EVOLUTION OF UNEMPLOYMENT IN ROMANIA IN THE 2006 – 2011 PERIOD

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Abstract:
Unemployment is a phenomenon found in all countries, without exception, and due to its extent and duration, it raises a number of issues related to the possibilities to reduce it. In the years preceding the onset of the economic crisis, the statistical reports presented normal values of the unemployment, which made us believe in a prosperous future of our country, at least from the point of view of the economic evolution. When the current crisis started, in 2009, unemployment recorded worrying values, being included again on the list of the topical problems faced by the economy. Any thorough analysis related to this field is important both for a better understanding of the phenomenon we are facing, and in order to try to approach a possible solution.

Key-words: *unemployment, economic crisis, labor resources, macro-regions.*

JEL classification: *J60, J64.*

1. Introduction

Unemployment is a concept whose content is understood and interpreted in different ways. According to some views, the term can apply to individuals as well as enterprises or certain activities. The most common use refers to persons able to work, found in a certain situation. Unemployment is an economic phenomenon that requires a priori a demand for labour that exceeds the job offer, and therefore, some people able to work leave the activity and they strive to find other jobs.

Many specialists define unemployment as being "the forced cessation of work", others believe that unemployment is a "normal, regular or abnormal work slowdown" [1]. Unemployment generally represents a negative state of the economy that affects part of the available active population. The unemployed are persons able to work who cannot find a job. They constitute the relative overpopulation because they are excess labour compared to the number of the employed people.

The International Labour Office defined the unemployed as all persons above 15 years old who simultaneously meets the following conditions: is able to work, is not working, is available for remunerated or non-remunerated work, and is seeking work.

In Romania, under Law no. 1/1991 amended by Law no. 86/1992, unemployed are people able to work who cannot be employed because of lack of jobs available corresponding to their training (age above 16).

Taking into account the experience of the economically advanced countries and facing the adoption of a strategy of transition to a competitive market economy, Romania, like other Eastern European countries, follows the unemployment problems from multiple methodological perspectives. [2]

The genesis of unemployment is explained starting from the case in which unemployment and underempoloyment coexist with the economic potential, with the unused or partially used production capacities, in an deep economic recession context, which drives the nation al income to be lower than the labour productivity would allow it to be.

2. Analysis of the unemployment rates on genders and regions

At the end of December 2011, the unemployment rate recorded at national level was 5.12%, 0.06 pp higher than in November 2011 and lower by 1.75 pp than in December 2010.

Mention should be made of the fact that the evolution of unemployment easily reverted to the normal tendencies for our country, i.e. it decreases in summer and increases in winter.

Table no 1. **Evolution of the unemployment rates in the 2006 – 2011 period**

	Years					
	2006	**2007**	**2008**	**2009**	**2010**	**2011**
Unemployment rate at the end of each year (%)	5.2	4	4.4	7.8	6.87	5.12

