

## Macrostabilization of the Migration Phenomenon

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**Abstract:** Labour migration is a present phenomenon in the European Union. This phenomenon takes over the entire European continent, but especially in the EU countries. The labor market in Europe is increasingly affected by population aging. Economic differences between European countries make workforce in developing countries to move to developed countries where they find it easier to work and receive higher remuneration than in their home countries. This article tracks labor migration from/to EU, employment in Romania and Romanian migration towards the countries of Western Europe. It also presents statistics on labor migration in the EU and its impact on the labor market.

**Keywords:** labor market, the phenomenon of migration, economic stability.

**JEL codes:** E44; J10.

### 1. Introduction

The European Union was the ideal destination for millions of immigrants over the years. The main destination countries have been and still remain highly developed countries where immigrants receive social protection, tolerance from authorities and relative understanding from resident citizens .

Due to the fact that the population of Member States recorded an aging and the birth rate is declining, legal immigrants are needed to fill certain gaps in the labor market in the EU. Most wanted are IT professionals, doctors, nurses and other health professions, as well as workers in the field of sanitation and other services that Europeans do not want to achieve and need workers from outside the borders . But labor coming from outside the EU is not always desired by some social circles of interest, such as right-wing extremists and Christian fundamentalists .

In recent years, state budgets in Europe are no longer able to care for the poor strata of society and provides fewer benefits and grants. The state does not invest much in education and quality health care. For example, in Greece, the government austerity measures arouse dissatisfaction of broad categories of citizens. Essentially the state restructuration occurs, where the big losers are the poorest Europeans. This restructuring, which emerged from the recent economic crisis, is growing the gap between rich and poor, but affects the poor most because their benefits and social assistance are reduced, while they are the less guilty of decline in the economic sphere .

Migration plays a decisive role in the development of the society but the negative effects are particularly severe for countries of origin where control and efficient management of migration are not even tried out.

Currently, the number of states that are at the same time countries of emigration and immigration is rising. Therefore, under the logic that states with large numbers of immigrants have become destination countries, the Czech Republic, Poland, Hungary and Romania will get themselves, some faster and some slower, states that receive immigrants, this time by sourcing from Asia, Middle East and Africa. Now the EU take a more restrictive policy on immigrants. This position is supported by several reasons: pressure from the population to the authorities of the Member States regarding the limitation of immigrants, particularly of unskilled labor, the problems of uncontrolled growth of illegal migration, destabilization of the labor market and more recently financial crisis that affected all states.

Migration of labor under market economy conditions has become one of the solutions for solving many problems we have in society under current circumstances. In the country of origin migration is determined by internal factors : *the desire of the citizen* who is in a downturn to live better, not having other choice but to sell their labor for a proper remuneration.

The labor force usually moves from countries with labor excess or unable to capitalize existing human resources to countries with insufficient manpower. The developed countries are in direct competition to attract qualified human capital, launching several programs and strategies attractive to these persons .

European Union labor mobility portal provides constantly about 1.2 million jobs, of which about 815,000 only in Germany and the UK. Most are looking for specialists in computer engineering and science, most jobs being found in Germany (31100), UK (8600) and Sweden (2500). Regarding the origin of those who sought jobs through EURES, the Spanish ranks first, followed by Italians and Poles. These immigrants prefer to find a job in Germany, Austria, Britain or Sweden - countries that have been less hit by the economic crisis.

The European Commission maintains a balance on the labor market, because with no migration of workers, both within the EU and outside it, the economies of the Member States can not maintain the level of development they currently have. On the other hand, migration means an important element in ensuring the development of any state due to remittances, access to new technologies and a society where work is really appreciated. A new mindset is achieved when work is decent and conscientious met, assessed and paid at fair value.

Germany and Austria are the countries most desired by migrants from the EU. However, one can not overlook that Germany recorded in 2010 the lowest unemployment rate in 18 years, a low unemployment rate meaning a high deficit of workers. However, the two countries will not give up strict rules for Eastern Europeans who want to work in these countries because a large influx of workers would destabilize the local labor market. It is downward pressures on wages and grievances of local people who would see their jobs filled by foreigners.

Development and wage gaps between economies in Eastern Europe and those in Central and Western Europe remain evident, which means that Germany and Austria are likely to attract labor from Eastern Europe. Companies in several sectors of the German economy are experiencing a shortage of labor. Telecommunications and information technology industry already needs skilled workers. Forecasts show that the most required services will be in hotels and staff to care for the elderly.

