

IMPLICATIONS OF ROMANIA'S INTEGRATION IN THE FIELD OF EMPLOYMENT AND EFFICIENT USE OF LABOR FORCE

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Rezumat. *Lucrarea prezintă implicațiile integrării europene ale României asupra ocupării și eficienței forței de muncă, explicând de ce emigrează românii, unde emigrează și cu ce preț fac acest lucru.*

Abstract. *The paper presents the implications of Romanian European integration over the workforce employment and efficiency, explaining why Romanians emigrate, where they emigrate and the price they pay.*

Key words: workforce, emigration, emigration price, emigration consequences

1. Preliminary considerations

During 17 years, Romanian travelled by transition train, until they saw at last the light at the end of the tunnel. They got out the tunnel and went down in the unique market of the European family where the tough process of integration has started having as main purpose to also carry out in Romania and European living standard and civilization.

It means that we should give up several Balkan habits, cunning cleverness, self-deceptions, lies and bluffs, unless we should wander confused in the economic and social landscape of the European Union. On one hand, we should face successfully the EU tough but correct competition environment and on the other hand, we should fructify the great opportunities provided by the unique market of goods and services, capital and labor force.

Romanians should understand that since the accession moment (January 1, .2007), the main objective of the following stage is Romania's integration into the EU, which can be done drawing over and efficiently using the EU money, as well as working hard, with management talent and sill of our own citizens, how the countries integrated before us did. If we get rid as fast as possible of that harmful saying „it goes anyhow too”, which brought us in the situation of 2007, when we had no well thought and structured program, with precise objectives for a properly integration, this process could have been quicker.

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2. Why does Romanian labor force migrate?

Mankind has two fundamental rights: to be born and to eat. Its existence supposes to cover three vital needs: food, clothing and dwelling (sleep). These needs push man to find the best possible solutions to meet them; when the solutions are not found in the country, he looks for them somewhere outside the country.

It is natural to be like that, because the transition in Romania affected negatively, first of all the labor force. Thus at the end of 2006, unemployment rate was 5.2%, total number of unemployed reaching 460,495 persons, of which 166,833 were paid unemployed, namely 36.2% and 293,662 unpaid unemployed, namely 63.8%. It is interesting that in the last years, the weight of unemployed among men increased, as a result of lower activity in the fields where male labor force was prevalent (construction, agriculture). Significant unemployment growths took place lately, especially in Vaslui, Botoșani and Constanța, as a result of coming back to unemployment of some seasonal workers. In 21 counties, of which mostly Iași, Argeș, Harghita and Cluj registered some decreases of unemployment rates, due to hiring these persons through temporary employment programs, thus as uncertain jobs. Some counties reached higher unemployment rates: Vaslui 11.2%, Mehedinți 9.1%, Gorj and Ialomița 8.7%.

During 2000-2006, a modest unemployment rate was registered, not exceeding EU 25 level, as well as a lower unemployment rate. It is explained by the fact that about 2.5 million persons emigrated, most of the population in agriculture, representing a small latent unemployment, taking into account the rapid decrease of average number of employees from 4,623,000 in 2000 to 4,591,000 in 2003. Although GDP registered an upward trend and unemployment registered lower rates, Romania has the lowest unemployment rates. Thus, in EU 25 countries, GDP growths rate was 1.5% in 2005 and employment rate in total inactive population was 63.8%. In Romania, although GDP growth rate was 6.1% in 2005, employment rate was only 50.2%, in Bulgaria this rate being 56.9% and in Czech Republic 64.8%.

Romania and Bulgaria are at high distances regarding labor force salary retribution as against other countries. In relative expression, gross minimum salary of Romanians represents 20.1% of Portuguese, 14.3% of Spanish, 34% of Czech and only 7.4% of French. If monthly minimum salary in France was € 1218 in 2006, in Portugal € 437, in Spain € 631, in Czech Republic € 261, in Hungary € 247, in Romania it was only € 90 and in Bulgaria € 82. If salaries do not increase according to the alignment of prices to products, services and utilities of EU countries, the purchasing power will decrease and the difference of income against EU countries will get deeper and deeper. Under such conditions, the hope for a better life is carried out by temporary and even final emigration.