Source: www.anofm.ro, Evolution of the unemployment rate in the 1991-2011 period

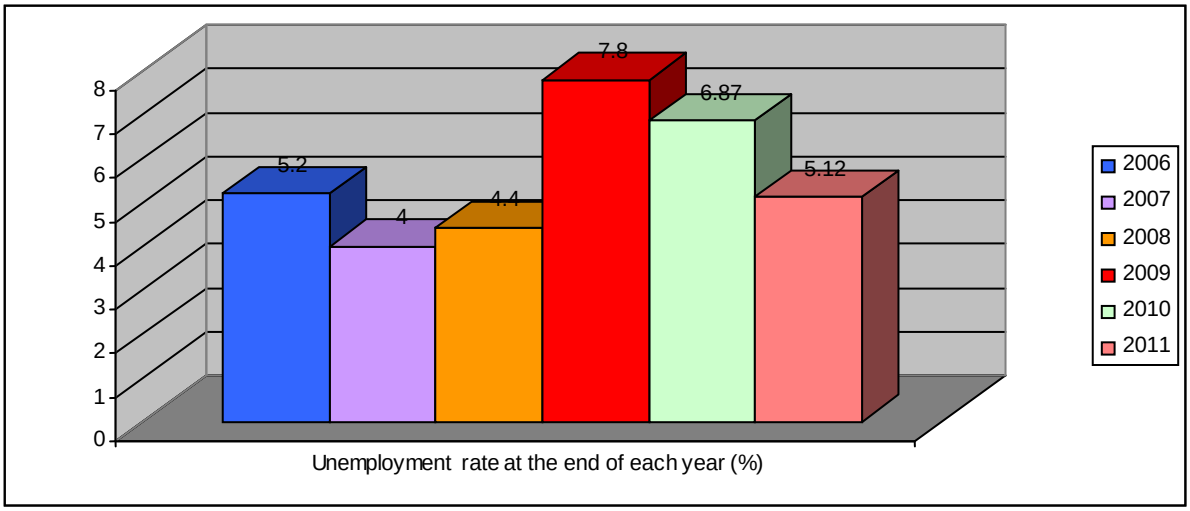
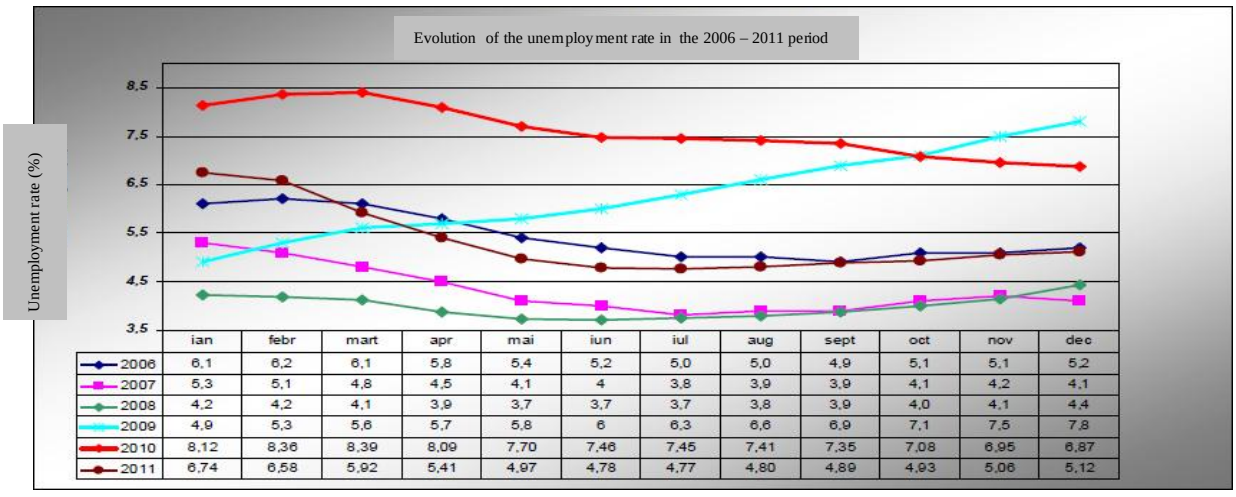


Figure no 1. **Evolution of the unemployment rates in the 2006 – 2011 period**
Source: www.anofm.ro, Evolution of the unemployment rate in the 1991-2011 period, figure based on Table1

In 2011 the unemployment rate continued the slow decrease started as early as in 2010.

The decrease in the unemployment rate recorded in the summer period in 2011, shows that this indicator entered its normal evolution trend (decrease in the summer period and increase in the winter period). Even though the unemployment rate steadily increased starting with October 2009, until March 2010, the indicator did not record alarming levels, being generally under the European average level. Starting with August, a slight increase in unemployment was recorded, therefore at the end of November 2011 a level of 5,06%, of the unemployment rate was recorded, and of 5.12% as at 31 December 2011.