Therefore, the effects of labor migration in Europe are very complex, related both to the economic aspect, as well as demographics. We believe that the future will bring a new expansion and new Member States will still be the main suppliers of labor within the Community.

In the years ahead, migration will play a growing role, producing positive financial, economic, social, cultural and political effects. For this reason, the acceptance of new workers comes as a means of supporting economic growth and social security systems and pension schemes will be a perpetual concern for the European Union. Ensuring freedom of movement of persons, in particular workers, but also maintaining a good level of security at borders presents clear advantages for both EU Member States and a constant worry for the potential risks and threats that migrants may bring.

## **2. Migration activity**

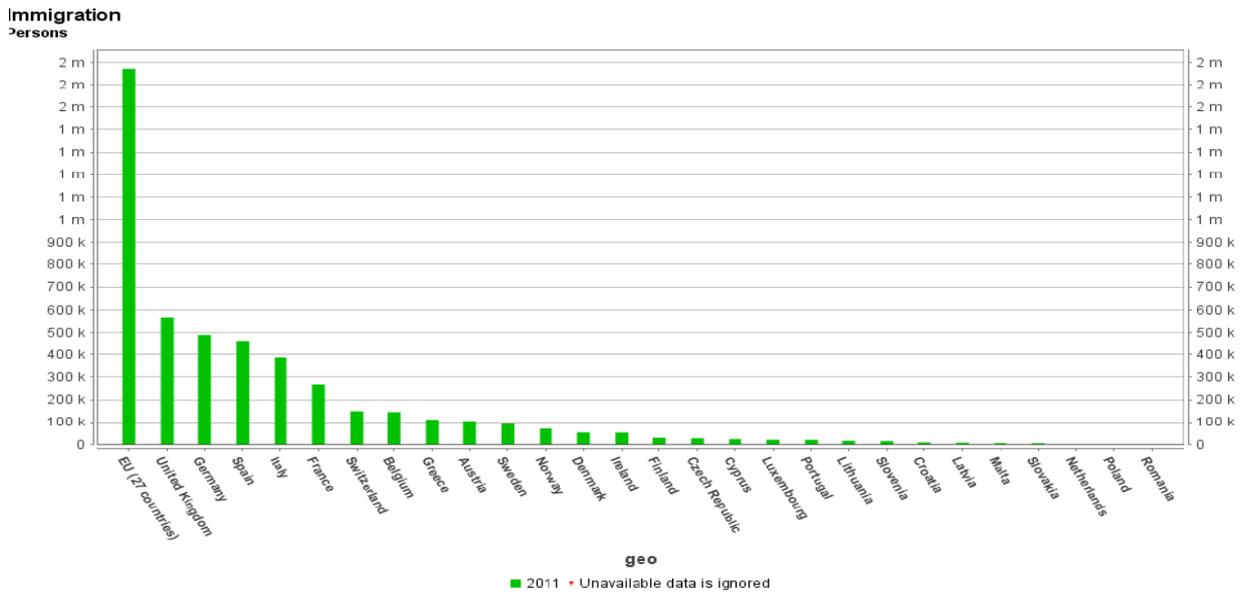
On January 1, 2007 in the EU27, there were about 27 million people resident without citizenship of host state. As a percentage, 92.5% were in the EU15 and 7.5% were in the 12 Member States that had joined the EU in 2004 and 2007. At that time, nearly 74.9% of all foreigners (20.8 million people) were in 5 EU countries: 7.3 million foreigners were registered in Germany, 4 million in Spain, 3, 5 million in France, about 3.4 million in the UK and 2.7 million in Italy.

In 2007, foreigners (immigrants from EU countries outside the EU) represented 5.64% of the total EU population. This average includes a variety of representation of foreigners in the EU27 Member States: 38.2% of the population in Luxembourg, 20% in Latvia, 18% in Estonia, 9.8% in Austria, 9% in Spain, 8.9 % in Germany, 8.5% in Belgium, 8% in Greece and 7.3% in Ireland, between 5.3% and 5.6% of their population in Sweden, France and the United Kingdom, Italy 4.5%. The new Member States had insignificant shares of foreign citizens. For example, the Slovak Republic has made 0.47% foreigners, Romania 0.12% or Bulgaria 0.34%. It should be noted that in a large number of countries the vast majority (over 50%) of non-citizens came from another EU country.

On 1 January 2012, in EU member states (EU-27) there were 20.2 million foreigners living, the figure representing 4.1% of the EU-27. In addition, at the same time, there were living in EU also 12.3 million people with citizenship of another Member State.

