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Unemployment in Romania during the crisis

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Abstract

Unemployment in Romania during the crisis has increased significantly from 7.2% in March 2008 to 10.1% in March 2010. To cover the debt caused by the economic crisis in Romania, the Government has fired over 100,000 employees, but also in the private sector have been fired over 150,000 workers. To combat unemployment there are 3 methods, but in many cases, these measures do have the effect of increasing the number and intensity of labor market barriers, increasing unemployment.

Keywords: technical unemployment, economic crisis, the active population, GDP

Unemployment is the term used if no paid occupation (job) for forces capable and qualified to work properly. This phenomenon is characterized by the fact that a majority of citizens in search of a job. When this proportion has serious economic problems in the region or State, by raising social spending for maintenance of the unemployed.

Measures to combat:

1. Unemployment caused by the economic situation, when demand is reduced economic market can be a flexible fiscal policy to offset the losses caused by reduced sales.

2. A measure to combat structural unemployment is the establishment of flexible wage rates through better cooperation between unions and management firm that rates be adjusted to the level of inflation rate. Method extension school students and employees early retirement proved a longer period of time that a costly measure and ineffective. Another measure to reduce unemployment was to create services that are shorter than 8 hours for a post to be occupied by two employees.

3. Active policy measures to reduce unemployment are:

- to new employees is a time trial, during which they receive a lower salary, working time flexibility, ease -- of termination and flexible wage rates as the economic situation
- an unemployed training and how to look for a job
- an integration process of those who live in the country and a foreign nationality
- a higher level of skill and training to schools.

In many cases, active measures have the effect of increasing the number and intensity of labor market barriers, increasing unemployment.

Unemployment in Romania during the crisis:

1. The state workers were the most affected by the crisis, the Government made a budgetary restructuring of over 100.000:
 - a. *Staff in education:* in the years of crisis was taking reduced salaries by 25%, but were eventually fired more than 16.000 teachers. "This measure

we believe it to be unfair given that the Minister has promised it will not be restructuring in education even if the economic crisis. We can not dispense with service people in our schools, maintenance workers and unqualified teachers nor the students can not remain without education. Because where qualified teachers do not go, do not agree to accept positions at distances the schools remain without teachers. My indications that the union representative was in the sense that where people can retire, and even to retire early than to remain without a job, and teachers who were to cancel the extended work, "said Maria Țiprișan, Pre-University Education union leader.

- b. *Medical personnel:* over 2.000 medical staff was restructured in Romania during the crisis. "It should be unlocked items in the system because we have great need of teachers, doctors, nurses, nurses. We have reorganized the program because the workload is greater. Many employees are working overtime. If we will not know how teachers will retire may ensure all shifts. Maybe by the end of the year will unlock the jobs. We have made several statements, but did not do anything until now, "said Dr. Elijah Manole.
- c. *Public Officials:* More than 82.000 civil servants have been restructured because Romania can be fit in agreement with the IMF. "We hope the Government will make a budget amendment sometime in September, so we do not get in the situation he could not pay on our operation," said Ciumacenco.
- d. *Dignitaries:* more than 2.000 officials have been recruited. "It is the chief decision . They are without competition. The same criteria that we had in regard to employment will be in demand and restructuring, "said Emil Boc.

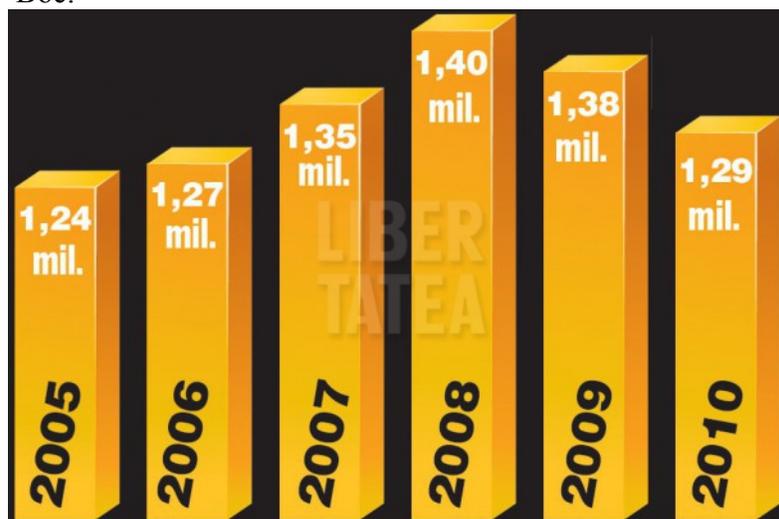


Fig.1 The number of public sector performance by Romania during the crisis.