	ian	febr	mart	apr	mai	iun	iul	aug	sept	oct	nov	dec
2006	6,1	6,2	6,1	5,8	5,4	5,2	5,0	5,0	4,9	5,1	5,1	5,2
2007	5,3	5,1	4,8	4,5	4,1	4	3,8	3,9	3,9	4,1	4,2	4,1
2008	4,2	4,2	4,1	3,9	3,7	3,7	3,7	3,8	3,9	4,0	4,1	4,4
2009	4,9	5,3	5,6	5,7	5,8	6	6,3	6,6	6,9	7,1	7,5	7,8
2010	8,12	8,36	8,39	8,09	7,70	7,46	7,45	7,41	7,35	7,08	6,95	6,87
2011	6,74	6,58	5,92	5,41	4,97	4,78	4,77	4,80	4,89	4,93	5,06	5,12

Figure no 2. **Evolution of the unemployment rate in the 2006 – 2011 period**
Source:http://www.anofm.ro/files/Raport%20de%20activitate%20al%20ANOFM%20pentru%20anul%202011.pdf, Activity report – 2011.

The unemployment rate recorded in 2011 had a downtrend until August, when it started to increase slightly reaching the value of 5.12%, in December, which value was smaller than in January 2011 (6.83%).

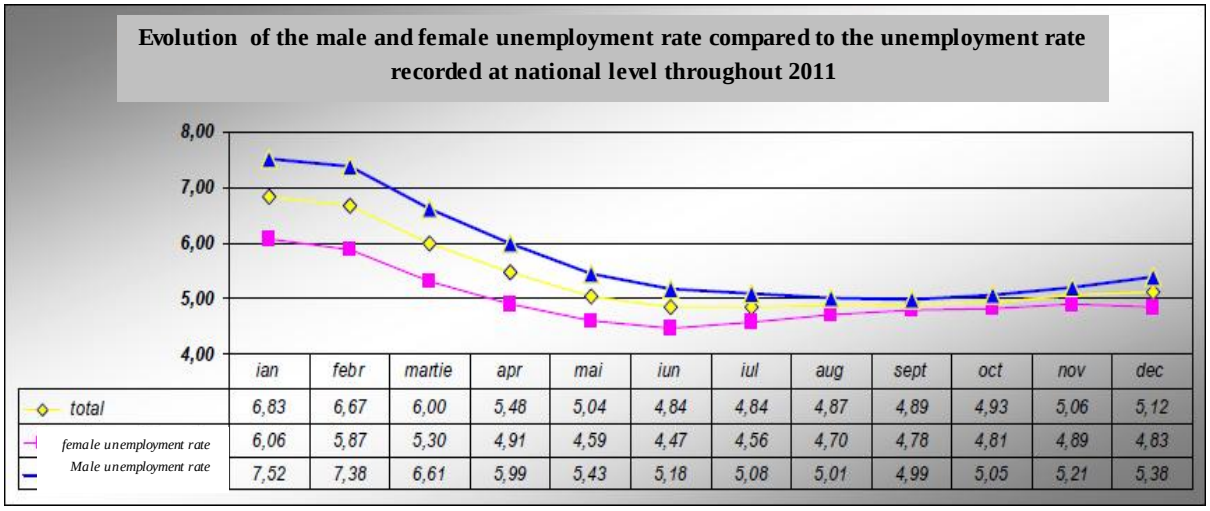
The year 2010 began with a sudden and significant increase in the unemployment, as the Romanian labour market was influenced by the financial and economic crisis manifested worldwide in 2010 as well. In January 2010 the unemployment rate increased by 0.32 pp compared to the previous month, from 7.8% to 8.12%.

The unemployment rate that reached a peak of 8.39%, in March, started to have a quite sharp decrease tendency until the end of the year (6.87% at the end of December 2010). It is to be noted that due to the measures taken by the government in the years 2009 and 2010 (increase in the period of granting unemployment benefit, "technical unemployment", the measures meant to stimulate employment, etc.), the unemployment rate did not have an increase to the same extent as the one of the economic decline manifested in the Romanian economy.

In 2010 the evolution recorded an increase in the first 3 months of the year, reaching 765285 persons at the end of March 2010, when the number of the unemployed started to have a steady decrease, until the end of the year (626960 persons).

The unemployment rate recorded a significant decrease in 2011, decreasing by more than 40% in June and July 2011 (4.84%) compared to the peak point of the two recession years crossed by the national economy, recorded in March 2010 (8.39%).