In 2011, about 3.0 million people have immigrated to one of the EU Member States and at least 1.9 million people have migrated from an EU Member State.

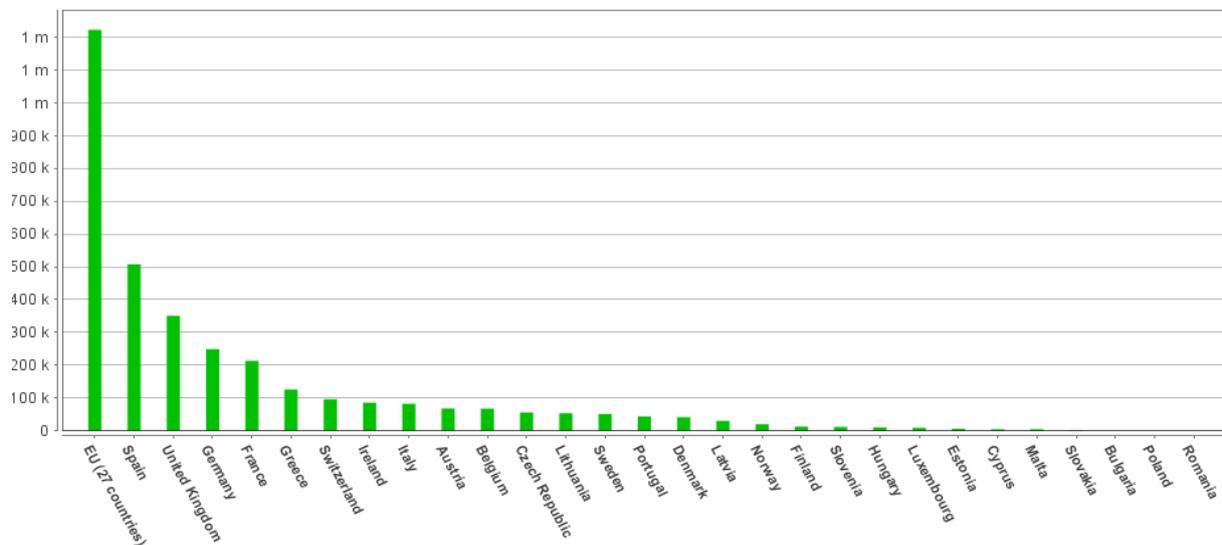
In the year 2011, immigration reached 1.7 million people in the EU. To these are added the 1.3 million people who were already within an EU state. UK reported the largest number of immigrants (566 044) in 2011, followed by Germany (489 422), Spain (457.649) and Italy (385.793), the four countries together representing 60.3% of all immigrants (see Figure 1).



Source: Eurostat

Figure 1. The total number of immigrants in 2011

Regarding migrants in the same year, Spain reported 507 742 people, England - 350 703, Germany - 249 045, and France 213 367 people. Other EU member states have rather reported immigration trends: Bulgaria, Czech Republic, Ireland, Greece, Poland and Romania.



Source: Eurostat

Figure 2. The total number of emigrants in 2011

In 2011, the majority of EU Member States recorded a greater number of immigrants than emigrants. Only in Ireland, Malta, Estonia, Lithuania and Latvia the number of emigrants exceeded the number of immigrants.

In relation to the size of the resident population in 2011 Luxembourg recorded the largest number of immigrants (immigrants 38 to 1000 inhabitants), followed by Cyprus (26), Slovenia (15) and Malta (13); also immigration was high in the EFTA countries, exceeding the EU average of 6.1 immigrants per 1 000 inhabitants.

Among the EU Member States in 2011 Luxembourg (20 emigrants per 1000 people), Lithuania (18 migrants per 1,000 people) and Malta (16 per 1000) reported the highest rate of emigration, these rates being exceeded by Iceland, where nearly 29 residents at 1000 inhabitants emigrated.

Of all immigrants in EU Member States in 2011, 18% were citizens of the country of destination, 31 % were citizens of another EU Member State, and 51% were citizens of countries outside the EU. The largest relative share of persons having the nationality of the country of destination in the total number of immigrants was recorded in Lithuania (74 %) and Portugal (56%). Meanwhile, Spain, Luxembourg, Slovakia, Italy, Hungary and Slovenia have reported relatively small shares, people with citizenship of the country of destination being less than 10% of the total number of immigrants.

