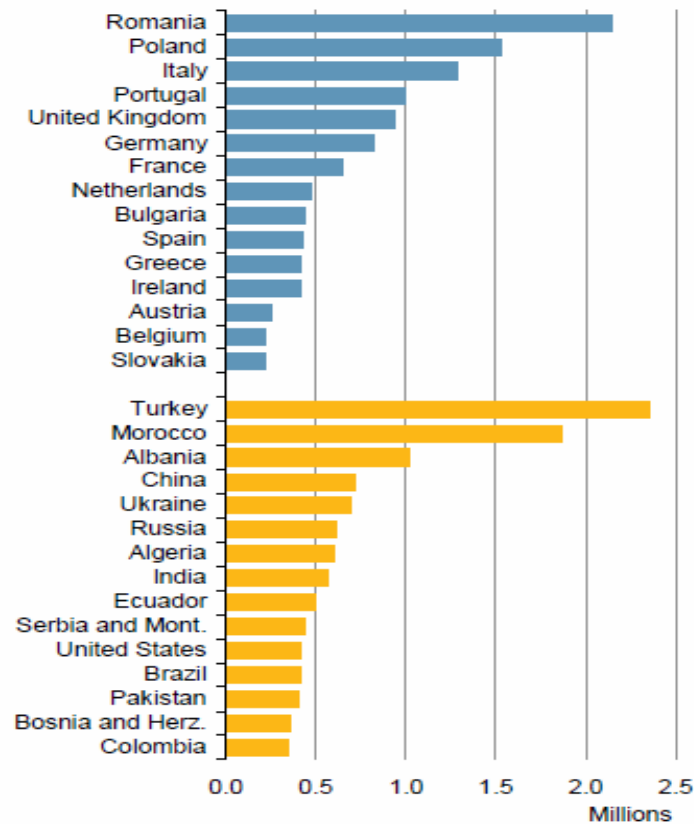


Figure 1. Citizenships of EU and non-EU foreigners residing in the EU-27, 2010

Source: Eurostat (online data code : migr_pop1ctz)

During time, the specialists noted that a large number of emigrants is situated in the 26-40 years age category (see fig. 2), since this is the final migration which highlights the imbalances created in the labour market and in education, in that the investments made in workforce training are not found in the labour market in Romania (Aceleanu, 2011).

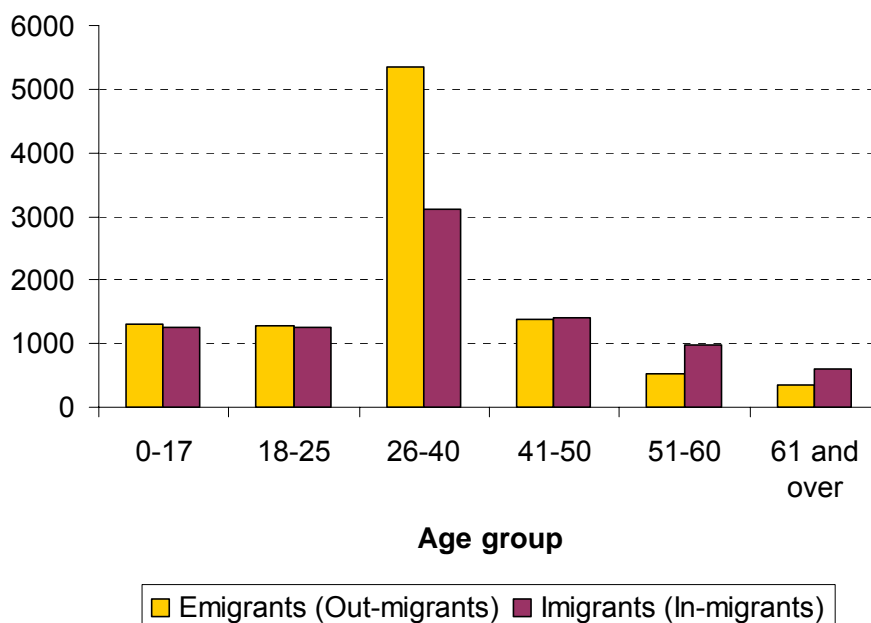


Figure 2. International migration by age groups (2009)

Source: International Migration, 2009, National Institute of Statistics of Romania

Moreover, the analyses suggest that, on the whole, skill levels are at least as high, if not higher than those of the sending-country labour force as a whole. However, the great majority of workers coming from the new member states, such as Romania, on receiving-country labour markets perform routine manual work requiring little training and skills; they are correspondingly on the lowest pay scale or the minimum wage, but this is still attractive given that a considerable proportion of earnings may be spent in the country of origin. In many cases they are overqualified for the work they do, and/or are working in an entirely different sector from that implied by their previous professional and educational background. There is evidence, however, that, after an adjustment period in which language and other broad skills can be improved and job information ‘on the ground’ accessed, some migrants do manage subsequently to shift to employment closer to their qualifications (Galgóczy, Leschke and Watt, 2011).

