

THE FEATURES AND POLITICS OF SIZING THE UNEMPLOYMENT

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Rezumat

The existence and progress of society is ensured both by population and economic development and the interaction between them provided they meet certain quality characteristics and dimensions. The lack of these features or their distortion, have negative effects, leading to imbalances of the population -economy correlation. The unemployment resulted from the entrance of these categories on the labour market have direct causes such as the reduction of the living conditions and the increase of inflation. Thus for some countries a very important role in explaining unemployment is played by the international labour migration.

Cuvinte cheie: unemployment, imbalance, economics, demand, offer, labour, unemployment rate

Clasificare JEL : E24, J64, M52, O11, O12, O15.

1. Introducerea și contextul studiului

Unemployment is now one of the imbalances that affect all countries to varying degrees. This negative phenomenon in the economy increased between 1960 and 1970, and became less and less acceptable to the public and politicians. As demonstrated by the results obtained in the U.S. between 1985-1986 and 1990-1991, as well as some western European countries, the evolution of unemployment is out of control and does not have one way (of increase) if appropriate measures are promoted. Defining and measuring unemployment is the subject of intense disagreement.

In terms of labour market, unemployment is excess labour supply over demand. Unemployed people are all those who are able to work but don't work. They form the relative overpopulation because they represent a surplus of labour in relation to the number of employees. It was found that although unemployment has become a permanent issue with different levels and directions by countries and periods, this does not preclude the existence of a state of full employment of labour, equivalent to a low unemployment rate (at a rate of a few percents), as J.M. Keynes used to say "full employment use is compatible with voluntary and frictional unemployment".

2. Definition and characteristics of unemployment

There are many definitions of unemployment and according to them, several forms of measuring this phenomenon. By what these definitions have in common we can characterize unemployment as a negative state of the economy affecting a part of the active population by the lack of available jobs.

Another definition of unemployment, considers to be unemployed all those people who registered job applications at the labour placement offices and all those whose requests were not met, seekers of permanent or temporary jobs, full-time or part-time, or if they seek another job in accordance with their aspirations.

In this sense, unemployment is the result solely of labour demand, labour market demand is not taken into account. Matching supply and demand of labour allows a more accurate assessment of whether or not unemployment exists. The increase of supply, while decreasing demand leads to a deterioration in employment. If there is no unemployment it will occur and if it already exists, it will increase.

Conversely, increasing demand and decreasing labour supply lead to a decrease in unemployment. Also, using the same definition, unemployment is viewed as a homogenous size, undifferentiated, which does not correspond to the reality. It is necessary, therefore, to delimit unemployment by activity fields, training, specialties, crafts, seasonality, age and gender.

Well-known is the definition of unemployment given by the International Labour Office – UN. According to this definition the unemployed is anyone older than 15 and meets the following conditions:

- is able to work;
- does not work;
- is available as an employee or otherwise;
- is looking for a job.

Applying the mentioned criteria leads to further clarification, but not completely eliminate the risk of excluding from the unemployed some people who actually don't have a place to work.

In Romania, Law no. 1/1991, republished after its amendment by Law no. 86/1992 states that are considered unemployed people who are able to work but can not be employed because of the lack of available positions appropriate to their training. Although there is no express reference regarding the age of these people, the content of the law shows that the age is over 16 years.

Given the limitations of such definitions, it becomes clear that measuring unemployment is only a matter of estimation as close to reality as possible. An example is that of Germany, France, Canada and the U.S. after the Second World War, when the number of employees exceeded domestic supply of labour and resorted to immigrants. However, in the respective countries there was also a number of the unemployed formed by people seeking their first job or looking for a job after they had abandoned the one they had, people who would not accept free jobs because they were unhappy with the real wage that obtained, people with complex social problems, people who wanted to live life other than being employed or performing their own lucrative activities.

So full employment of labour has become equivalent to a low unemployment.

Under these conditions, the unemployment situation for the full employment of labour in England's 20s and '30s of this century amounted to about 3% of the active population. For other European countries, immediately after World War II, the rate of unemployment was stated to be 1-2%. Later on in the U.S. unemployment rate rose to 5% but it was limited in the 80s, while in Western Europe it rose.