In relation to the employment recorded on genders, in December 2011compared to the previous month, the male unemployment rate increased from the value of 5.21% in November, to the value of 5.38%, and the female unemployment rate decreased from 4.89% to 4.83%.



	ian	febr	martie	apr	mai	iun	iul	aug	sept	oct	nov	dec
total	6,83	6,67	6,00	5,48	5,04	4,84	4,84	4,87	4,89	4,93	5,06	5,12
female unemployment rate	6,06	5,87	5,30	4,91	4,59	4,47	4,56	4,70	4,78	4,81	4,89	4,83
Male unemployment rate	7,52	7,38	6,61	5,99	5,43	5,18	5,08	5,01	4,99	5,05	5,21	5,38

Figure no 3. **Evolution of the male and female un employment rate, compared with the unemployment rate at national level in 2011**

Sursa:http://www.anofm.ro/files/Raport%20de%20activitate%20al%20ANOFM%20pentru%20anul%202011.pdf, National Agency for Employment, Activity report – 2011

The evolution of the unemployment rate and of the unemployment rate on genders, in 2010 and 2011, is suggestively shown in the chart below.



	January	February	March	April	May	June	July	August	September	October	November	December
Unemployment rate in 2010	8.12	8.36	8.39	8.09	7.70	7.46	7.45	7.41	7.35	7.08	6.95	6.87
Female unemployment rate in 2010	7.20	7.30	7.37	7.17	6.82	6.64	6.72	6.79	6.78	5.75	6.38	6.20
Male unemployment rate in 2010	8.94	9.29	9.29	8.91	8.46	8.19	8.10	7.96	7.85	7.55	7.44	7.47
Unemployment rate in 2011	6.83	6.67	6.00	5.48	5.04	4.84	4.84	4.87	4.89	4.93	5.06	5.12
Female u unemployment rate in 2011	6.06	5.87	5.30	4.91	4.59	4.47	4.56	4.70	4.78	4.81	4.89	4.83

Figure no 4. **Evolution of the unemployment rate recorded, of the female unemployment rate and of the male unemployment rate in 2010 and 2011**

Source:http://www.anofm.ro/files/Raport%20de%20activitate%20al%20ANOFM%20pentru%20anul%202011.pdf, National Agency for Employment, Activity report – 2011

We can see that the unemployment kept its downtrend, and also that the difference between the female unemployment (4.83%) and the male ones (5.38%) remained, which difference is maintained almost steady over these years.

The chart below shows the evolutions of the employment rates on regions compared to the unemployment average rate recorded at national level in 2011:

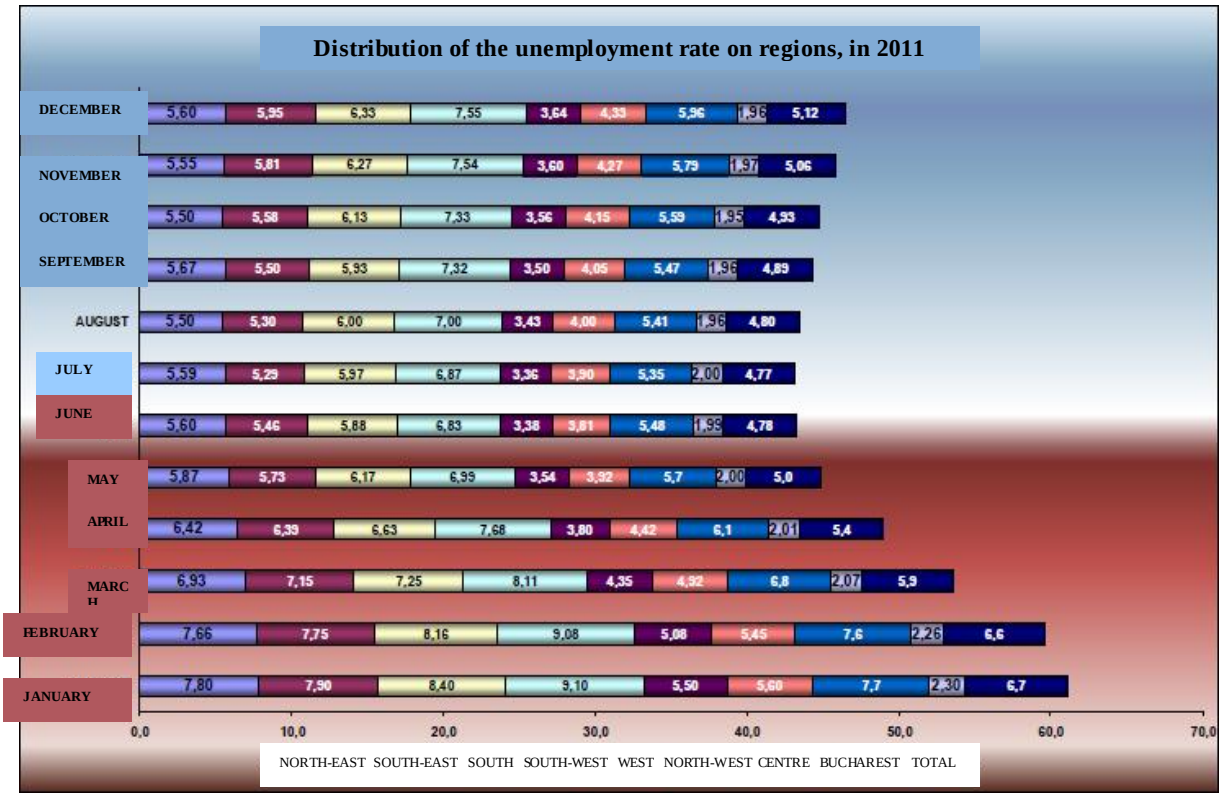


Figure no 5. **Distribution of the unemployment rate on regions, in 2011**

Source: NAE Activity Report for 2011

The chart above proves that the unemployment rate increased at national level is also reflected at regional level, whether it is above or below the national average.

Thus, at the end of 2011 the statistical regions with the highest unemployment rates recorded were South– West (7.62%), South (6.59%) and South-East – East (6.15%), regions where the rural activities are preponderant. We can also notice the existence of disparities within regions, where predominantly agricultural counties coexist with more developed ones. For example, in the South-West region, disparities can be seen among counties, in relation to the recorded unemployment rate: the maximum level was reached in Mehedinți County (9.67%) and Dolj County (8.93%) and the minimum one in Vâlcea County (5.13%), the difference being 4.54 pp. [6]

3. Analysis of the unemployment structure and rate on development regions (macroregions)

The distribution of labour resources on development regions highlights the following aspects: the North – East region provides 17.0% of the labour resources of Romania, the working age population being only 16.9% of the working age population at national level; the South – Muntenia region has 14.9% of the labour resources of the country, with a 14.9% working age population in the total working age population in the county; the South -East region has 13.3% of the labour resources at national level and 13.2% of the working age population.

Table no 2. **Structure of the labour resources according to the participation to the economic activity, on macroregions and regions, as at 31 December 2010**

Macroregion / Region	Labour resources (thousand persons)	Out of which: in % compared to the labour resources		
		Civilian employed population	Recorded unemployed	Population in course of professional training and other categories of working age population
TOTAL	**14047.6**	**59.6**	**4.5**	**35.9**
MACROREGION ONE	3447.8	62.4	4.6	33
NORTH - WEST	1778.4	64.7	4.1	31.2
CENTRE	1669.4	59.9	5.2	34.9
MACROREGION TWO	4253	51.3	4.5	44.2
NORTH - EAST	2385.3	50	4.3	45.7
SOUTH - EAST	1867.7	53.1	4.7	42.2
MACROREGION THREE	3634.6	66.1	3.9	30
SOUTH MUNTENIA	2087.8	57	5.3	37.7
BUCHAREST- ILFOV	1546.8	78.5	1.9	19.6
MACROREGION FOUR	2712.2	60.2	5	34.8
SOUTH - WEST OLTENIA	1436.9	57.4	5.9	36.7
WEST	1275.3	63.4	4	32.6

Source :http://www.emplonet.ro/wp-content/uploads/2012/03/Balanta-fortei-de-munca.pdf, LABOUR FORCE BALANCE AS AT 1ST JANUARY 2011

The highest employment rate of the labour resources was 78.5% and was found in the Bucharest – Ilfov region. Out of the other regions, higher levels were recorded in the North – West (64.7%), West (63.4 %) regions and the lowest in the North – East (50.0%) and South – East (53.1%) regions.

