

MIGRATION OF WORKING FORCE AND FINANCIAL REMITTING FROM ABOARD

Gheorghe PIRVU, Prof., PhD

University of Craiova

Ramona GRUESCU, Assoc. Prof., PhD.

University of Craiova

Keywords: circulatory migration, remissions, brain exodus, active policies.

Abstract: International migration of Romanian population represents most often the reaction of the human capital to disarticulated politics, sometimes inadequate, promoted in Romania from the first years of transition. The restructuring and privatization processes have been insufficiently sustained by response measures on the work force and in the business environment that should allow the absorption of the discharged population. The knowledge and aptitude baggage supply have partially remained unused; also an important unemployment range among the youngsters has been noticed, which proves the existent unbalance between the work demand and the economy and expectations of the available work force.

Migration is a *more and more important component* of contemporary society, a factor of market globalizations stimulation, a control instrument for the unbalances on the regional/local work markets. Work migration (associated or not to territorial mobility) is currently the most dynamic form of active potential population circulation. The Global Commission on International Migration recommends that the international migration “should become *an integrating part of national, regional and global economic increase strategies*, both in developed countries and in developing ones” (Global Commission on International Migration, 2005).

EU countries have well established migration policies supported through the national and European legal-institutional frame. In Romania, the measures taken both related to the legislation and the institutional frame have rather a reactive character, connected to the purpose of providing an adaptation to European requirements, than a projection and a national migration policy with clear objectives.

After giving up the immigration control specific to the communist period, Romania has become an extremely complex field of the immigration phenomenon. The main characteristic has been the passing from immigration of dominantly ethnic reasons, to a circular type migration, developed on short and long term, mainly by the ones interested in gaining a higher income. This is often characterized by informal or illegal actions in different stages of the migratory cycle (legal entries, followed by illegal work, illegal entries followed by submitting to the legal environment of the respective country).

The main elements that result from analyzing the issues of the work force in the context of European expansion are:

- the difference of economic development between the member states of the Union is the main engine of orientation of the migratory work force fluxes;
- due to the differences of economical development between the member states EU-27, most probably the capital export (investments) from the Western European countries will go on toward the ones from Central and Eastern Europe, because the production costs are smaller, the work force is cheaper, increasing in this way

competition on the European market;

- in the countries receiving the new investments and technologies the process of professional development will be considerably accentuated for the increase of the skill grade at the work place of the employees;
- the policies of the work force market must pay greater attention to the specific cultural particularities;
- the benefit of the new members of the Structural Fond will lead to a considerable development of the work market in these countries;
- the reduction of the economic development differences between the member states, the increase of the products competitiveness, the increase of the competition on the European market, lead to the over all increase of competitiveness of the Union's economy.

International migration of Romanian population represents most often the reaction of the human capital to disarticulated politics, sometimes inadequate, promoted in Romania from the first years of transition. The restructuring and privatization processes have been insufficiently sustained by response measures on the work force and in the business environment that should allow the absorption of the discharged population. The knowledge and aptitude baggage supply have partially remained unused; also an important unemployment range among the youngsters has been noticed, which proves the existent unbalance between the work demand and the economy and expectations of the available work force.

If in the early period of transition, the immigration issue was appreciated as an effect of abandoning political restraints and as an effect of reforms along the country, subsequently the increase of the migration phenomenon for work (legal or illegal) has determined the adoption of administrative measures and politics for this phenomenon. The studies of the Romanian specialists and especially of the foreign ones indicate a small unemployment rate in Romania, compared to that of other countries in transition that is a higher occupation rate. This phenomenon is explained as an effect of delaying the economical restructure, of the work force rigidity, that does not accomplish its allocation – reallocation function of the work force.

The external circulatory migration is a phenomenon that has registered a constant increase in Romania over the last few years. The migration characteristic in Romania have modified after 1990, crossing on the one hand to a immigration regime based mainly on ethnic criteria to one characterized by informal networks and illegal immigration, and on the other hand to a long term circulation to establishing new swinging route (circulatory migration, lucrative tourism) in the areas close to the frontiers.

