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The so-called Ceausescu's Palace which is now used as the Parliament (October 31, 2018)



Houses in a village adjacent to Bucharest (October 30, 2018)

Emigration from Romania and Its Depopulation

Yoji Koyama¹

Abstract

Emigration from periphery of new EU member states in Central and Eastern Europe, especially the Baltic States and the Balkans has been intense, and concomitantly depopulation is proceeding in these countries. This paper considers the case of Romania. After having made an overview of population dynamics after the Second World War, this paper discusses that the transition to a market economy under an open economy within a short time entailed many difficulties. The industrial structure has been drastically changed. In spite of the economic growth, the metropolitan area and local cities could not provide sufficient jobs to absorb surplus labor power in rural and urban areas, causing massive and continuous emigration of people. Remittance by migrants abroad has contributed to Romania's economic development in the form of reduction of current account deficit and improved consumption lives of remaining families in Romania, but it has not led to an expansion of domestic investment so much. Although people's emigration has contributed to reduction of the unemployment rate, we should not neglect negative aspects such as brain drain. Depopulation of rural area has been remarkable, but in this regard the government's countermeasures proved completely insufficient. Such a situation is not sustainable, requiring reexamination of the EU's regional policy.

Keywords: Romania, EU, Migration, Population outflow, Depopulation

JEL Classification: J61, P51, 52

1 Introduction

Romania and Bulgaria joined the European Union (EU) in January 2007, 2 years and 8 months later than 8 countries in Central and Eastern Europe which joined the EU in May 2004. Immediately after the system change, people's migration to the West began. In addition, thanks to the accession to the EU people came to enjoy free mobility within the EU, spurring their migration. In Romania about 23 million people lived at the end of the socialist period, but the population has decreased to about 19.6 million in 2018, meaning a decrease of about 3.4 million within a short period of nearly 30 years. In 2015 over 3.4 million of Romanian citizens lived in foreign countries. Romania had the second highest increase of the diaspora during the period 2000 -2015. Syria ranks the first (with an average annual growth of 13.1% in

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the number of citizens living abroad), followed by Romania (7.3%)². As Syrians came to Europe mostly as refugees while in the case of Romanian diaspora they are not refugees, this growth is at an extremely high pace. In the case of postwar Japan, especially during the period of high economic growth (1955-1972), there was a phenomenon of migration from north-eastern region, San-in region, etc. of Honshu (mainland) to the metropolitan areas and concomitant depopulation in these regions, but I think that the process was not so rapid as in the present Romania. Migration is proceeding in all new EU member states. In Central European countries as well as Slovenia there have been emigration to a certain extent (very small in Slovenia). However, as they have a certain number of immigration at the same time, there has been no significant change in their population. It is the Baltic States, especially Lithuania and Latvia, and Balkan EU member states, Romania and Bulgaria where we find massive emigration causing a significant decrease in population

What has caused such a rapid people's massive emigration from Romania? This paper aims firstly to clarify the causes of such a phenomenon. Secondly, it considers the implications for the Romanian economy in both positive and negative aspects. This paper is structured as follows: After having made an overview of population dynamics after the Second World War, it considers the impacts of the transition to a market economy on the Romanian society and people. Then the actual situation of people's emigration is explained concretely, and both positive and negative aspects of emigration and the government's countermeasures are examined. Finally it reaches some conclusions.

2 Population Dynamics in Romania

Generally speaking, a society changes from a situation of high birth rate and high death rate through a situation of high birth rate and low death rate to a situation of low birth rate and low death rate. This is the so-called demographic transition. It seems that Romania has experienced the demographic transition in the mid-1960s.

Incidentally, looking at Table 1, we find a strange phenomenon. The total fertility rate decreased to 2.74 in 1960 whereas it jumped to 3.06 in 1965 and stayed at a higher level since then for a while. It seems that this phenomenon had a certain connection with the policy 'give births and increase the population' (accompanied by measures prohibiting abortion) which was adopted in the Ceausescu era. The largest population of Romania was recorded in 1990 at 23.5 thousand when the crude birth rate, the crude death rate and the rate of natural increase were 13.6, 10.6 and 3.0 respectively. The crude birth rate began to decrease in 1990 to 13.6 from 16.0 in the previous year, and it decreased further to 9.8 in 2005. It seems that this had connections with the abolition of the law prohibiting abortion in 1990 and economic difficulties in the 1990s. Since then the crude birth rate has remained 9.0 per mil plus. The death rate increased slightly after 1991, reflecting a relative increase of the elderly in the population. It

² The 3rd place and the 4th place of the increase of the diaspora were occupied by Poland (5.1%) and India (4.5%) respectively (United Nations, 2016, p. 19).

is 1992 that the rate of natural increase turned to negative (-0.2). After that it continued to decrease and recorded -2.5 in 2017. The fertility rate decreased substantially to 1.84 in 1990 and a record low of 1.32 in 2005. Although the fertility rate recovered slightly afterward, it remained at a low level of 1.49 in 2017.

Table 1 Populatin Dynamics in Romania					
Year	Population	Total fertility rate	Crude birth rate (per 1000)	Crude death rate (per 1000)	Natural change (per 1000)
1955	17,483,935	3.06			
1960	18,613,939	2.74			
1965	19,379,568	3.06			
1970	20,548,911	2.87			
1975	21,665,643	2.65			
1980	22,611,971	2.55			
1985	23,103,646	2.26			
1990	23,489,373	1.84	13.6	10.6	3.0
1995	22,965,111	1.34	10.3	11.8	-1.5
2000	22,128,128	1.34	10.3	11.2	-0.9
2005	21,382,354	1.32	9.8	11.6	-1.8
2006	21,257,016	1.42	9.7	11.4	-1.7
2007	21,130,503	1.45	9.5	11.2	-1.7
2008	20,635,460	1.60	9.8	11.2	-1.4
2009	20,440,290	1.66	9.9	11.4	-1.5
2010	20,294,683	1.45	9.4	11.5	-2.1
2011	21,199,059	1.47	8.7	11.2	-2.5
2012	20,095,996	1.52	9.0	11.4	-2.4
2013	20,020,074	1.46	9.6	11.2	-2.6
2014	19,953,989	1.56	9.1	11.5	-2.4
2015	19,875,542	1.48	9.3	11.8	-2.5
2016	19,760,585	1.49	9.1	11.6	-2.5
2017	19,644,350	1.49	9.3	11.8	-2.5
2018	19,530,631				

Source: Population in 2005-2018), crude birth rate and crude death rate are based on the Romanian Institute for Statistics (<http://statistici.insse.ro:8077/tempo-online/#/pages/tables/insse-table>). Population (in 1955-2000) and total fertility rate are based on Worldometers (www.worldometers.info/world-population/romania-population). However, as total fertility rates in 2006-2009 and 2011-2014 are based on Croitoru (2015), pp. 142-143, it cannot be denied that the data slightly lacks consistency. Rates of increases in natural increase were calculated as differences between crude birth rates and crude death rates.

