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INTERNAL MIGRATION IN ROMANIA AFTER THE DECLINE OF COMMUNIST REGIME

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1. Introduction

Since the fall of communism, Romania has seen a considerable increase in migration flows both outward and within national borders. Regarding the internal mobility, you can distinguish two different trends: until 1997 the largest number of displacements took place from rural to urban areas; from 1997 onwards, there is a reversal of the previous trend, in fact the urban areas turned into departure areas, while the rural areas into destination of these flows.

In the first part of this work will provide a brief overview of major scientific contributions from the economic literature about these migration patterns. Then the attention will focus on the analysis of the evolution of flows over time (from 1991 to 2007) to identify the major drivers. Finally, we will conduct a study on the structural characteristics of these migrants with the intent to obtain information on the rationale behind the migration process.

2. Theoretical framework

The first models that attempted to explain the migration patterns were significantly influenced by gravity patterns made famous by Ravenstein and Newton. According to these models, migration between a designated place and another are positively affected by repulsive factors and attractive forces and negatively influenced by the distance between the two places.

Stouffer (1940), has extended these models, arguing that migration on a given distance is directly proportional to the number of opportunities for that distance and inversely proportional to the number of other possible alternative destinations between i and j.

The gravity models are simple to estimate, but the two components that consider the distance between the places and people, are inadequate to explain the migratory behavior. At this regards, up to Lee (1966) both departure place and destination have peculiarities that can attract or repel migrants. Obviously the perception of the features, already mentioned above, differs depending on the types of migrants that we want to consider.

From 1950 onwards are mainly economic models that provide to an explanation of migration. The model of Lewis (1954), among others, is a model that analyzes the development of an economy in which there are two segment, a traditional agricultural sector, characterized by wages at the subsistence level, labor surplus and low productivity; and a modern industrial sector characterized (initially) by higher wages than the agricultural one, with higher marginal productivity and an insufficient labor supply. In this model the mobility from traditional to modern sector shows a redistributive dynamic, since such movements could be considered the only way to cover the shortage of labor that characterizes the industry.

We can say, therefore, that migration can be assimilate to the so-called "job application" that comes from industry, instead of being determined by wage differentials between the two sectors, given the assumption – up to the model mentioned above – that the wage would not be changed.

To conclude the theoretical framework is necessary to mention the model proposed by Harris and Todaro (1970), which, in our view, seems to call into question the assertions made years earlier by Lewis. In fact, according to these authors, the process of migration from the countryside to cities persist in spite of high levels of unemployment. This model postulates, in fact, that an individual decides to leave the country if and only if he can expect material advantage by his transfer.

Obviously, those who decide to migrate do so after considering the various job opportunities offered by the market, both in urban and rural, and choose the job opportunities that maximize the expected gains. The latter are equal to the difference between real income obtained by urban and rural employment and depends mainly on the chance of the migrant to obtain employment in urban centers.

This pattern, however, does not fit seem to be applicable to developing countries since they are characterized by still high unemployment rates. In these situations, an individual who decides to migrate to an urban center cannot be certain to get quickly a better paid job, and he, in fact, compare on one hand the opportunities and risks of becoming unemployed or underemployed for a certain period of time and on the other hand the real wage gap between urban wages and rural wages.

So, is possible to define rational the decision to emigrate if the expected urban income is estimated to be higher than rural incomes. As postulated by Todaro, the rural-urban migration does not seem to match the urban and rural wages - a situation, this, found in a competitive model - on the contrary should be considered an equilibrating force that equals the expected urban and rural incomes in the presence of unemployment.

We conclude that the Todaro model relates to the internal mobility is characterized by the following features:
- Migration is primarily determined by economic considerations based on a comparison of costs and benefits either financial and psychological;
- The decision to migrate depends on the expected wage differential that arises from the interaction of two variables, the current differential between urban wages and agricultural income and employment opportunities in the urban sector;
- The probability of obtaining an urban job is positively correlated with the rate of urban employment.

3. Economic Indicators

Internal mobility in Romania has always existed even though over the years two different dynamics were added and intertwined. The early nineties were dominated by the presence of migration from rural areas whose final destination is urban; from 1997 onwards, the direction changes because urban areas attending a mass exodus of the population toward rural areas. This reversal of trend is so clearly evident looking at the figure one, which shows that the mobility versus the city has suffered a sharp fall in a very limited period of time, going from 45% to less than 6% .

On the contrary, mobility versus rural - almost non-existent in the early years of transition - has grown gradually to match up the other type of flow (making zero balance), and then overcome it and keep for the following years an upward trend.

Fig. 1 – Evolution of internal mobility in Romania: 1990-2007
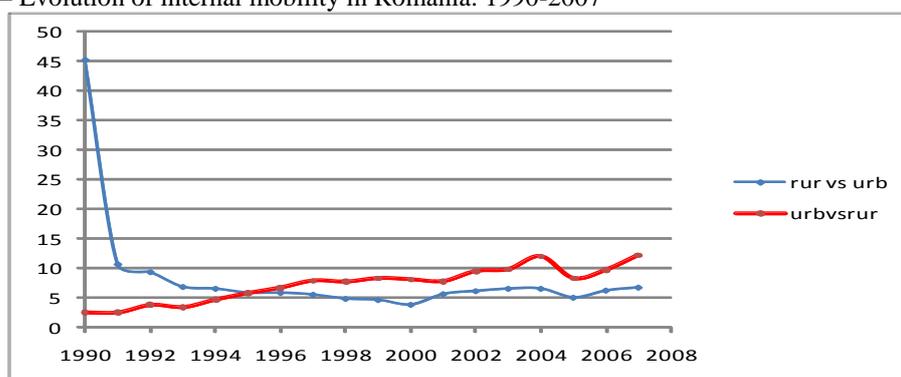
Source: personal data processing from INSS database.