- 2. Private Sector: Approximately 150,000 people have been fired from the private sector referred to the reasons:

- enough money to pay salaries
- business Bankruptcy

During the global economic crisis, unemployment in the euro area has expanded from 7.2% in March 2008 to 10.1% in March 2010. Exceeded the average level of the Organization for Economic Cooperation and Development, where the unemployment rate reached 8.7% in March 2010. The historical record in absolute terms, the 15.8 million unemployed in the euro area in May 2010 came after a fall of 6,000 in April, according to Eurostat. Next month, however, brought an extra 35,000 unemployed. The resumption of slow economic growth in the last months seems to be insufficient yet to determine an increased volume of employees in the euro zone. According to a theory of labor market specialists, to resume only after a minimum of 2% GDP growth starting to create new jobs. Ronald Jansen, an economist at the European Trade Union Confederation, even raises the threshold at 2.5-3%. Or, after the deep recession in the euro area, an increase of less than 1.5% of GDP, as at present, it helps to restore labor market. At the beginning of economic recovery, employers develop their production without hiring new workers, only increasing the working hours of existing employees.

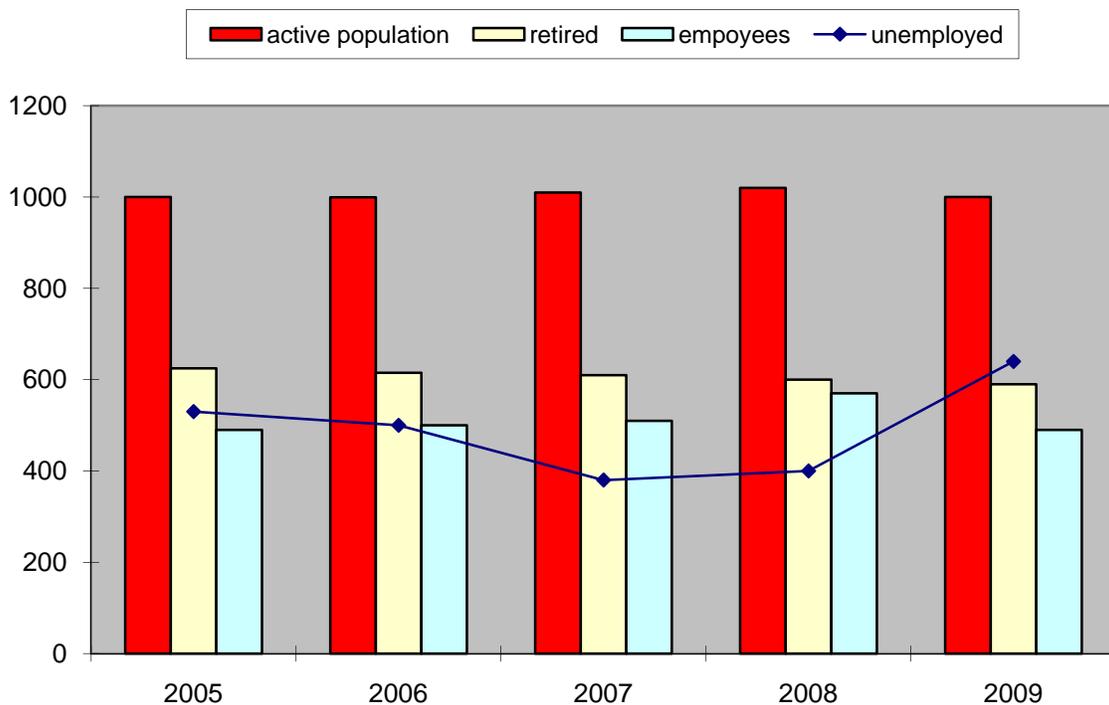


Fig.2 the unemployed during the crisis of the Romanian active population, retirees and employees.