A study by Andrei et al (2015, pp. 22-23) referred to the contribution of the natural decrease and the

emigration to a decrease in population. According to it, the decrease in population during 11 years from 2002 through 2012 was 1,730.4 thousand, to which the negative natural increase in the population contributed 23% and external migration contributed 77%. From this fact we can find how significant influence the external emigration has given on the Romanian society.

3 System Change

3.1 Negative Inheritance from the Past and a Lack of an Able State

Until the mid-20th century Romania's industrial development has been insufficient with agriculture playing an important role. During the socialist era the county was expected to serve as a basis for food supply in the Comecon system. In the first half of the 1960s the leadership of communist Romania embarked on industrialization despite the Soviet Union's objections. Its symbolic example was construction of ironworks in Galati with the aid of West Germany. Unusually for Central and Eastern Europe the country had abundant petroleum resources. In order to make a good use of them the leadership of Romania tried to reinforce the capacity of crude oil refinement. Therefore, the country not only utilized domestic crude oil but also imported a huge amount of crude oil from Arab countries. However, this practice has resulted in a huge amount of external debt due to a sharp increase worldwide in oil prices. In the 1980s the leadership of Romania hurried the repayment of the accumulated external debt. In order to earn foreign currencies, the export of many items (including fresh vegetables) was encouraged at the sacrifice of people's living. "Romania has succeeded to a certain extent in industrialization with large-scale apparatus industries as the core, but failed in development of a high-level machine industry which was its original goal" (Uegaki, 1995, p. 230). In this way, politically and economically the Romanian socialism came to a deadlock and finally collapsed, entering its stage of the system change in December 1989 (Romanian people call this the Revolution).

It seems that negative inheritance from the period of Ceausescu as well as feeble tradition of democracy during the period prior to the socialism has affected the present society. The role of state has been quite important in the transition to a market economy and the accession to the European Union (EU). However, this country has lacked 'an able state' which two Hungarian researchers Bohle and Greskovits (2012) call. This is a point Romania and Bulgaria have in common. According to them, after having spent most of the 1990s in economic and political chaos Romania and Bulgaria have become neoliberal market societies. Different from the Baltic States, a low level of political participation in Romania and Bulgaria is not a reflection of political exclusion but rather a reflection of a practical lack of large social groups. In both countries industrialization and political mobilization has not developed before the emergence of communism, and they have failed in construction of a bureaucratic formal state apparatus during the communist era. Instead, "patrimonial communist" rule relied on extensive networks of patronage and clientelism and "vertical chains of personal dependence between leaders in the state and party apparatus and their entourage". This kind of legacy was inherited to a post-communist regime.

In this way, there appeared the opportunities for party elites to use “prey on the state”, further undermining state capacity (Bohle and Greskovits, 2012, pp. 193-194).

In fact, when the system change occurred in Romania domestic groups of people who could lead political changes and shoulder roles of subsequent development of market economy have not sufficiently grown up. At the end of December 1989 the Ceausescu regime collapsed. Immediately after that the National Salvation Front grasped power. As all the dissident intellectuals and civic movements were suppressed by the merciless Ceausescu regime the communist elite, who had been coldly treated toward the end of the old regime, has appeared on the front of politics. The system change in Romania was different from that of Poland which occurred as a consequence of civic movements building up from the bottom. In Romania there was only a horizontal shift in power. Endemic political corruption in Romania along with Bulgaria was often called into question in the EU. Due to this, both countries were not allowed to gain the EU membership in 2004. They were admitted to the EU only in 2007 with conditions: even after their EU accession the EU was to monitor their areas such as agriculture, corruption, judiciary reform, intellectual property and border control which were lagging behind the EU standard.

3.2 Transition to a Market Economy

As groups of people who could lead a market economy have not sufficiently grown up it was quite difficult to materialize the transition to a market economy under the open economy within a short period. Consequently, the country has experienced the transformational recession twice (in the first half and the end of the 1990s). In 2000 the economic development resumed mainly thanks to an increase in export (i.e. demand in foreign countries) and an increase in foreign direct investment (FDI) inflow. Capacities of metallurgy and chemical industry were reduced. Clothing and footwear industries, which were leading export industries, suffered from the competition with counterparts in China. These industries had developed with cooperation with Italian companies, but these industries were damaged by shifts of a part of the production by Italian companies to China. Instead, the production and the export of the automobile industry and the home appliances industry, in which multinational enterprises invested, came to play a leading role in the economic development.

3.2 Agriculture

In the beginning of the communist rule farmland whose owners had more than 50ha was expropriated and distributed to landless farm workers (Moldovan, et al, 2016, p. 439). According to Rusu and Pamfil (2005), after the system change land reform was implemented on the principle of restitution. As a result, private sector came to account for overwhelming share of the total land. The most significant problem is not only their small scale but also land fragmentation, namely, individual farmers' parcels are located in different places (Valentin-Mihai and Sebastian, 2015). In this way, a situation similar to Bulgarian agriculture has appeared also in Romanian agriculture (see Koyama, 2018). Along with large-scale agricultural farms (agricultural commercial enterprises, agricultural cooperatives and large-scale family

farms) numerous small-scale individual peasant farms came to exist. Most of the latter are subsistence farms engaged in agriculture for self-consumption. Romania served as a basis for food supply for the entire Comecon countries during the communist era, but now the country has become a food-importing country³.

4 Funds from Outside

4.1 Support from the EU

The EU has been providing the member states with economic support from Structural Funds and Cohesion Fund. Scandals of embezzlement of public funds by politicians and government officials and conflicting interest in public procurement (ex. politicians make their family-related companies accept orders) have been often called into questions, leading to suspension of the EU funding. That is why the rate of absorption of the EU funds was quite low, although the rate has been increasing in recent years. It is politicians' corruption that has been focused in recent years. It seems that such a political culture has been historically inherited from the past.