To cover very different situations, it is estimated that currently work full employment involves unemployment of 1.5 - 4%. It is also believed that lower unemployment below the minimum specified above characterizes a state of labour over occupancy. Denise Flouzaur (Economie Contemporaine, Paris, PUF, 1992), considers that such a level is equivalent to an unemployment rate of around 1%. The over occupancy criterion becomes the moment when for new recruits there is a greater increase in wages than productivity.

Starting from permanent unemployment, based on the research of the English economist of New Zealand origin AW Phillips - author of the famous curve that bears his name - the two indicators characterizing the level of unemployment (relative and raw level) are added the third, namely, the natural rate of unemployment. This is the unemployment rate which corresponds to a stable or inertial rate of unemployment. Its size is a dependent variable. The premise for determining the natural rate of unemployment is the existence of inflation in the economy, expressed through a certain rate and simultaneously achieving two conditions which do not change the dimension of the inflation, namely:

- not create excessive demand;
- not generate unemployed in offer.

Unemployment intensity is another characteristic that determines total unemployment. This means job loss and total stoppage of work. Partial unemployment consists of reducing the work done by one person, in particular by reducing the work week with lower pay. Hidden unemployment is specific to less developed countries, where numerous people have an apparent activity with low efficiency. Another element that characterizes unemployment is unemployment duration or period of unemployment, from the loss of the job to work resume. In time, this element tended to increase, there is legislated unemployment duration, but in many countries there are regulations specifying the duration for which unemployment benefits are paid and this has tended to increase, reaching in some cases to 18-24 month. Usually, long-term unemployment is considered continuous unemployment if it takes more than 12 months. This long-term unemployment leads to health problems, deterioration of material situation, low qualifications because of inactivity.

3. The structure and components of unemployment

Unemployment structure or its components formed by classifying unemployed by qualification, area in which they worked socio-professional category, sex, age. In the last decade it was found that those most affected by unemployment are women and young people up to 25 years and people older than 50 years.

Worldwide, in recent years, unemployment tends to worsen.

Unemployment can result from several causes arising from: salary, supply and demand, price rigidity.

Unemployment, as presented today, was explained for the first time in the second half of the nineteenth century. According to this neoclassical approach, the focus is the existence of a general balance in the goods and labour market, while the prices are flexible, so that by their oscillations they automatically restore balance and full use of labour. On this basis, unemployment has two forms:

- classic voluntary unemployment - people are not willing to accept the salary on the market;
- transitional unemployment - formed during the period of adjustment of supply to the demand of jobs.

From a macroeconomic perspective, classical unemployment is based on insufficient supply over demand due to the lower price of goods on the market compared to the balance price. Therefore a high demand for goods may coincide with the formation or increase of unemployment. During the '30s, J.M Keynes noted the existence of involuntary unemployment, known in the literature as Keynesian unemployment. The unemployed in this category do

not refuse to commit to a certain salary and cannot find work because labour demand is insufficient in relation to the offer. Current unemployment is considered predominantly involuntary, but it also consists of voluntary and transient redundancy.

Unemployment is formed on the basis of two major socio-economic processes:

- ✓ job losses by a part of the employed population;
- ✓ increase labour supply by fitting the new generations within the proper age of employment – and restate the need for working of people who are able to work but are inactive in terms of lower labour demand compared to this increase.

In the first process there are the following types of unemployment:

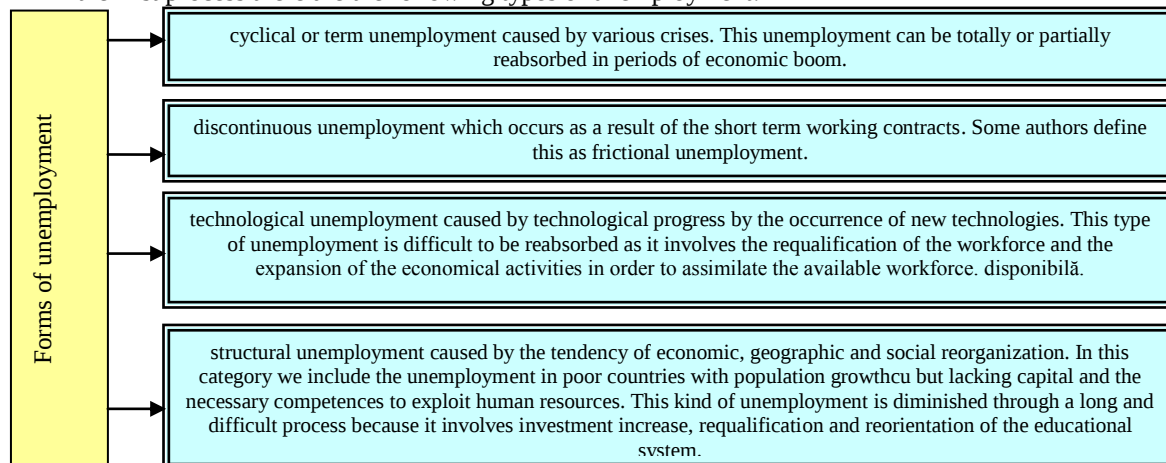


Diagram 1: The main forms of unemployment

Source: developed by the author

Regarding frictional unemployment, JM Keynes said that "it is permanent because within the economy there are always unused labour resources. Unlike other forms of unemployment, it can not collapse below a certain level. Dynamic economies with a large available workforce, as the U.S. for example, have frictional unemployment at a relatively important level, explained by the mobility of the American workers.

- discontinuous unemployment which particularly affects women caused by the interruption of work for family and maternity reasons.
- seasonal unemployment caused by disruption of activities depending on natural factors.

The second process generating unemployment has two major aspects. One takes into account the new generations coming onto the labour market and the other refers to the available working population samples that have not worked and are forced to find a job.

However there is difference between labour reproduction cycle and the economic activities subject to natural-biological, demographic and economic factors. Formation of unemployment through the entry of these categories on the labour market has direct causes like diminution of the living conditions and inflation increase. Thus for some countries a very important role in explaining unemployment is played by the international migration of the workforce.

4. Evolution of unemployment and unemployment sizing policies

In addition to the absolute monitoring of the levels of unemployment, deducted by level of education, it is taken into account the number of people receiving unemployment benefits or support allowance. Table no. 1 shows the evolution of the unemployment rates and the unemployment rates by gender, during the period 2001-2012.

Table 1. The evolution of the unemployment rate and the unemployment rate by gender, during the period 2001-2012, %

Years	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012 May
Unemployment rate	9,0	10,2	7,6	6,8	5,8	5,1	4,3	3,9	6,3	6,8	5,1	4,5
Female unemployment rate	10,4	10,5	7,2	6,2	4,9	4,8	3,9	3,7	6,1	6,2	4,8	4,2
Male unemployment rate	8,9	9,8	7,9	7,4	6,6	5,3	4,6	4,1	6,5	7,4	5,3	4,8

Source: developed by the author according to the data provided by www.anofm.ro

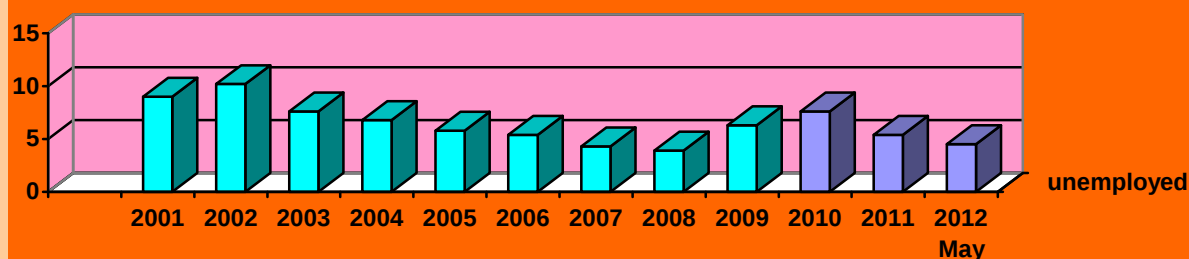


Diagram 2. The evolution of the number of unemployed people during the period 2001-2012, %

Source: developed by the author according to the information provided www.anofm.ro

Table 2. The number of the people receiving unemployment benefit during the period 2001-2012, thousands of people

YEARS											
2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012 mai
The number of the unemployed people who received 75% unemployment benefit of the social reference indicator¹											
866,498	954,546	689,531	607,192	553,721	484,658	386,667	358,700	709,383	347,980	143,271	141,618
The number of the unemployed people who received 50% unemployment benefit of the social reference indicator¹											
397,564	321,459	293,785	279,978	232,713	152,217	121,091	107,411	328,141	109,432	39,267	9,321