In almost all the regions, the employment rate recorded higher values for men compared to women. The difference between the employment rates for the two genders had values between 7.0 percentage points (the West regions) and -0.4 percentage points (the North – East region).

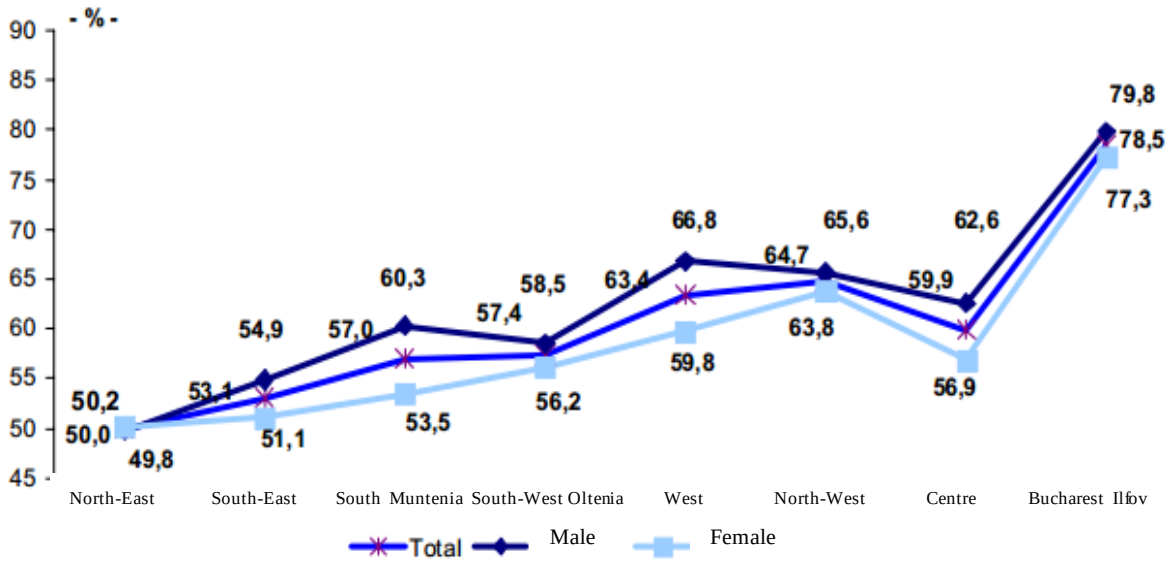


Figure no 6. **Employment rate of the labour forces on genders and regions, as at 31 December 2010**

Source :http://www.emplonet.ro/wp-content/uploads/2012/03/Balanta-fortei-de-munca.pdf, LABOUR FORCE BALANCE AS AT 1ST JANUARY 2011

From the distribution of the civilian employed population on development regions, we can see that the Bucharest – Ilfov region has the largest proportion of employed persons (14.5%), while the West and South – West Oltenia regions have the smallest proportions (9.7% and 9.9% respectively).