Incidentally, it is the concept of the absorption rate of the EU funds that we Japanese people feel very difficult to understand. In the case of Romania, the absorption rate (the proportion of the amount of practically allocated funds to the amount of available funds) of the EU funds has been very low. The EU funds are quite different from the case of Japan where the central government in Tokyo allocates the predetermined amounts of funds to local projects. In the case of the EU, at first governments of member states propose projects, then the European Commission (i.e. the EU) determines the amount of funds allocation after having assessed these proposals. Besides, the European Commission does not allocate the whole amount all at once, but allocates funds after having checked the progress at each stage of project. In addition, the funds allocation by the European Commission requires co-financing by each member state. Therefore, unless the government of Romania can prepare funds for co-financing, the EU will not allocate funds, often resulting in quite low absorption rates⁴.

Both parliament and judiciary have been reluctant to fight against corruption⁵. In order to get rid of these problems the National Anticorruption Directorate was established by the government in 2002, but complete independence of this institution has not been guaranteed. The Social Democratic Party (PSD), which won election in December 2016, formed coalition government with center-right Alliance for

³ Romania's food energetic self-sufficiency in 2004-2009 was 91%. Sadowski and Bauer-Nawrocka (2016), p. 410.

⁴ In the programs related to the basic infrastructure such as transport and environment the absorption rates of EU funds were 54% and 51% respectively at the end of July 2015 (Dragan, 2016, p. 167). According to the latest information, Romania's funds absorption rate by the end of 2016 is 90.44%. <https://cohesiondata.ec.europa.eu/dataset/Romania-Total-Absorption-Rate/tv2f-prhk> Accessed on 02/26/2019.

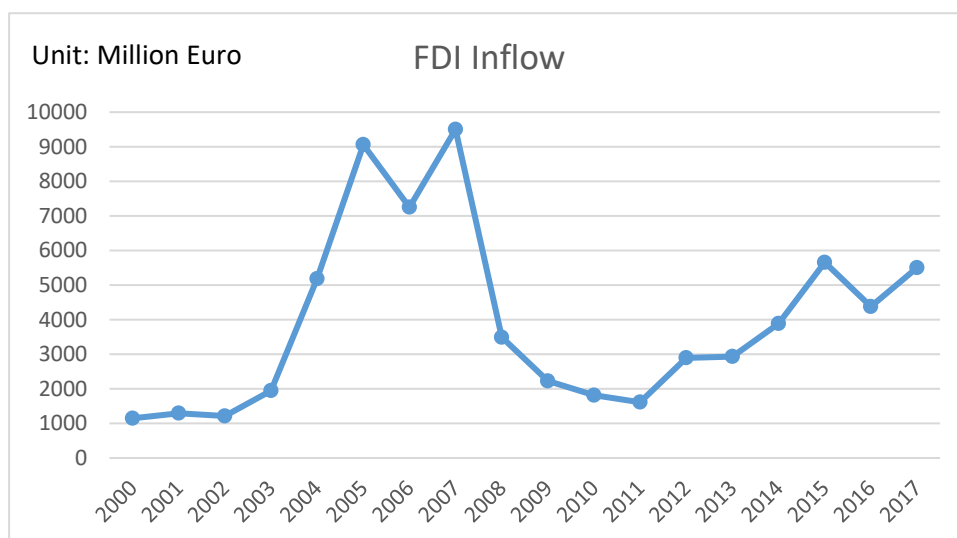
⁵ The Senate has shown reluctance to strengthen graft laws, voting against measures to do so on July 1, 2010. In addition, on July 19 the Constitutional Court rejected a government law to further empower the National Integrity Agency on the basis that measures requiring public figures to declare their financial interests would represent a breach of their right to a private life (*EEM*, September 2010).

Liberals and Democrats in January 2017. After less than a month in office, the new coalition government softened the penal code with an emergency decree⁶. This triggered “mass public protests on a scale unseen since the collapse of the Communist Ceausescu regime 1989” (*EEM*, May 2017). The general prosecutor and the chief anticorruption prosecutor both criticized the decree. Criticism also came from several EU institutions, European governments and business organizations (Hunya, 2017, p. 104). In order to use funds from the EU effectively, it is necessary for the Romanian people to strengthen their fight against corruption and reinforce rule of law, which is also related to the investment climate.

4.2 Foreign Direct Investment (FDI)

In the 1990s the amount of FDI inflow to Romania per capita was much smaller compared with Central Europe and the Baltic States. Only in the second half of the 1990s did FDI inflow increase, which was connected with privatization of state-owned enterprises. In the early 2000s when the prospects for the EU accession became clearer the amount of FDI inflow increased. During the period 2001-2006 Romania received US\$ 26.0 billion in FDI inflow. Foreign businesses were attracted by the country’s skilled labor force and low wages (Frunza, et al, 2009).

Figure 1: Amount of FDI Inflow to Romania



Source: Prepared by the author based on data from *wiiw Research Report; Current Analyses and Forecasts and Forecast Report*, various issues.

Looking by areas, the area which has attracted the largest amount of FDI as of 2016 is manufacturing, accounting for 32.0% of total stock of FDI, followed by retail, wholesale trade and repair of automobile

⁶ Specifically the government’s decree was aimed at decriminalizing abuse of public office in cases where damages amount to less than RON200,000 (EUR45,000). No doubt, this decree was an attempt to save an influential leader of the PSD Liviu Dragnea from prosecution (*EEM*, May 2017).

(12.8%), financial intermediary and insurance (12.6%), electricity and gas (8.9%), real estate (7.6%). Looking at manufacturing more in detail, transport equipment (i.e. automobiles) wins the first place (21.0%), followed by rubber, plastics, other non-metal, mineral products (14.0%), basic metals, fabricated metal products excluding machine and equipment (12.8%), food products, beverages and tobacco products (10.6%), machine and equipment (7.2%), etc. Looking at inward FDI stock by home countries, the Netherlands wins the first place (24.3%), followed by Germany (13.2%), Austria (11.9%), France (6.9%), Cyprus (6.5%), etc. (Hunya, 2018, pp.106-108).

A lack of ‘an able state’ has something to do with foreign direct investment. They view transnational companies in the way such as ‘patient’ foreign capital vs. ‘impatient’ and ‘hypermobile’ foreign capital. They say that transnational companies which are willing to settle more permanently in a national economy – in particular capital-intensive complex-manufacturing⁷ investors – tend to demand their host countries a variety of resources and services that cannot be efficiently delivered by a weak state. In contrast, transnational companies that came to Romania (along with Bulgaria and Croatia) massively especially from the late 1990s were ‘impatient’ foreign capitals. It is in the traditional and labor-intensive, low-wage/low-skill ‘sweatshop’ industries that the three laggard countries were able to attract more than Slovenia (pp. 206-207). If Romania wants to develop capital-intensive complex manufacturing and increase employment in such areas the country would need to attract investment from transnational companies in these areas and at the same time train qualified workers. In addition, as the country has a scope for development of service sectors it also needs to attract investment from transnational companies in this area⁸. The necessity for development of complex manufacturing and service sectors means that the country will have ‘an able state’ in the long-run.