In the same time it is said that the remittances flows to Romania are the highest in the EU (3 billions of Euro in 2009) (OECD, 2011). The economic crisis was seen in this area too; in the case of the Romanians, the remittances in 2009 were smaller than those in 2008, by almost 40% (OECD, 2011).

The 3-4 billion Euros entered annually in Romania from the ones who are working abroad represent an income source (in many cases the unique source) for some other several million Romanians; this have lead to increasing the standard of life, to the explosion of house building and the growing of sale of equipment and goods designed for the housing, to increasing the number of cars etc. In the same time there were created workplaces and it was stimulated the internal consumption, which brings into discussion another important issue: what are the advantages and the disadvantages of the Romanians emigration.

IMPLICATIONS OF THE EMIGRATION OF ROMANIANS FOR THE COUNTRY OF ORIGIN

It is well known the fact that individual migration decisions, which can be assumed to be welfare-enhancing for the individuals making them, can be seen as having negative or positive „externalities”; that is, costs and benefits to actors other than the migrants themselves, in both sending and receiving countries (see Bonin et al. 2008).

First, one must take into account the fact that the movement of workers favours the dissemination of technical knowledge and modern work methods between states affected by migration. Furthermore, in the European Union, the free movement of people potentiates the acquirement of a European way of thinking.

Because some of the Romanians are leaving to work abroad, in the country of origin the unemployment rate decreases and theoretically salaries rise, since the migration of the work force reduces imbalances on the labour market.

Second, the Romanian emigrants with a low level of studies, living in countries with a high degree of civilisation, see and study the civic spirit around them, the respect of the law, order, cleanliness, the attitude for work, all these representing a gain for Romania.

Third, there appears an increase of individual and family incomes, the elevation of their own standard of life, which may lead to an increase in their quality of life. Usually, it is seen the use of the financial resources to extend/modernisation of the household from the country of origin or the country of immigration, the purchase of consumption goods and cars. There exists also the possibility of the development in time of the entrepreneurial spirit and the beginning of a personal business, thus bringing also another positive aspect – the creation of new workplaces.

The literature shows that there is also an advantage – the reduction in the country of origin of the migrants of the expenses on medical assistance, social and unemployment contributions, benefitting from such services in the receiver countries.

Moreover, remittances are to be considered as an advantage as they may support family members which remained in the origin country. In the same time, remittances have promoted development and many migrant workers have returned after a period of time abroad with additional experiences and skills, not least languages.

Beside the positive aspects from an economic, social and cultural point of view of the external migration, there are negative consequences from a demographic point of view of the phenomenon. Demographic changes challenge even the Romanian institutions and political strategies, which were put into operation at a time when demographic trends were different. Statistics show that the total population of Romania (21.462.186 persons in 2010 according to the National Institute of Statistics) is expected to follow the European trend and to decline by almost 16% until 2050 as a result of low birth rates and a high level of net migration.

In addition, in Romania it is easy to observe the appearance of unbalances in the relation between relatives and the children who remained in the origin country, with implication at a psychic and behavioural level. The impact of the emigration is a very powerful one in what are concerned the children. Unfortunately, there are many children who are abandoned in the care of the Romanian state by the relatives who are supposed to look after them as long as their parents are working in Italy or Spain. In the case when children follow their parents in a foreign country, the level of stress is very high for them, as a consequence of the quick adaptation to another social and school environment.

In the same time it is seen a shortage of labour force in construction, textile industries, hotels, tourism, wood and furniture industries, Romania being forced to import foreign labour force. Also, our country is going to face some costs due to a „brain drain” phenomenon – the loss of the best workers, and implicitly the loss of returns on public investment in education, and possibly human capital losses (if highly skilled workers perform more menial tasks abroad). One likely manifestation of all this is labour shortages in critical sectors or occupations and a drag on productivity growth.

INSTEAD OF CONCLUSIONS

During time, it has been emphasised by different specialists the fact that the Romanian high migration for work has its roots in the political, economic and social realities of the transition to democracy, state of law and market economy. Some of these realities have an objective cause.

Others are simply the consequence of the lack of political will, the postponement of essential structural reforms, the lack of competence and the corruption.

Taking into account the above mentioned and the trends already evident in the dynamics of the demographic processes, with the prospect of Romania's population decline over the coming decades up to 16 million people, in what concerns the population emigration and movement to work abroad is necessary to adopt a new national strategy for the management of the demographic and occupational problems in our country.

In the same time, we all must ask how the final lifting of the transitional measures will affect migration flows. Will we see a redirection of flows towards Germany and Austria, for instance, which have many important 'pull' factors and have already, despite the transitional measures in place, attracted large numbers of workers from new member states? Will Romanians be tempted to work in the developed countries from the Western part of Europe?

During the last few years, it was observed that the current economic crisis is present even in the evolution of the migration flows. Thus is way, nowadays it is required a joint effort made by the Member States for a better management of the migration phenomenon and of labour market towards a sustainable future.

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