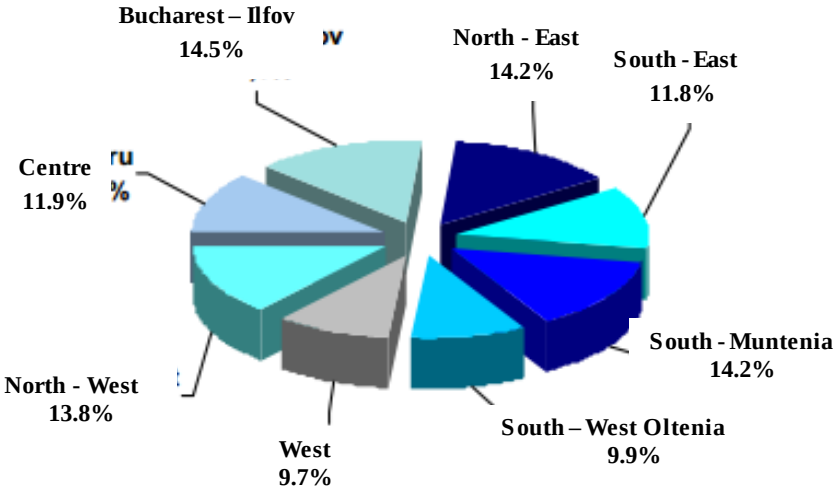


Figure no 7. **Distribution of the civilian employed population on development regions as at 31 December 2010**

Source :http://www.emplonet.ro/wp-content/uploads/2012/03/Balanta-fortei-de-munca.pdf, LABOUR FORCE BALANCE AS AT 1ST JANUARY 2011

Table no 3. **Evolution of the unemployment rate at regional level in the 2006 – 2011 (%) period**

Development regions	Years					
	2006	*2007*	*2008*	*2009*	*2010*	*2011*
NORTH-VEST Region	3.6	2.9	3.3	6.8	6.2	4.33
CENTRE Region	6.1	4.8	5.2	9.6	8	5.96
NORTH-EAST Region	6.2	5.1	5.3	8.6	8	5.6
SOUTH-EAST Region	5.6	4.4	4.7	8.4	7.7	5.95
SOUTH-MUNTENIA Region	6.4	5.1	5.2	9.5	8.9	6.33
BUCHAREST-ILFOV Region	2.2	1.7	1.6	2.3	2.7	1.96
SOUTH-WEST OLTENIA Region	7	5.1	6.9	10.5	9.4	7.55
WEST Region	4.1	3.3	3.8	7.3	6.2	3.64

Source: Statistical Yearbook of Romania for the 2007 – 2012 period

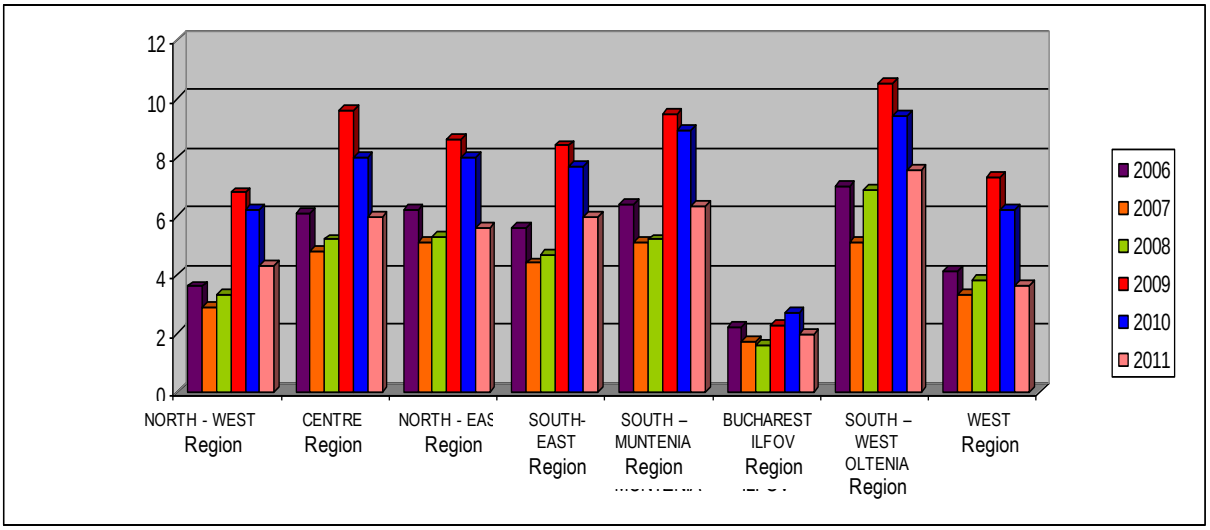


Figure no 8. **Unemployment rate on development regions in the 2006 – 2011 period**
Source: Statistical Yearbook of Romania for the 2007 – 2012 period, figure based on Table 3.