5 Economic Growth

5.1 Internal Migration

According to Moldovan, et al (2016), under the communist rule the internal migration was somehow controlled. Towards the end of the communist regime migration to cities with population over 100,000 was strictly limited. As a result of the lifting of this limitation, the record high migration from rural to urban region (over 2/3 of the total migration) was observed in 1990. Their study provides us with the information about the percentage of permanent residence change (see Figure 2). From here we can understand how intense the internal migration in 1990 was. The migration in opposite direction also occurred. As mentioned above, the farmland reform based on the principle of ‘restitution’ was implemented in 1991. In order to use the right to benefit from ‘restitution’ inhabitants in urban regions

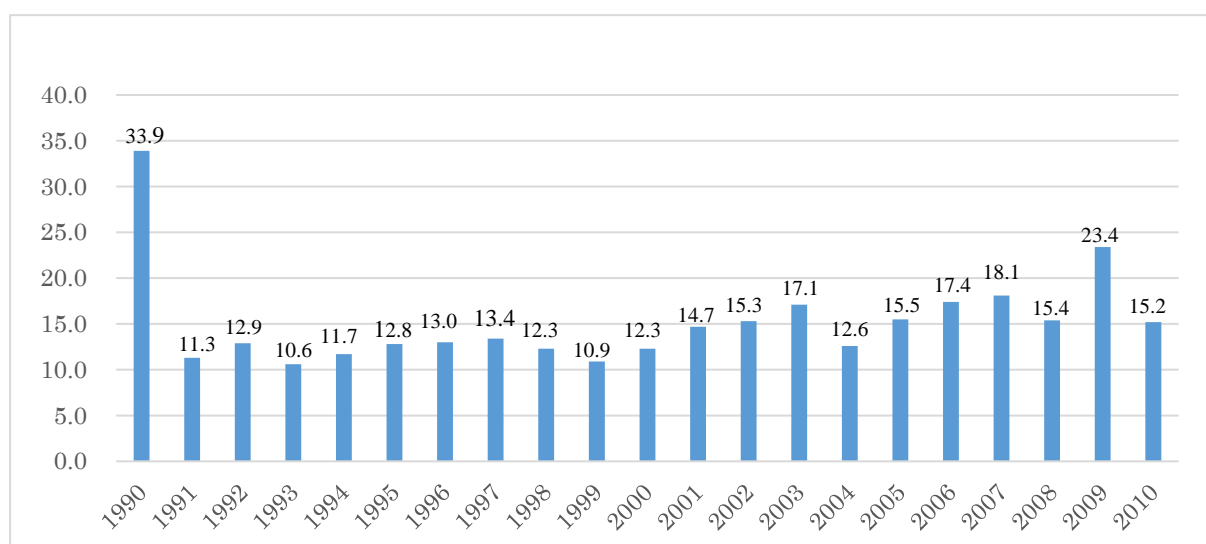
⁷ “Complex-manufacturing” is a term coined by Bohle and Greskovits (2012), and specifically it means “physical and human capital-intensive” “industries, such as chemicals and pharmaceuticals, machinery, automobiles and electronics” (p. 203).

⁸ According to Profiroiu, et al (2008), service sectors companies in this country do not have a very high technological level. They expect that operators from the communication fields will enter the service market in this country, and stress the necessity to attract international competitive players which use the latest technologies (pp. 108-109).

who had connections with rural region moved to homes where their parents or grandparents lived.

A study by Guran-Nica and Rusu (2015) explains every years' internal migration from 1991 through 2011 by 4 patterns of migration: rural – urban, rural – rural, urban – urban, and urban – rural. It is interesting to see the proportion of these 4 patterns of migration which their study shows. In 1991, 50% of the internal migration was the pattern rural – urban regions and 19% rural – rural. Later the proportion of the pattern rural – urban regions was gradually decreasing and recorded 20% in 2011 presumably because cities could not afford to absorb potential surplus labor power in rural area. In that year the proportions of the patterns of internal migration were 30% and 20% for patterns urban – rural and rural – rural regions respectively (Guran-Nica and Rusu, 2015, p. 65).

Figure 2: Internal migration in Romania by permanent residence changing 1990-2010 – rates per1000 inhabitants.



Source: Moldovan, et al (2016), p. 441.

5.2 Population Employment

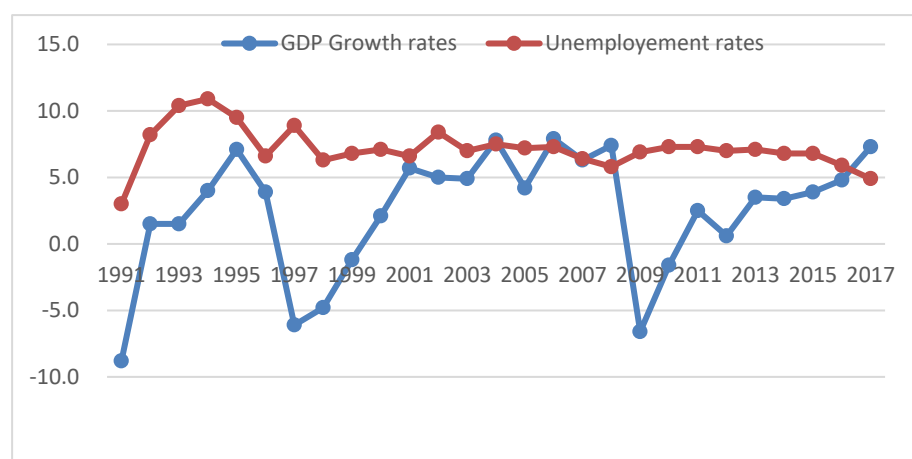
According to Steliac (2015), currently the population employment rate is around 60%. During the period 1998-2013 the population employment decreased from total of 8,812.6 thousand to 8,530.6 thousand. Looking at areas, the population employment has decreased in all areas except Bucharest-Ilfov and West regions. The highest decrease was recorded in Northeast region (the poorest region) with over 204 thousand decreasing. In Bucharest-Ilfov region the highest growth was recorded with over 376 thousand increasing. Looking by three big sectors: agriculture, industry and construction, and services, during this period the proportion of population employment in agriculture has decreased in all of 8 regions, and instead, the proportion of service sector has increased. Still, however, Northeast region (40.06%) and Southwest region (38.86%) have the proportion of population employment in agriculture of around 40%. As for industry and construction, their proportion has decreased more or less in all regions except West

region (an increase of 1.92%), and the greatest decrease was recorded in Bucharest-Ilfov region (a decrease of 13.52%) where instead the proportion of service sector increased most remarkably (by 16.25%) to 71.28%.