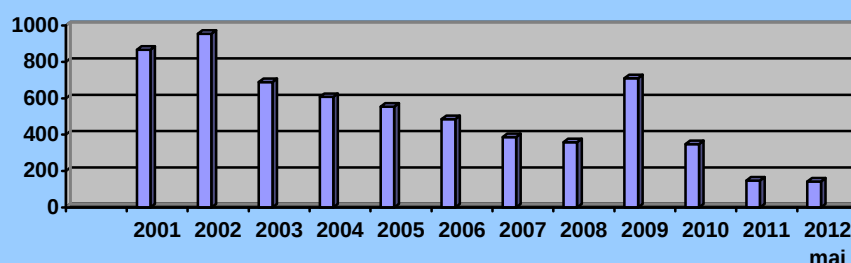
¹According to Law no. 76/2002 with subsequent amendments.Source: developed by the author according to the information provided by www.muncii.ro

Diagram 3. The number of the unemployed people who received 75% unemployment benefit during the period 2001-2012, thousands of people

Source: developed by the author according to the information provided by www.muncii.ro

National unemployment rate at the end of December 2011 was 5.12%, it was 0.06% higher than in November 2011 and lower by 1.75% than that of December of 2010. The total number of unemployed people in late December was 461,013, a number that grew to 6035 people compared to that at the end of the previous month, so from the total of the registered unemployed people, 182,538 received unemployment benefit and 278,475 didn't.

The number of the unemployed increased by 11,752 persons, and the number of the unemployed not receiving unemployment benefit decreased by 5,717 people in the previous month. The percentage of the unpaid unemployed in the total number of unemployed people (60.41%) decreases by 2.05% compared to the previous month.

Regarding unemployment registered by gender, in December 2011 compared with the previous month, the male unemployment rate increased from a value of 5.21% in November, to the value of 5.38% and the female unemployment rate decreased from 4.83% to 4.81%. At the end of May 2012 the national unemployment rate was 4.56%, 0.17% lower than in April 2012 and 0.47% lower than in May 2011. The total number of the unemployed at the end of May, 409,938 people fell by 15,903 persons compared to the previous month. Of the total registered

unemployed, 137,201 were benefiting from financial support and 272,737 didn't. The number of the unemployed fell by 13,738 persons and the number of unpaid unemployed decreased by 2,165 people in the previous month of the same year.

The percentage of the unpaid unemployed from the total number of the unemployed (66.53%) increased by 1.97% compared to the previous month. Regarding unemployment registered by gender, in May 2012, compared with the previous month, the male unemployment rate decreased from a value of 5.02% in April, to a value of 4.82% and the female unemployment rate decreased from 4, 41% to 4.26%.

Unemployment reduction policies can be grouped into:

- Measures which directly concern the unemployed people: measures of organization of training and qualification of the unemployed; facilities granted by the state to create new businesses that provide jobs. In recent years the measures for transition to new forms of part-time employment or typical schedule have gained great importance;

- Measures concerning the working employed population, which are designed to prevent the increase of the unemployment through appropriate skill needs, and also tend to reduce unemployment by creating more job opportunities that ensure working time reduction and working life, as well as the return of the emigrants to their countries of origin.

The research carried out in countries that have succeeded in recent years to create a considerable number of jobs reflects the following:

- A) creating new jobs is achieved while increasing economic activities;
- B) activities which contribute to the creation of new jobs are mostly industrial;
- C) the more flexible the labour market is, the more diversified the offer of employment is;
- D) there is a reconsideration of unpaid and non-agricultural employment .

In Romania, the unemployment phenomenon was officially recognized in 1991, ie since the enforcement of Law no. 1/1991 regarding social protection of the unemployed and their professional reintegration.

5. Concluzii

Providing jobs for all the citizens who are able to work in accordance with the supply and the availability to work is a fundamental element of development strategies. This is not only a condition of social and political balance, but it also puts into practice the principle and right of ownership. The decline and the imbalances caused by the transition to a market economy led to an explosion in unemployment in the early years, culminating in 1994 when it was recorded an unemployment rate of 10.9% (at the end of the year). This year was followed by a period of reduction and at the end of 1997 the unemployment rate increased as a result of the restructuring or liquidation of distressed entities (particularly the mining sector), culminating with a rate of 11.8% in the late 1999.

Unemployment has become a wider phenomenon, with declining trends in recent years. The unemployment rate registered by the NEA in 1999 was 11.8%, in 2000 it was 10.5%, in 2001 it fell to 8.6% and 6.3% in 2009.

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