The increased unemployment rate at national level is also reflected at regional level, whether it is above or below the national average.

Thus, at the end of 2010 the statistical regions with the highest unemployment rates were South – West Oltenia (9.4%), South – Muntenia (8.9%) and Centre and North – East (8.0%), where rural activities are preponderant. Compared to them, at the end of 2011 the statistical regions with the highest unemployment rates were South-West Oltenia (7.55%), South – Muntenia (6.33%) and Centre (5.96%). We can see that there are disparities within regions as well, the predominantly agricultural counties coexisting with the most developed ones. For example, in the South – West region, in 2010, and in 2011, discrepancies were recorded among counties, in relation the unemployment rate recorded: the peak level was reached in Mehedinți county (14.1%, and 9.67% respectively) and Dolj County (9.8%, and 8.93% respectively) and the minimum one in Vâlcea County (7.7%, and 5.13% respectively), the difference being 2.1 pp in 2010 and 4.54 pp in 2011.

The unemployment rate recorded in 2010 had a sharp increase in the first quarter of 2010, followed by a decrease starting with April, completely different from the trends shown in the last period, at the end of 2008 and 2009, namely a sharp increase.

The global financial and economic crisis was also felt in the Romanian economy in 2010 and in 2011 as well, but with a much lower intensity compared to the previous year.

A feature of the unemployment situation is its continuous increase starting with July 2008, therefore March 2010 was the 21st month of increase, which was unprecedented in the evolution of unemployment after 1989.

In conclusion, in 2010, the recorded unemployment maintained the trends shown as early as in the autumn of 2008, namely continuous increase until March 2010, when the unemployment rate began to decrease slightly. Unemployment was between acceptable limits if we take into account the economic characteristics in the context of the crisis, such trends being confirmed both by the results of the AMIGO enquiry (made by NIS – the National Institute of Statistics), and by the ILO unemployment rate (calculated using the methods of the International Labour Office), which rate had values close to those of the recorded unemployment. [7]

4. Conclusions

The negative phenomena in the economy affected have mankind ever since ancient times, and in each historic period, more or less useful methods were found to fight them. Looking back, from the perspective of the unemployment evolution, in the past three decades this phenomenon became increasingly important, due to the negative effects it involves. While 20 – 30 years ago the average unemployment rate worldwide was 2 – 3 %, it currently reaches the value of 10% or even exceeds it. For this reason, unemployment is nowadays called "massive and chronic". In Romania, at the end of 2011, the unemployment rate recorded the value of 5.12%, being 1.75 percentage points lower than the one recorded in the same period of the previous year. A decrease of this rate no matter how small is encouraging, both in terms of the national economy, and from the perspective of each individual.

Analysing the unemployment problem at national level, we can see that the year when Romania was the most affected is obviously the year of the onset of the financial crisis (2009), when the recorded unemployed number was 709383 people. In order to understand how much this value is, mention should be made of the fact that it is almost double than the value recorded two years before, in 2007. Before the economic crisis, unemployment maintained a similar level, its values fluctuating around 400000. Fortunately, from 2010, the recorded unemployed number began to decrease, reaching in the last year under analysis (2011) a level almost equal to that of 2006 (461013).

In relation to the Romanian counties, among the most affected by unemployment there are: Dolj, Prahova, Argeş, Galaţi, Iaşi, Vaslui, and Bucharest City. In the analysed period, Dolj County reached the peak value in 2009, namely 33643 recorded unemployed.

The unemployment rate in Romania had an uptrend almost every analysed year, except the period when the economic crisis emerged. Thus, starting with the end of 2008, throughout 2009 and in the first months of 2010, it grew, reaching the peak of 8.39% in March 2010. It is well-known that unemployment affects men more than women, and the men un employment rate reached the value of 5.38% at the end of 2011 compared to 4.83% recorded for the female un employment rate.

Analysing the unemployment rate on development regions, we can see that the regions that were the most affected by unemployment were South – West Oltenia, Centre and South – Muntenia.

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