5.3 Economic Growth and Unemployment

In spite of the transformational recession in the 1990s, the global financial crisis (2008-09) and the subsequent recession in Europe, Romania has become richer if we look at the whole 26 years from 1991 through 2016. During this period GDP per capita at purchasing power parity increased 4.4 times from 3,900 Euro to 17,300 Euro.

Figure 3 GDP Growth rates and Unemployment rates



Source: Prepared by the author based on data from *wiiw Handbook of Statistics* and *wiiw, Current Analysis and Forecasts*, various issues.

As for the unemployment rate, it peaked in 1994 at 10.9%. Although it increased somewhat in the period of recession, it tends to decrease and recorded 4.9% in 2017 (see Figure 2). It seems that the unemployment rate in this country is not particularly high compared with other post-socialist countries, but the problem is not simple. After having mentioned the unemployment rate of 3.46% in August 2018, Gabriela Baicu (2018) argues that Romania's low unemployment rate is irrelevant. According to her, due to restructuring of enterprises during the process of the transition to a market economy in the 1990s almost three million jobs disappeared in declining industries (mining, metal processing, chemical and rubber, agricultural machinery, trucks, heavy equipment). Only one million jobs mostly in trade, agriculture and services replaced the lost jobs. What happened with the remaining two million workers? A part of them emigrated abroad to work there, reducing the unemployment rate in the country of origin. Another part of them have left the labor market. The government has left this situation as it was. The experience was tragic especially for people in their forties and fifties. Due to a lack of proper infrastructure, the high cost of transportation and the low level of salaries, commuting to neighboring

towns in search for a job was not a practical option in the absence of any governmental support. Presumably a substantial part of them were obliged to work in the informal economy ⁹(concretely in services and construction in particular). Baicu refers to the problem of young people (aged 20 to 34) in NEET (not in employment nor education). Their percentage was among the highest in EU, at 21.4% compared to the EU average of 17.2%. Many unemployed people who are of working age but lack skills are not included in statistics. In addition to efforts in reducing the school dropout rate in parallel with improvement of PISA results, she argues about a pivotal role of local authorities in the transition of young people to employment by providing them with temporary work in order to hone their skills and support their return to full-time education or integration in the private job market.

It is said that the population has decreased even in capital city Bucharest in recent years¹⁰. In spite of the economic growth, the metropolitan area and local cities could not provide sufficient jobs to absorb surplus labor power in rural and urban areas.

6. People's Emigration

6.1 Causes and Scales of Migration

After the system change a full-scale emigration began¹¹. The system change has made it much easier to cross borders. According to Anghel, et al (2016), during the period 1990 through 1993 there was intense ethnic and asylum seekers' migration. Especially in 1990 about 97 thousand people and in 1991 about 44 thousand people emigrated permanently (see Table 2).

There was relatively low Romanian emigration at that time. Remaining Germans migrated to Germany in this period. About half of the applicants seeking political asylum in Germany was Roma who complained about increasing discrimination in Romania. In 1993, however, Romania was considered a safe country and further applications were denied. Germany signed a bilateral repatriation agreement with Romania in 1992. Romania agreed to take back 60,000 Roma and about 40,000 Romanians, while Germany agreed to cover the transportation costs. In this way, a large number of

⁹ The scale of informal economy as of 2000 was reported to be around 30% of GDP (Baicu, 2018).

¹⁰ Information provided by Dr Vasile Ghetau, Director of Center of Demographic Research, on October 31, 2018.

¹¹ There was migration even in the socialist period. According to Anghel, et al (2016), international migration was tightly controlled, passports were stored by authorities, and contact with foreign citizens was under strict surveillance. It was mainly ethnic migration – that of Romanian Jews, Germans, and Hungarians, that was officially allowed. After the Second World War there were around 300,000 – 350,000 Romanian Jews. As they experienced the anti-Semitism of the interwar Romanian politics and oppression under the communist regime, after the war initially clandestinely and legally after 1948 numerous Jews migrated to Israel. Romanian Hungarians who lived mostly in Transylvanian region migrated to Hungary after 1980 under tacit consent by the authorities. After the Second World War roughly 350,000 Germans remained in Romania. It was relatively difficult for them to migrate after the 1950s until 1977 when the government of West Germany persuaded both Poland and Romania to allow their citizens to migrate to the West Germany. The Romanian and West German governments signed an agreement allowing a yearly quota of 11,000 ethnic Germans to migrate as family reunion. Romania received important financial benefits as West Germany offered compensation (a kind of ransom) for every visa issued for Romanian Germans. About 180,000 ethnic Germans migrated to West Germany between 1977 and 1989 (Anghel, et al, 2016, pp. 3-5).

asylum seekers “disappeared” (Anghel, et al, 2016, pp. 8-9).

During the period 1990-2002 the legislation allowed Romanian people to enter the EU only with a visa. At that time only people with a good financial condition were able to emigrate (Pociovalisteanu, 2012b, p.70). In 2002 when visa requirement for Romanian citizens was lifted, people felt the first fundamental benefit of the EU – freedom of movement between member states (Baicu, 2018). “Overnight, queues at EU embassies in Bucharest disappeared, replaced by queues at the premises of the regional employment agencies for interviews with Spanish or Italian employers interested in attracting Romanians to take temporary jobs in agriculture” (Baicu, 2018). However, it does not mean Romanian people’s direct access to the labor market in the EU, which they had to wait at least until the country’s accession to the EU in January 2007.

Aside from political and ethnic reasons, the following factors acted as push factors¹²: i) low wages at the lowest level among the EU; ii) poor medical care (ex. infants’ high mortality rate); iii) lack of jobs; and iv) malfunction of institutions in Romania (unfavorable especially for the youth). Pull factors¹³ include i) higher wages in advanced EU member states¹⁴; ii) higher living standard; iii) individual freedom and possibility of finding a better job; and iv) higher level of social security and medical care.