3. Where do Romanians migrate and with what price?

According to the World Bank data, during 1989-1998 about 140,000 persons emigrated in Germany, 30,000 in Hungary and almost the same in USA, but Romania did not receive emigrants, but about 20,000 from the Republic of Moldova. In 2002, it was registered a decrease with 6.2% of Romanian emigrants as against 1991, 12.2% of Hungarians and 3.9% of Ukrainians, on the contrary, the number of Romany emigrants increased by over 221% as against 1991. At the same time, in this period, 2,100 students left for study abroad and about 15% of Romanian emigrants with higher education work in positions for which they are over skilled. Over 80% of Romanians, who left for work abroad through the Office for Labor Force Migration (OLFM), in 2006, went to Germany, where they won almost € 100 million, mostly working in agriculture on monthly average salary of € 800, as well as in industry: health, tourism, housekeeping for € 1,200.

In 2006, through this Office, over 10,000 Romanians also left for Spain and won about € 50 million, the highest salaries being registered in construction, transport and restaurants. Most of Romanians, who left for Spain (two thirds) are between 26 and 45 years old and work in agriculture, with contracts and gain between € 670 and 1,200. Those over 100 Romanians, who left officially for France in 2006, worked in agriculture, construction and transport, for salaries between € 800 and 1,200, those 72 Romanians left for Switzerland worked in agriculture, restaurants and sanitary field for salaries between € 1,970 and 3,100, while those left for Qatar worked in services for € 500 monthly.

Out of those 50,000 Romanians left to work in 2006 through the Migration Office, over 70% are between 25 and 45 years old, most of them leaving Valachia center of the country, Bucharest-Ilfov and South-East areas. In comparison with 2005, in 2006 over 15% more Romanian citizens left and won by almost 25% more.

In 2006, Romanians left for work brought in the country over € 3 billion, this amount having an essential contribution to cover the high deficit of current account, contributing on one side, to improve the living standard of their families and on the other side, to strengthen the mentalities in EU space, where any kind of work is not a shame and is normally rewarded, representing a first order value.

It should be remarked the trend of decreasing the average income per person, sent in the country, which proves the trend that some of those left for work abroad to gain some money in other countries decided not to return at all in Romania. On the other side, this migration also generated difficulties in some sectors of activity, first of all in construction.

But we should not neglect the negative consequences over family balance and integrity of persons left, having sometimes non-repaired results, especially over the children who are far away from their parents.

4. How will be evaluated employment and labor force use in the post-accession stage?

Benefic taking part in free circulation of goods and services, capital and persons depends on the competition capacity of Romanian firms, namely on their capacity to face equally European firms competition, meaning to have a functional market economy. The analysis of data on the competition capacity points out a precarious state of more Romanian firms, drawing their bankruptcy and increase in unemployment.

In Romania, capital centralization and concentration process was overestimated or constituted a lower concern, on the contrary the multitude of privatizations are pointed out, some of them being inefficient and wasteful for material and financial resources, which cannot be only justified, but create bankruptcy conditions. It is also pointed out the role of small and middle units in the economy, which have certainly their importance in GDP and employment, but at the same time with the elimination of customs protectionism, some of them will not correspond anymore to the community exigencies regarding technical endowment, working conditions and ecology, quality of products and services, becoming the first victims of bankruptcy.

Labor market, as any other market, enters a new functioning environment and approaches labor force training, employment and retribution.

According to the acquis, discussed and accepted by Romania, member states will continue to apply restrictive measures during two years period after accession regarding the work right of newly member state citizens. This period can be lengthened three more years, according to the preliminary evaluation and later on, two more years, in case of some serious disorders on labor market of the new state. Therefore, since 2011 Romania will be sure that all restrictions on the labor market will be eliminated.