Romanians migrate toward the countries of the European Union mainly through on of the following mechanisms:

- ***Permanent legal migration***, among which the migratory fluxes from Romania towards the Union countries, are bases either on obtaining an emigration visa in, the situation in which the applicants have defective skills in the receiving country, either by marrying a citizen of the European union, or as a refugee or asylum applicant for political reasons (this hasn't been the case in the last years). The work force migrating for good is usually young, with an increased creative – productive capacity. The immigration of the young people is encouraged in many of the countries of the European Union in the hope of attenuation of the demographical aging of the work force in Romania (it is appreciated a reduction of the population fit to work with 1.5 –

2.2 million persons). We estimate that on the long term this form of migration enrolls on a descending curve.

- **Legal temporary migration**, that refers to all those who leave for a limited time period on the territory of a country member of the Union: students, workers who leave based on work contracts, refugees who obtain temporary establishment in the European Union. The tendency of these form is of growing, being stimulated by the policy of the Romanian State because of its positive parts: export of potential unemployment and reducing the pressure from the national work market, the currency contribution by money transfer, individual gains substantially more superior to the incomes realized in the country, professional and managerial gains. The tendency to increase the temporary migration for work is sustained by the quality of work and the behaviour of most part of this work force in the areas in which they have developed their activities. In this way not only the employers come back the following year, but also the expansion of this employers' circle and the searched occupations come back. (Spain, Italy, Germany, France, Switzerland, Great Britain, etc)

- **Illegal transit migration**, by which people from different countries immigrate in Romania with the purpose of further immigrating to the European Union. This type of migration is specific to the illegal immigrants, that do not apply for asylum in Romania, but transit further to the Union's countries;

- **Illegal migration of the people in Romania** contains Romanians that illegally remain in a country of the EU, generally in the scope of developing lucrative activities on the black market. An important part of the circulatory migration subjects is made up of illegal immigrants that find work places on the informal work market, often in discriminatory conditions. Unfortunately, not in few cases a part of these immigrants develop activities that are at the border of legal and illegal or even integrate in the mafia networks. To the extent in which they are discovered by the police of the destination countries they are sent back in their country and lose, for a while the right to circulate in the Union's space and anywhere outside the country.

- **The circulatory migration with the help of the migratory networks**, that refer to the movement between the origin country and one or more destination countries of the persons that go to work abroad, come back and leave for work again. A new phenomenon or recruiting new temporary immigrants for work appears through relations among relatives, friendship or other relations. On the Romanian territory there are legally constituted, generally near the frontier areas, or companies for recruiting the work force that trespass the legal regulations, deceiving illegal immigrants that have signed contracts for which they have spent large amounts of money. The way to solve this difference in justice is long and expensive for the deceived.

If, until the 1990s Romania was by far an immigrating country, aside from the political and legal boundaries, after 1990, although it maintains the characteristics of an immigrating country, in the same time becomes an immigration country for persons from the former soviet space, from Asia, Near Orient, Africa.

The reverse migration, from the countries of the European Union towards Romania comes up in the following shapes: temporary legal migration of the Unions' citizens that develop lucrative activities in Romania (entrepreneurs, tourists, employees of the multinational companies) and repatriation or comeback migration, that refers to the Romanians who have established in the space of the European Union and that wish to settle in the country.

The persons who apply for work permits in Romania, who come from member states of the European Union are generally specialists, councillors that benefit of high wages, over the level of those cashed by Romanians with comparable training and aptitudes, or entrepreneurs, residents of the community space, that more often develop commercial activities promoting products from their native countries. At the opposite pole, in the activities that Romanian immigrants develop in the Union often beneficiate of wages several times reduced than those of the local workers and they use only the work capacity and the competencies for making services or produce goods that carry the mark of the destination country. Their non – participation at the national production nor promoting the Romanian products abroad can not be compensated by the remission values abroad, mainly granted to the current consume of the families and rarely to the business initiation. Their repatriation can represent an advantage by accumulating experience in the management field, of forming new behaviour, of their discipline.

The legally immigrated persons that form various reasons return into the country, are repatriated, fit into one of these categories: persons who have developed profitable activities outside Romania and come back in the country for family reasons in order to develop a business, or to pull back from the activity, beneficiating from economies for a above average level in Romania or because they are the beneficiaries of the insurance systems from the countries they have worked in; persons who have not accommodated and have not accomplished themselves on a professional level as expected, but who need support in order to reintegrate into society and can, sometimes, generate economic and social problems. The repatriated persons represent as a number an important amount from the total of the immigrants, according o the statistics reaching 85% of the year of 2000.