It is very difficult to grasp the exact number of Romanian migrants because there are various types of migrants as follows: i) people who settle in the destination permanently; ii) people who stay in the destination for a long period but intend to return eventually to the home country; iii) people who make a short or medium-migration to the destination with intention to return to the home country after a while; iv) people who often repeat migration to the destination and return migration to the home country; and v) people who do not return to the home country but migrate further to a different country. In addition to these types, there are people who migrate from non-economic motives, for example the case of the youth who migrate to the destination for educational purpose. Malfunction of institutions in Romania is unfavorably affecting their career formation. I would like to add that the migrant networks have been important for latecomers (Pociovalisteanu, 2012b, p. 75).

¹² I have summarized the description, taking into account Professor Sandu’s opinion.

¹³ I have summarized the description, taking into account Moldovan, et al (2016) .

¹⁴ In 2016 average monthly gross wage in Romania was 626 Euro while that in Austria was 3,630 Euro, meaning the disparity being 1: 5.8. wiiw, *Forecast Report Autumn 2017*, p. 139, p. 142.

Table 2 Estimates of temporary and permanent emigration from Romania

Country	Total recorded inflow of Romanian immigrants in other countries OECD (1)	Temporary emigrants from Romania (2)	OECD-NIS estimation (1) - (2)	Temporary emigrants from Romania of 15-39 y.o.estimated by NIS (3)	Permanent emigrants from Romania, NIS (4)
1990	88091				96929
1991	73051				44160
1992	120196				31152
1993	92105				18446
1994	38687				17146
1995	40915				25675
1996	34894				21526
1997	33402				19945
1998	45063				17536
1999	54888				12594
2000	87720				14753
2001	100238				9921
2002	123783				8154
2003	188983				10673
2004	229188				13082
2005	211605				10938
2006	227925				14197
2007	556922				8830
2008	336597	302796	33801	201078	8739
2009	265270	246626	18644	156257	10211
2010	276726	197985	78741	123872	7906
2011	299926	195559	104375	121064	18307
2012	287679	170186	117493	100611	18001
2013	298050	161755	136295	92985	19056
2014	386883	172871	214012	107430	11251
2015	421260	194718	226542	135696	15235
2016	418683	207578	211105	136024	22807
2017		242193		156602	23156

Source: Data aggregated by Professor Dumtru Sandu in January 2019.

Note: OECD estimates the total number of Romanian immigrants (temporary and permanent ones) in different countries, using different sources. OECD figures (<http://dx.doi.org/10.1787/data-00342-en>) include not only emigrants from Romania but also Romanian-born population emigrating from other countries. Comments by Professor Dumitru Sandu.

Table 2 was compiled by Professor Dumitru Sandu (University of Bucharest). According to him, the number of permanent migrants is available from the National Institute of Statistics (NIS) in Romania, but it is difficult to grasp the exact number of temporary migrants. There are big differences between their numbers published by host countries (OECD data) and those published by Romania. He says that the most reliable way is aggregation of data of host countries. In fact, he has done it.

Table 2 tells us the following: First, the number of permanent migrants was extremely numerous in

1990. Then, although the number slightly decreased, it remained at a high level until 2000 with some fluctuation; second, the number of short-term migrants was very numerous in 1992. Then the number decreased somewhat fluctuating at several ten thousand level. It increased sharply to 100 thousand in 2001 and to 123 thousand in 2002 whereas the number of permanent migrants decreased in 2001. Presumably such changes reflect brighter prospect for Romania's accession to the EU. After 2002 when the free visa regime was introduced for Romanian citizens to circulate in the Schengen space, the number of temporary migrants increased continuously until 2007; third, the starting of the 2008-2009 global financial crisis gave negative influences on the migration flow with the number of migrants (both permanent and temporary) decreasing. Due to recession in advanced EU member states, there were an increasing number of migrants returning home and migrants who migrated to other countries for jobs without returning home; fourth, after 2013 the number of temporary migrants tends to increase. This might be related to the fact that the government of Romania was obliged to adopt austerity measures slashing wages in public sector by 25%; fifth, in addition to an increase in the number of temporary migrants, the number of permanent migrants has also been increasing after 2015. These are unexpected trends because the Romanian economy is showing better performance with GDP growth rates being 3.9%, 4.8% and 7.3% in 2015, 2016 and 2017 respectively. I suspect that there might be factors other than economic factors.

6.2 Destinations of Migrants

Preferred destination for Romanian emigration has changed over time. Of course there have always been other destinations, but the most preferred destinations in each period can be summarized as follows: 1990-1995 Germany; 1996-1997 USA + Canada; 1998-2001 Hungary; 2002-2006 Spain; 2007-2010 Italy; 2011-2012 high dispersion, Nordic countries; 2013 Germany, UK and other northern countries (Sandu, 2018).

There has always been migration to Hungary, but it is the period 1998-2001 that the migration to Hungary gained more importance. In this period when Romania suffered from the second transformational recession not only Romanians of Hungarian descent but also many Romanians living in the same regions migrated in Hungary and there are cases in which they migrated further to advanced countries (Sandu, 2018). From 2002 (the year when the Schengen space was opened to Romanians) through 2006 (the year before Romania's accession to the EU) Spain attracted the largest number of Romanians. At that time in Spain the demand for construction workers increased due to a construction boom. There were many Romanian migrants in not only the area of construction but also the area of agriculture.

Incidentally, prior to the accession to the EU by 8 countries in Central and Eastern Europe in May 2004, the existing member states decided the right to take transitional measures to regulate inflow of labor power from outside because of a fear that workers from new member states would rush to the labor markets in the EU in big numbers. However, the UK, Ireland and Sweden whose economies were in a

good shape at that time did not use this right. In January 2007 when Romania and Bulgaria joined the EU Finland and Sweden as well as all new EU member states in Central and Eastern Europe except Hungary decided to forego labor market restrictions. Most of the existing member states (EU-15) introduced sector specific quotas for Romanian workers. For example, the UK has allowed unlimited numbers of highly skilled workers and an annual quota of 19,750 blue collar workers for specific sectors (Frunza, et al, 2009, p. 41).

There has always been migration to Italy too, but it is the period 2007-2010 that Italy gained more importance. At present, the largest number of Romanian migrants stay in Italy, followed by Spain and Germany. Mara and Landesmann at the Vienna Institute for International Economic Studies (wiiw) study net migration from new EU member states in Central and Eastern Europe to EU-15 for 16 years from 2000 through 2015, and their study support this point. Here net migration means the number of emigrants minus the number of immigrants. According to them, net migration from Romania to EU-15 is 2,144,838. The destination for which the largest number of Romanian people headed is Italy (902,877), followed by Spain (649,643), Germany (267,267), the UK (82,023), etc. However, their study excludes migration to North America, Asia and other regions. Similarly, possible migration between new EU member states, for example migration from Romania to Hungary, has not been taken into account. In this regard, Sandu's study, which took into account migration to other new EU member states in Central and Eastern Europe, is very precious.