Free circulation of labor force should be accompanied by permanent concern for labor force training at a level increasing the possibilities of employment in highly skilled jobs and higher salaries. This requires a lot of investments in education and research infrastructure and, generally, in human capital, qualification, requalification, labor force allocation and professional orientation. On the contrary, our integration cost will be more expensive for future generations.

Nevertheless, we should be aware that labor force emigration phenomenon will not be temporary and that, due to the high difference between national and European salaries, skilled young persons will usually emigrate, increasing the labor force deficit in Romania. Over 30% of employment focus in agriculture, in comparison with EU average of 8%, will generate high complexity issues on the labor market.

We do believe that we can hope in a skilled labor force influx from abroad, from civilized countries, at actual level of salaries in Romania. Certainly, there will come to Romania from poorer countries, unskilled or average skilled persons who accept actual level of salaries, but who need an adjustment period and these facts will negatively influence economic results.

According to the World Bank report, over 60% of Romanians who work abroad left for short periods of time, about one fifth left for long periods of time, but have plans to come back, about 8% will not return and 5% left the country for ever. In 2004, Romania held the penultimate place, before Czech Republic, regarding the funds sent by emigrants in the country, most of these incomes being spent mostly for consumption.

Employment in agriculture will decrease in 2009 by 26.3% of total employed persons, namely by 5.8% less than in 2005, while employment rate will reach 59% and activity rate 63.3%. In 2005, activity rate was 62.4% and employment rate 57.7%, while in EU 25 these rates were by 9.2% lower and 7.7% respectively.

It will be further registered a migration of urban available population to rural area, for the subsistence agriculture, which determines a higher employment rate in rural as against urban area. Some active population will be reoriented to the sector of services in agriculture.

On the other side, strengthening the economic performances in production sector and services will provide conditions to draw over some employment in subsistence agriculture, to non-agricultural activity sector.

It is estimated that in the next 3-5 years, foreign capital flows will reach about USD 8 billion yearly, as it was in 2006, which will increase employment. Nevertheless, Romania is among the countries with the lowest level of investments per inhabitant, namely USD 4,000, even if per total investments reached a record level in 2006. If we implement several complementary reforms and achieve a more attractive environment, certainly foreign investments will continuously grow.

Presently, Romania has about 330,000 workers in the field of construction, but the need in the next years is about 500,000 workers, the difference of 170.000 is hoped to be covered doubling the average salary in this sector, from € 250 in 2006, to € 5,000 at half of 2008, namely at level of Poland and Hungary. Thus, it is hoped that Romanian workers will be determined to return in the country.

On the contrary, construction firms will require workers from India, Pakistan or China, but it will not be easy to work with those persons. Today, one Romanian worker gains 45% of Italian or Portuguese worker salary and 20% of German worker salary.

According to the project of Convergence Program, long term unemployment rate will decrease from 4% in 2005 to 3.5% in 2009 and unemployment rate calculated according to the methodology of International Labor Office, from 7.2% in 2005 to 6.5% in 2009. At the same time, employment rate of elderly people will grow from 39.4% to 42.8%. For 2010, it is estimated a growth of 7% of participation rate in education and professional training for age group 25-64 years, namely a growth of 5.4% as against 2005. There are also provided programs of informatisation in rural schools and introduction of digital literacy since the first school years, as well as an investment program to decrease the difference between urban schools and rural ones in the field of using the computers and the internet. Thus in the next three years, over 60,000 Romanian teachers will be trained within Intel Teach program to be able to develop a modern teaching process.

As long as mankind will live on the earth, this „reed”, the most fragile in nature, but a thinking reed, as Pascal wrote, work will remain „father of richness”, as W. Petty metaphorically called it. Who wants that his country makes progress, should organize his own working resources, stimulate them under the conditions of economic freedom and assure the necessary public training. The countries which did so are found on the highest peaks of material civilization, even if not all of them are endowed with primary natural resources. Mankind is aware that „if man aims at sowing wheat till one year, if he investigates time till 10 years to plant a tree, and if he researches time till 100 years to train the people. Sowing wheat he will harvest once, planting a tree he will harvest 10 times, training the people he will harvest 100 times”.

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