Regarding gender distribution of immigrants, there was a slight prevalence of men towards women for immigration in the EU, 52% to 48%. Slovenia has the highest proportion of male immigrants, 76%, while the country where the highest proportion of female immigrants was 58% of Cyprus.

Immigrants in the EU Member States had an average age much lower than the population of the country of destination. On 1 January 2011, the median age of the population of the EU-27 was 40.9 years. The median age of immigrants vary from 24.9 years (in Portugal) and 33.7 years (Latvia).

### 3. Influences on labor market

Human capital (skilled labor force) is one of the main resources, developed countries facing excessive demand for skilled workers that can not be covered by domestic labor formed by the national education system .

Developing countries are highly competitive in terms of attracting highly skilled labor to cover the gap. Unlike North America, Australia and New Zealand , Europe does not have a specific position on the international labor market for highly skilled workers .

International migration can contribute to economic growth in the European Union as a whole, while ensuring resources to migrants and their countries of origin and thus participating in the development. This phenomenon can be a chance, because it is a factor of human and economic exchanges and also because it allows people to realize their aspirations. Migration management is required so as to take account of Europe's reception capacity in terms of labor market, housing facilities, health services, educational and social risk and protection of migrants against exploitation by criminal networks .

In many developed countries, migration growth exceeds natural increase, and this is causing intervention of policy makers, governments of the respective states to regulate and control the number of immigrants.

Projections for emigration of citizens from the new Member States are influenced by many factors: *economic needs* (low wages, high unemployment, declining industries, specific regulation of labor markets), the general desire to *improve the standard of living* and *ensure a better future* for family / kids. While economic motivations remain essential for most workers from the new Member States who emigrated to the EU-27, the importance of motivation to improve social or professional status vary significantly among them.

Regarding the impact on labor markets in countries of origin, the literature highlights the *negative effects* through changes in the size and structure of the labor force by education level, and *positive effects* by reducing pressure from high unemployment rates, respectively low employment.

Migration is a complex process with multiple and varied effects not only at Community level. One of the most visible effects, with great impact on migration flows is the evolution of the labor market.

Labour migration has not only negative effects; positive effects are beneficial for both countries of origin and those of destination. Between the two groups there is a dissemination of knowledge and modern methods of working. Experiences with positive effects on subsequent development of individuals are gained.

In the EU there were approximately 20.2 million third-country nationals in 2011, accounting for about 4% of the total EU population (502.5 million) and 9.4% of migrants around the world, estimated to as 214 million .

For countries of origin there are positive effects of migration on social protection primarily by reducing unemployment and creating a balance in the labor market resulting in increased wages. Labor deficit reduction is achieved by hiring workers from Moldova, Bulgaria, Pakistan ,India, China and Turkey, countries with low living standards, which get higher wages than in their home country, according to the education, skills and their respect for the work. Romanian employers get to even motivate acceptance of foreign workers instead of unemployed Romanian for their lower financial claims. They are content with salaries of up to 1000 lei, 50% less than required by Romanians. With these wages, plus other expenses (accommodation, medical care, transportation, food) an employer can gain compared to paying a Romanian worker.

Another advantage of hiring this category of workers is that, having contracts for periods longer than one year, they can not move to other companies or leave the country. Impediments to employment of foreign workers are to grant them legal status and the existence of strong cultural differences between nations.

An advantage for countries of origin is also the cash flow from foreign migrants (even if most of it is intended for immediate consumption), growth factor that contributes to reducing the pressure on the current account deficit and balance of payments thereof. Two thirds of the money sent home come from Romanians left to work in Italy and Spain.

Remittances from abroad have immediate effect of increasing the quality of life of households and migrant families. Romania ranks tenth in the world in a ranking of remittances by the World Bank, and in second place in the EU.

The positive effects of economic growth come from the fact that some of the revenue from emigrants is saved in the banking system.

Temporary exportation of labor has been shown to be more effective than foreign investment. In case of bankruptcy or downsizing firms, labor is oriented towards low-paid jobs, but stable, becoming "saviors" of the system and factors of economic stabilization.

Leadership experience and improved qualifications acquired by repatriated groups also contribute to economic growth of the country. These transfer know-how and high standards, being able to become employers for some of their peers. Companies have found that their experience is more useful than foreign employees who were transferred to the destination countries for a lot of money.

In order to prevent emigration of specialists, reducing effects on technological development, there are methods to motivate the creation of networks between them and those in other countries.