Sandu mentions reasons for why Italy has become the most favorite destination among Romanian migrants as follows: first, as there was construction boom in the mid-1990s in Italy the demand for construction workers increased; second, there are elderly people who need care (this point is not necessarily limited to Italy). Especially in Italy the demand not for special facilities for elderly people but for people taking care of elderly at home increased, and Romanian women met the demand; third, the linguistic proximity of Romanian and Italian¹⁵. Both are Latin languages. This applies to Spanish and French to a certain extent.

6.3 Types of Job in Destination

According to a study by Mara (2012), who made questionnaire surveys among Romania migrants in three large cities in Italy (Rome, Milan and Turin), the majority of migrants were employed, more precisely, four-fifths of them worked full-time, part-time or were self-employed. Men mostly worked as "Extraction and building trades workers"(47%), "Drivers and mobile plant operators" (9%) and "Metal, machinery and related trades workers" (6%). One-third of women worked as "Sales and services

¹⁵ Anghel, et al (2016) introduces comparison of Romanian women and Ukraine women: Romanians' knowledge of Italian improves relatively easy, and they are better equipped to finding new labor and housing opportunities. Although they initially intended to migrate for a short-term, they prolonged their stay and afterwards, brought their children to Italy. In contrast, it is not so easy for Ukraine women speaking a Slavic language to learn Italian. Ukraine women left their children in Ukraine. Their savings from Italy were used to improve their children's education back in Ukraine (Anghel, et al, 2016, p. 15).

elementary workers”, “Personal care and related workers” (27%) and “Housekeeping and restaurant services” (8%) (p. 92). Those who are employed in highly qualified jobs, for example, legislators or professionals are very few. This suggests that most of Romanian migrants work in lower-skilled and under-qualified jobs (p. 2). In the case of men, most of them work under regular labor contract while 16% of men had no regular contract. Informal employment was more common among women as 25% declared that they did not have a regular working contract. Moreover, 60% of women under such conditions had a part-time job (p. 39).

7 Positive and Negative Aspects

7.1 Positive Aspects¹⁶

Remittance from the Foreign Countries According to Andren and Roman (2014, p. 21), the sharply increasing remittance inflow after 2004 marked Romania as one of the top recipients of remittance worldwide, holding the fourth position in respect of the absolute level of transfers in 2008, accounting for 3.3% of GDP. However, it is very difficult to grasp the exact amounts of remittance flows of migrants worldwide. As in most cases of developing countries, the official data on remittances for Romania underestimates the real dimension of the transfers. It is said that approximately 40% of the transfers were made through informal channels. Anyway, the remittances have contributed to reduction of the current account deficit and modernization of the country. Most of the remittances were used for consumption. Specifically, the money was used for purchase of home appliances (50%), expansion and modernization of their houses (37%) and purchase of automobiles (16%). Just a portion of them is stored in banks (Anghel, et al, 2016, p. 25).

Year	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
	17	80	89	153	237	436	456	623	535	861	1,031	1,612	2,028
Year	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
	3,100	3,900	5,530	6,172	6,610	4,360	3,810	2,300	2,200	2,336	2,547	3,200	

Source: Anghel, et al (2016), p. 24.

After 2009 the amount of remittance decreased and did not recover its peak level in 2008 not only because the host countries’ economies suffered from the 2008-2009 global financial crisis and the subsequent recession in Europe and because many Romanian migrants eventually took their families with them to their host countries (Baicu, 2018).

Decline in the Unemployment Rate Emigration of many Romanians abroad for jobs contributed to

¹⁶ Pociovalisteanu (2012a) mentions dissemination of technical knowledge and modern work methods as well as acquirement of a European way of thinking as positive results of the migration.

a decline in the unemployment rate in Romania. Rather in recent years there appeared a shortage of labor power¹⁷ in several areas such as construction, textile industries, hotel, tourism, wood and furniture industries (Pociovalisteanu, 2012a, p. 29). In 2016 in the hope to stimulate immigration, the government began to consider to shorten work permit and visa procedures and simplify the visa regime for neighboring non-EU country citizens (Hunya, 2016, p. 99).

7.2 Negative Aspects

Situations in Rural Area The rural area accounts for 87.1% of the surface of Romania. Although the rural population tends to decrease, still it has about 9.24 million people accounting for 46% of total population as of 2015 (Christina, et al. 2015, p. 39). The World Bank report (2018) explains the Romania's transformation as "a tale of two Romanias" – "one urban, dynamic, and integrated with the EU; the other rural, poor, and isolated", and indicates widening disparities in economic opportunity and poverty, across regions and between urban and rural areas (p. 1). According to the report, the provision of social services that involve social protection, employment, education, and healthcare is fragmented and sparse, especially in rural areas where the need is the greatest. Improving access to public services remains an urgent priority, as 22% of the population still lack access to potable water and 32% live without a flush toilet (p.4).

Carmen Paun, a reporter for a Brussels-based electronic journal Politico, reports situations of Intorsura, a plateau village which sits by a hill covered with vineyards and pastures in the southeast of Romania. According to her, as older residents die and younger ones moved abroad the population of the village has decreased from 1,786 in 2002 to 1,470 in 2018, and for every three inhabited houses, there is one that is abandoned. The only asphalt-covered road in the village is one that goes to neighboring villages, but other roads in the village are made of dirt, which would occasionally mean getting stuck in a car on rainy days years ago. These days they are covered with gravel. Paun reports experiences of a younger couple who have made a living as seasonal workers in Germany, picking fruit and vegetables. They work for one to two months at a time and can come back with up to 4,000 Euro – an amount they would not earn in the village in a year. Paun adds, their parents are at least fortunate enough to have their sons around, because they go to Germany for only a few months a year and always come back. In contrast, their neighbor has a 31-year-old son who left for Italy more than 10 years ago and never come back. The neighbor sold some of his land and used the money to visit his son (Paun, 2018).

As for situations in rural area, Dumitru Sandu commented that disparity between cities and rural areas can be seen in infant mortality (several times higher in rural areas) and life expectancy¹⁸. Past

¹⁷ Posirca (2017) says, "Romania's private sector is registering demand for employees across the board, from welders and electricians to IT experts and agriculture and construction specialist". In recent years Romania has accepted a certain number of immigrants from neighboring countries. As of 2015 the number of immigrants is 226,900 (UN, 2016, p. 30).