Together with these types of migration, whose main component is represented by repatriation, Romania is confronted with illegal immigration mainly motivated by transit, having as destination one of the developed countries of the Union and with permanent immigration, coming mainly from the citizens from of Moldavian Republic. Romania becomes in this way, through the immigration phenomena, a nourishing source for immigration toward the Union's space or outside the Union from Europe and other regions of the world.

Standing at the eastern border of the European Union, Romania is confronted with ever more important problems referring to the borders' security, completing the regulations regarding migration and country transit, inner control and adequate administration of the transit flux.

We consider that the migration issue is one of great importance, opinion justified on the one hand by the considerable differences of the life level between Romania and the developed countries, and on the other hand assuming the role of eastern frontier of the Union, close to Asia, who already has formed migration routes, adaptable to the circumstantial changes.

Romania cannot be considered a permanent source of mass migration towards the European Union. We expect that the obvious preference for immobility will intensify following the adherence to the Union, even if the benefits of the adherence will show up late. For that matter in estimating the migratory fluxes different scientist have obtained result that differ in a very small amount, even if the methods usually used are different: migration in the EU states will reach almost 3 - 4 % of the Romanian population in the course of a decade or two after the introduction of free circulation for our country. Unlike the developed European states, whose migration is net positive,

according to the comprehensive surveillance report regarding Romania, for the year of 2005, the net migration rate (immigrants number - emigrants number) was in 2004, of -0.5 at a thousand inhabitants, representing a progressive growth, in the last three years, of those leaving our country, but reported to the 1995 and 1996 when a value of -0.9 was registered, this represents an important decrease.

Compared to the population in many countries, Romania's population has a relatively reduced natural predilection towards migration. The relatively reduced mobility is determined by a series of factors:

- The first factor is represented by the important non – monetary benefits. Some people cherish their families and friendships enough so that they remain in their own country and hope for a potential higher income.

- A second factor is represented by linguistic barriers. Not everyone is willing to pay the cost of learning a new language well enough so that they can live and work in another country, even if they would benefit from higher wages. It is obvious for that matter that the different languages spoken in the EU make up an obstacle that restrains the mobility of the work force and the attenuation of salary differences between immigrants and the national population.

- The third factor is represented by the substantial differences of work force qualification. Although EU has made progress in convincing the countries to accept qualifications from other countries, the process is far from being complete. This is another considerable barrier in the way of free movement of the work force.

- The fourth factor is *communication*. The higher the communication level, the more probable the mobility. There is, also, a problem regarding *transportation*. The cheaper the transportation, the greater the movement of the work force. Unless they have free character, the transportation costs generally restrain the movement of the work force.

Temporary movements abroad followed by comebacks in the country have considerably amplified especially after 1998. The developed countries from the Western Europe seem to be the privileged destination in the process of external circulatory migration for work in Romania. Communities of clandestine Romanian migrants from France, Italy, Spain, begin to be measured in the studies dedicated to the international migration flux by the Occidental Europe. The restrictions imposed in the regime of granting of visas by these countries do not seem to discourage the migration projects and departures. The phenomenon continues its expansion in spite of that, suggesting the existence of powerful rejection factors in the origin area. Of course, often, the purpose of migration is tightly connected to money transmission. A less analyzed aspect by the Romanian economic theory is represented by money *remittances or transfers* made between destination countries and Romania, one of the most visible and measurable effects of migration, and especially, the potential of these remittances to stimulate economic development. Lastly, the change of workforce availability in Romania may induce alterations in the output structure and alter the trade terms. Available data show that migration has both positive and negative effects, both regarding mentalities and on a social level. A study of the Soros Foundation (Migration and Development) appreciates as positive effects the local economic development, stimulating the entrepreneurial spirit and increased tolerance in high migration index areas and associates the migration phenomenon with negative effects such as communities' dependence of incomes from migration, abandoned children, persons trade.

Transmitting money can have numerous advantages for development process.