Economic crisis on unemployment

At the international level, according to press estimates given by Juan Somavia (Director General of the International Labour Office), Hoteles number of unemployed could rise from 190 million in 2007 to approximately 210 million at the end of 2009. In Romania,

union officials estimate that unemployment will exceed 8% in 2009 and the number of unemployed will move 1.2 million people, given that nearly 500,000 romanians will return to Spain and Italy and in the context of doubling number of unemployed in Romania.

Until now, our country has suffered greatly from economic recession. However, some companies have begun to lay off its staff in order to prevent any possible losses. The number of unemployed in the private sector rose to 150,000, the most affected areas as textile industries, chemical, mechanical and of furniture. The counties hardest hit by the economic crisis are those in northern Moldova, in particular Botosani and Suceava.

One of the most powerful companies in Romania, Dacia Pitesti, announced that company for 17 days will come "in a forced vacation," the roughly 11,000 employees were temporarily laid off. Rest period coincides with winter holidays and therefore it is possible that until 1 January next year factory activity is restarted. The measure was imposed in circumstances where car sales have dropped dramatically, and production stock could further jeopardize the economic situation of the company. People who stay home will receive 85% of salary. In this way the company management to ensure that when the plant is restarted, employees will return to work.

Dacia technical unemployment effects chain, other companies that supply the companies being forced to cease activity. Also and Nokia Romania leadership decided to halt production at the village Jucu between December 22, 2008 to January 5, 2009. Nokia has decided to lay the passage of at least 100 people employed on a fixed period of three months, two subcontractors firms.

Sylvania factories and RomSteel Cord Zalau, owned by Michelin, will stop operating in or around 12 December and will resume work in January, and the outside public holidays, the approximately 1,600 workers of the two units is temporarily laid off. The decision to extend the winter holidays for factories and RomSteel Sylvania Cord Michelin Romania was taken because of the global economic crisis, the company being forced to adjust production.

Integrated Chemical fertilizers Azomureş from Tirgu Mures to temporarily laid off about 2,000 employees. However, ArcelorMittal has used other methods to resolve the crisis, namely the layoffs on request. So, about 1,500 contract employees have decided to stop working.

As every crisis is a definite opportunity, economic crisis favors reforms in the euro area, boosting unemployment and subsequent revival of the market opportunity by providing labor for the benefit of European competitiveness.

More labor market reforms will be beneficial, and their direction does not seem to be hard to decipher. Typically, when inflation exceeds wage increases, salary adjustments are made automatically. When inflation is rising more slowly than wages, the adjustment

is omitted, and thus the long term, productivity is losing ground. More rigor and accountability will restore the competitiveness of the euro area.

Reforms differ from country to country, and how different labor markets. Those workers who held jobs even during the crisis, the price of lower wages as occurred in Britain (a phenomenon known by economists as "labor hoarding" in English "labor hoarding"), will react more slowly restore growth.

If it knows how to reform the euro area will emerge from the crisis more productive, with sound lean and efficient operation, after it crossed the period of record unemployment.

Conclusions

Romanian economy will know the phenomenon of structural unemployment - people who want to work, but have minimum qualification required for available jobs. As a corollary of the previous conclusion, we have unemployment and lack of labor force - the current methodology for calculating the unemployment rate simply does not contemplate this. To reduce the distance between the two Romanians (urban and rural) have found a means for national training program.

The problems of economic restructuring, an important place occupies the industrial sector. The main reasons why the problem occurs in this sector are chronic lack of efficiency, capacity dimensioning and the government's intention to retain employees.

From my point of view, unemployment is inevitable, aggravated by economic problems of the modern world, which probably will never disappear. However, unemployment is a negative phenomenon, whose costs far outweigh its benefits.

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