¹⁸ Information provided by Dr. Dumitru Sandu, Professor of Sociology at the University of Bucharest, on October 31, 2018.

governments could not narrow the gap due to highly centralized administration.

Brain Drain Emigration of highly skilled people such as specialists of high technology and medical workers continues. As Romania has the fewest number of practicing medical doctors per capita in the EU, the medical brain drain has become an “issue of national concern”(Anghel, et al, 2016, p. 20). However, it seems that their exodus has not necessarily been driven by their egoistic motivation. Andren and Roman (2014) point out inadequate working conditions, a lack of reasonable incentives and an unsatisfactory career development system as well as the overloading of the remaining staff with extra tasks as factors for rapid increase in the medical brain drain. Moreover, in 2010 the government which adopted austerity measures, slashed salaries by 25% and reduced the number of staff members, additionally discouraging health professionals (p. 25). The number of Romanian physicians working abroad exceeded 14,000 as of 2013, representing a third of the country’s total number of medical doctors. Meanwhile, the national health system survives on meager resources (Paun, 2018, p. 4). Such a situation explains the poorest medical level which is reflected in the highest infant mortality in the EU. Low health satisfaction significantly intensifies young Romanians’ intention to migrate abroad (Sandu, 2017, p. 18).

8. Government’s Countermeasures

As mentioned above, even labor shortage was felt in some areas in the mid-2000s. In order to tackle ‘the labor crisis’, the government took measures encouraging Romanians to stay or return to the country. For example, for 2007, the healthcare and education sectors have been granted an increase in wages of 20-24% from the state budget (Frunza, et al, 2009, p. 59). However, Romania was hard hit by the 2008-2009 global financial crisis and fell into recession causing a rise in budget deficit. Following the excessive deficit procedure of the EU, the country was obliged to take austerity measures and reduction of public sector wage by 25% along with reduction of subsidy and an increase in VAT rate (from 19% to 24%). In this way, bound by policies of the European Commission and the IMF, the government was unable to pursue consistent policies. Only in March 2018 the government proposed a series of wage increases for medical doctors (more than double) and teachers (by about 20%) and the Parliament approved this proposal. So far, however, it has not been effective in stopping brain drain¹⁹.

Sandu argues that as motives of migration are changing over time decision-makers on migration policies should understand this dynamics and that if these changes are ignored the policies would become ineffective. In his opinion, it is impossible to stop Romanians’ emigration due to the fact that the gap between salaries in Romania and those in advanced member states of the EU is large and durable. Instead, he raises a question how to reduce or optimize the Romanian emigration and adds that it is

¹⁹ Information provided by Ms. Carmen Paun in an e-mail (February 24, 2018) and the following website: <https://www.romania-insider.com/romanian-doctors-teachers-salaries-go-today>

possible to reduce or optimize it if adequate policies are taken.

Sandu also argues that it is necessary to have more decentralized administrative structure in order to promote return migration of Romanian migrants abroad. The present administrative structure (central government, counties and local administrative units such as rural communes and cities), which inherited the structure of the communist era as it was, allows the central government power to enjoy high degree of freedom and low efficacy. Without decentralization of the administrative structure it would be impossible to respond to local people's needs in minute detail²⁰. In 2013 the government at that time tried to implement the reform to decentralize the country by setting up an intermediate level between central government and counties. It was a good idea, but, this attempt to reform has failed due to strong opposition of some counties' administrative powers and some of the political forces at the central level. Sandu says, sooner or later the process should be re-started²¹.

9. Conclusion

Let us summarize what I have described. First, as domestic groups of people who could lead development of a market economy had not sufficiently grown up and 'an able state' had not existed, it was very difficult to promote the transition to a market economy within a short period under an open economy. Endemic political corruption has disturbed effective use of the EU funds. In the 21st century an increased FDI inflow contributed to the economic development in this country. Due to a lack of 'an able state', however, the country has not succeeded in attracting FDI from multinational enterprises of capital-intensive and complex manufacturing.

Second, farmland reform based on the principle of restitution met justice but it was not an economically reasonable solution. Instead, it generated numerous small-scale individual peasants mostly of subsistence. From a viewpoint of the improvement of productivity, it proved counterproductive and could not create new jobs in rural area, creating numerous potentially surplus population.

Third, the industrial structure has drastically changed since the system change. Heavy and massive industries of the communist era have decreased, but new industries have not sufficiently grown. Manufacturing and service industries in the urban area could not sufficiently absorb potentially surplus population in the rural area, driving many people in rural and urban areas to emigrate abroad.

Fourth, remittance by Romanian migrants contributed to reduction in the amount of current account deficit and improvement of living standard of their families left in Romania by enhanced consumption, but it has not led to a significant expansion of investment in Romanian economy. At the same time emigration of Romanian workers contributed to a decline in the unemployment rate. However, its negative aspect such as brain drain and depopulation of the rural area cannot be neglected.

Fifth, the government's countermeasures against depopulation of the rural area proved completely

²⁰ As for local governance, Teodorescu, et al (2007) is informative.

²¹ Professor Sandu's reply in an e-mail (January 16, 2019) to my inquiry.

insufficient. The investment in the rural area has been insufficient. Due to highly centralized administrative structure, the government has not succeeded in creation of new jobs in the rural area. Migration of young people from the rural area to the urban area and foreign countries has been remarkable, and rural inhabitants left behind them are aging. Among the rural area 'ghost villages', where nobody lives, are appearing. It will be necessary to strengthen the power of local administrative bodies and implement policies for development of rural area with financial support.

Sixth, in order to develop the Romanian economy it is necessary to call Romanian residents abroad back to Romania and make use of their own money, knowledge, network and their entrepreneurship, but the government's efforts have been insufficient in this respect. Although several policies were launched, significant outcomes have not been materialized yet. The role of younger generation, especially highly educated young people is quite important in the sense that they should shoulder the future economic and social development. It is understandable for them to work temporarily in foreign countries because they can experience different culture and learn advanced knowledge and techniques, which will be quite useful for the development of the country. However, if most of them do not return home and continue to stay abroad, the future of Romania will not be so bright.

Seventh, population outflow from periphery of the EU including Romania continues and at the same time core EU member states such Germany have been developing with absorbed migrants' labor power. However, such a situation will not be sustainable, requiring reexamination of the EU's regional policy.

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