Transmissions are an invaluable source of incomes and gains from currency exchanges in many countries, especially for those with constraints of foreign exchanges. Among these countries in development which confronted with persistent lack of balance of work market, work export for money transmitting can be a substantial component of development strategy. Money transmissions are, commonly, less volatile than private capital fluxes which move pro – cyclic and can even decrease during recession, helping vulnerable economies stimulation. They can also reach areas of economies and societies that remained untouched by official aid for development of private capital that came from investors abroad.

The impact of transmitting money depends in an essential manner of particular context.

This way, there are factors which shape paid amounts:

a) Characteristics of the migration person

There is a negative association between amounts paid and duration of absence, that he names “syndrome of permanent depositions”. This thing leads in an evident manner to the difference in which concerns money sent between overqualified migration persons and the less qualified ones. It is obviously the facts that, even if over qualified workers earns much, also they move permanently, to a greater extent, and often are accompanied by their families, both factors discourage money transmission. It can be observed the fact that money transmitted diminish while increases the migratory quotation with high education.

b) Macro economic factors

Meanwhile some studies suggest that levels of money transmission are connected in a positive manner with increasing in host countries, they suggest that are opposed, regarding development in host countries, it is probably that macroeconomic conditions from both categories of countries will shape financial fluxes. Living cost in receiving countries is also an important factor that affects decisions of migratory regarding money that were sent. International inquiries suggest that the same sender can reduce fluxes to destinations where living expenses is lower.

Money transmission is almost always due to members of family from house community of the migratory person, but this thing does not determine in an automatic manner increasing income for family. Money received can provoke to members of family an alteration of own life and behavior style. These represent unrealized incomes and can also represent a modality of constraint of the interest for participation on national market of work. Money sent by parents to their children that are in process of growing and education bring support to manage well at school, due to financial transmitting, which are seen as a warranty for the fact that there is a continuous flux of income in the future also. More, even work market from origin country becomes more attractive, young persons which take advantage of such financial transmitting plans to emigrate to an easier life, with high financial support.

Contrary to common confidence, those that money transmission is often spent in “unproductive” manner, money that is sent can have increasing effects, depending on the modality to spend them. If are invested, these money can contribute in a significant manner at increasing productivity. On the other side, even if they are used for consolidation of consumptions, they can generate multiple positive effects. Because families that receive money increase consumption of goods and services, such increasing request will generate working places, on basis of which, families that do not receive money can increase incomes. It is correct to consider that remittances as

representing a private source of funds for consignee. Still, goods that might be seen as consumption goods, for example food and education, can also be considered investments in development of human capital.

There are numerous investments suggesting a positive association between sent money and global investments. Recent studies showed that families that receive money spend at present moment less for consumption and more for investments – education and dwelling – than families of non-immigrants do.

Diaspora and its associated nets can serve as a potential stimulus on international fluxes of capital. As a result of their knowledge and contacts, emigrants are favoured when investing in origin country. Also, they can serve in encouraging foreign persons to invest in their origin country. This type of role can be particularly important in industries that require an increased degree of information; emigrants can receive the ability to locate rapidly foreign partners and to coordinate complex business affairs beyond cultural and linguistic limits. This is a particular challenge in advanced technology industry, in which products, markets and technologies are continuously redefined.

One of key arguments in recent points of view regarding the potential gain of brains is the argument that knowing nets of the emigrants established in developed countries transmit new ideas and technologies back to their origin country. Technological advantages can be extremely important, with a high potential of increasing economic growth, development of origin countries together with capital and human investments. Internal diffusion of ideas and technologies can have a significant impact on improvement of productivity. In developed countries, total increase of productivity is connected to the number of science persons and engineers that dispose, and of the level of expenses with research - development. With advantage offered today by communications and IT, this knowledge appears in an increasing modality capable to be delivered at distance. Existing nets are based on internet and bring forward a big number of activities, like development projects, transfers of technology, expert consultants, training courses and migration of work force, companies that are based on own formation of employees.

Cost of money transfer is important for those involved, to a greater extent they depend on origin country, destination country and amounts sent. A common problem, still, is that migrants which send relatively small amounts of money, often pay, in a disproportional way, high transfer costs, through this increasing a negative impact on own income and / or income of the addressee of transmitting money. In some cases, subscriptions gather 20% from the total of the small amount delivered.