Wage increase moderation in recent years, evident not only in Romania, confirms the temptation of reducing labor costs. At lower population incomes, consumption also reduces and to the diminished demand the seller cheapens their products, either goods or services. The so-called "economies of scale" as the fixed costs are divided by a larger number of goods and services sold, the productivity increases.

For the economic development in the country of origin, migrants may use their skills by encouraging circular migration. Circular migration would reduce the outflow of "brains" because the absence would be temporary and would offer rewards for returning home when

no longer stay in the destination country. For destination countries there are favorable effects on economic growth.

Immigrants are a well-trained workforce capable of high performance. They will also cover well paid economy fields where there is no interest in domestic workers, even in a high unemployment or due to lack of qualified personnel in these areas. The existence of a diverse workforce offer determines employers to choose the most suitable people in terms of qualification and skills for positions. Also there is now the possibility of expanding their business by creating new jobs. Migrant workers can put into practice the knowledge acquired in the homeland, getting to be rewarded appropriately for their qualification. Many citizens who emigrated implement their business ideas establishing their companies and creating jobs for both countrymen and citizens of other states. In some countries, almost half of the growth is due to immigrants.

Destination countries often facilitate access to the labor market for highly qualified labor force with positive effects on economic efficiency, GDP growth and improving living standards.

The existence of circular migration in the destination country would respond to concerns about migrants who are permanently staying and provide an alternative to its complete liberalization.

In the current crisis situation migration could be a solution, its absence doing nothing but deepen further the economic deficit of the respective countries.

### 3. Conclusions

At international level, labor migration is an important phenomenon especially for countries in Eastern Europe, developing countries, where it can help to reduce poverty and may increase investment in human capital. Migration has a significant impact in developed countries, which are in constant competition to attract well trained immigrants, in order to cover their economic needs.

The current global crisis is creating difficulties for all countries, including EU countries and the unemployment registers significant increases. To overcome this challenge the EU needs to be united and strong. The measures adopted include the maintenance jobs for citizens of EU Member States

The migration of labor determines the unemployment rate for people with primary and secondary education to decrease. This may be due to additional investments in education made by remaining individuals to improve employment prospects, as well as the loss of part of this category of labor through migration, being willing to accept jobs rejected by the natives of the host country due to wage differences (possibility of obtaining a higher salary at the destination).

Investing in people, by increasing labor training, retraining and reorientation according to the existing demand and anticipated labor market plays an important role in the development of our country, but it is also important to correlate migration policies with demographic, educational, health, social and economical strategies.

Certainly Romania's economic development and improved quality of life in Romania is a prerequisite for transformation of permanent migration in temporary migration.

On the other hand, the demographic outlook of the phenomenon reveals a reality whose results we are going to feel strongly in the long run. Much of the population decline is due to migration and an overview of the future of the country's population shows that once fertile population is leaving Romania, accounting for over half of the population migrating, children that could have been born in the country are lost, in the context of a still extremely low natural growth in Romania, reaching an absolutely negative record last year.

Analyzing the long-term economy, we can correlate the massive migration of young people and especially those with higher education with a small economy, unable to generate enough jobs and adequate remuneration. Young people with the greatest potential in economic development, which could help create jobs through business development and could make significant contributions in all areas of public interest - health, education, engineering, business, public administration - choose to emigrate, thus losing all the benefits that might have an impact on the country of their work.

Losses are not only of economic but also of intellectual and scientific order, given the contributions they may have in research, innovation and increasing civic engagement and empowerment.

Romania is among the countries most affected by the phenomenon of population aging. In 2010 the median age of the Romanian population was 38.3 years, close to the EU average, which was estimated at 40.9 years.

It is expected that over the next 50 years there will be a strong demographic transformation of sustainability in European countries. Maintaining current demographic policies and migration will lead to a permanent transfer in young population migrations from Eastern Europe and beyond towards western Europe.

In other countries, amid negative migration balance and hence a negative natural increase, there is a transfer of demographic dependency towards eastern states located on the border of the European Union to the north (Latvia, Lithuania, Estonia), center (Poland, Slovakia, Romania) and to south (Bulgaria, Greece).

In 2060, the demographic dependency is expected to increase to 64.8%, Romania having the second highest rate of dependence, after Latvia (68%).

In conclusion, Romania should be to develop a strategy aimed at streamlining the entire working population, targeting population left to work abroad as well. The purpose of this strategy should be to stimulate active population (especially those well trained) to remain in the country or return to the country, given that many young people tend to leave the country.

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