Romania is quite far behind the most of the European Union as far as incomes of inhabitants are concerned. The enormous differences of the earnings and of life standards compared to the EU countries have generated, both on the public opinion and politic level, concern regarding the possible mass immigration in the Union's states. In this way, the national studies appreciate that, annually, the number of Romanians leaving for work for limited time periods in the member states of the European Union represent 500,000 – 600,000 thousands people. Also, the new emerged circulatory migrating fluxes show a raised sensitivity on modifying economic opportunities and the politics regulation.

With more than 15 million people between 15 – 64 years old and an integration rate in the compulsory school of 65%, Romania has both an important work potential and a competitive one, more and more appreciated on the external work markets. The major

interest in Romania is in preparing some competitive work force that can be, principally used on the internal market and then on the Union market or other markets. The human capital in Romania has proven to be competitive in high level field of science, technique and most of all informational technologies, so that we can appreciate that through its own competency level, the human capital can partly substitute the lack of financial capital.

The most often discussed *international impact of migration increase* refers to the situation when highly skilled migration has unfavorable economic effects. Lowell et al., (2004) appreciate that the risk of “brains migration” in from developing countries is a real one. Almost one of 10 adults with superior studies born in developing countries and between a third and half of the scientists and technical staff (engineers) in developing countries are currently living in developed countries.

Whether these sustained migrations of the highly skilled personnel damage the transmitting countries or not, it depends on the opinions of which of the two schools is taken into consideration. On one hand, the specialty literature in the 60's considered that we should make an impact analysis of the highly skilled personnel relating to the impact it has on the population remained in the origin country. This is an analysis which seeks to prove that by reducing the number of skilled population in a country, the brains migration automatically reduces the education level and generates a waste for those. *Skilled personnel drain* will have demolishing effects like wages decrease for the less skilled personnel and lower levels of the direct foreign investments (Page and Paza, 2005). This approach corresponds to the *pattern of endogenous increase*, where people's knowledge not only provide a direct benefit related to available abilities, but has also a positive impact on the others' productivity. If skilled people leave then the indirect benefit the economy had is eliminated. On the other hand, when the so called brains profit is higher than brains drain, the net impact upon welfare and development may be positive.

The above evidence indicates that in some cases, *migration can be favorable for human capital formation*. Some countries' governments are maybe less worried with this brains drain than literature suggests. The lack of opportunities for graduates means that migration can be perceived as a beneficial political and economic strategy. Stark (2005) claims that strategic migration policy can limit and use behavior answer for the migration notion for all the workers' welfare. We considered that emigrants can be stimulated to study abroad for *improving the quality of education and employment chances*. Not all those who migrate remain in the receiving countries for ever, nor they stay separately abroad for long periods of time. They can come back, bring the experience and entrepreneurial spirit with them.

The effects of migration are multiple, global, at the community level, national and individual. On the short and medium term, the emigration in Romania will firstly affect, from the quantity point of view, the work force and will have an influence on wages and occupation rate. Secondly it influences the work force market by modifying the regional and sector allocation of the work force and the relative distribution of production. Thirdly, according to the destination, the payments of the Romanian migrants to those in the country will influence the emigration regions. The decrease of the financial contribution by migration aside from the respective community will probably have effects at the level of public transfers. At last, the change in the work force availability in Romania can induce changes in the production structure and alter the exchange terms.

REFERENCES

1. Global Commission on International Migration, 2005 “*Migration in an interconnected world: New directions*”, www.gcim.org;
2. Lowell et al., (2004, Optimising highly skilled migration from developing countries, *Journal of Occupational Rehabilitation*, Springer Publishers);
3. Page si Paza, 2005, Migration and Economic Development: A Review of Global Evidence, *Human Movement Science*, Springer Publishers;
4. Pert Steliana, Vasile Valentina, Pavelescu Marius, Vasile Liviu (2004), *Circulation of the Work Force, Scenarios, Possible Evolutions, Economical Issues*, National Institute of Economic Research, Romanian Academy, Vol. 102-103, p.56 ISBN 973-7940-47-4;
5. Stark (The new economics of the brain drain: Mapping the gains, *World Economics*,6/2005).