The increase of internal mobility is almost surely be blamed for several effects arising from political and socio-economic changes involving the entire nation after the implosion of the Ceausescu regime that has governed uninterruptedly for nearly fifty years. Policy reforms needed to establish a free and democratic, but especially economic, state essential for the transition from Soviet-style planned economy to a free market, caused the collapse of all productive sectors of national economy.

Tab. 1 – Economic indicators: 1991-1999[*] and 2000-2007[**]

YEARS	GDP (billion of *lei*)	GDP Index Numbers	GDP per capita (thousand of *lei*)	GDP per capita Index Numbers	Inflation (in %)	Unemployment Rate (in %)
1991	2.203,90	87,1	95,1	87,2	270,2	3
1992	6.029,20	79,4	264,6	80,9	310,4	8,2
1993	20.035,70	80,6	880,5	82,3	356,1	10,4
1994	49.773,20	83,8	2.189,7	85,6	236,7	10,9
1995	72.135,50	89,8	3.180,4	91,9	132,3	9,5
1996	108.919,60	93,4	4.817,8	95,8	138,8	6,6
1997	252.925,70	87,7	11.218,2	90,2	254,8	8,9
1998	371.193,80	83,5	16.495,4	86,1	159,1	10,4
1999	545.730,20	98,8	24.300,0	99,0	145,8	11,8
2000	800.308,10	101,0	35.672,0	101,3	145,7	10,5
2001	116.768,70	105,7	5.210,9	105,9	134,5	8,8
2002	152.017,00	111,2	6.974,9	114,4	122,5	8,4
2003	197.427,60	105,2	9.084,0	105,5	115,3	7,4
2004	247.368,00	114,2	11.413,5	114,8	111,9	6,3
2005	288.954,60	118,9	13.362,8	119,9	109	5,9
2006	344.650,60	128,3	15.967,6	129,5	106,56	5,2
2007	412.761,50	136,3	19.164,7	137,9	104,84	4,0

*From 1991 to 1999 has been used Methodology SEC 1979. About I.N. has been used the following parameters: 1990=100 for the period 1991-'98; 1998=100 for the period 1999-2000; 2000=100 for the period 2001-'02; 2002=100 for the period 2003-'07.

*From 2000 to 2007 has been used Methodology SEC 1995. About I.N. has been used the following parameters: 1990=100 for the period 1991-'98; 1998=100 for the period 1999-2000; 2000=100 for the period 2001-'02; 2002=100 for the period 2003-'07.

Source: personal data processing from INSS database.

The data in table one highlights the evolution of key economic indicators, in particular, show how they have suffered because of political, social and finally economic changes.

After the collapse of the communist regime, both nationally and per capita GDP have been an obvious stop. This decrease was slowly passed since, very quickly, the GDP started growing again. A major cause for concern but also curiosities are: the unemployment rate and the inflation. Regarding the former, it should be noticed that until the early nineties it had a level equal to that defined natural or full employment. The unemployment rate from 1992 until 1999, when it reached its maximum point, has grown showing a trend almost constant. From 1999 onwards, although still alarming levels of unemployment, the situation has gradually improved since the portion of the unemployed population decreased prominently.

Finally, as regards to the trend of inflation rates recorded in the time frame analyzed, we can say that in the early years of transition, the general price level was very high, in fact, in 1991 stood at 270.2 %, and continued to growth uninterrupted until 1993, reaching even the 356.1% and then fall, after many oscillations, in the period from 1994 to 2007 with a value of 104.84%. Obviously these high rates of inflation, together with the problem of unemployment have done nothing but cause further erosion of the purchasing power of the Romanian population that is facing a state of extreme distress despite the innumerable efforts of implementing new policies deemed necessary to revive a country whose economic and social policies are still just adequate.

4. The structural characteristics of migrants

The change in mobility flows - noted above - is even more interesting if we look at the detail of the age groups[1] in order to understand differences in behavior. This analysis is even more interesting if we compare three years that seems to be crucial for understanding the dynamics that have affected these populations.

Fig. 2 – Internal mobility to and from urban and rural areas, in 1991.
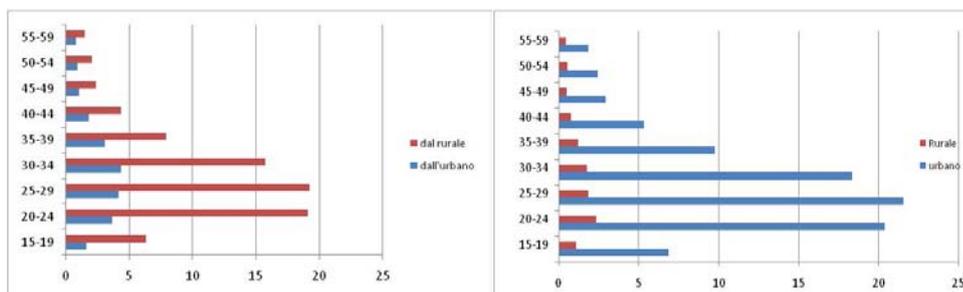
Source: personal data processing from INSS database.

By focusing on 1991, when flows - mainly from rural areas - with urban expressway are still substantial (despite the problems that emerged following the collapse of the regime) we can observed how are just the age groups taken into account having a considerable impact on internal mobility. However, most weight is concentrated in the range of 20-39 years, in our view, for many reasons: they are those most at risk because they have a higher propensity to move; have higher chances of finding a job; have a strong capacity adaptation to what are the needs of the labor market.

Fig. 3 – Internal mobility to and from urban and rural areas, in 1997.
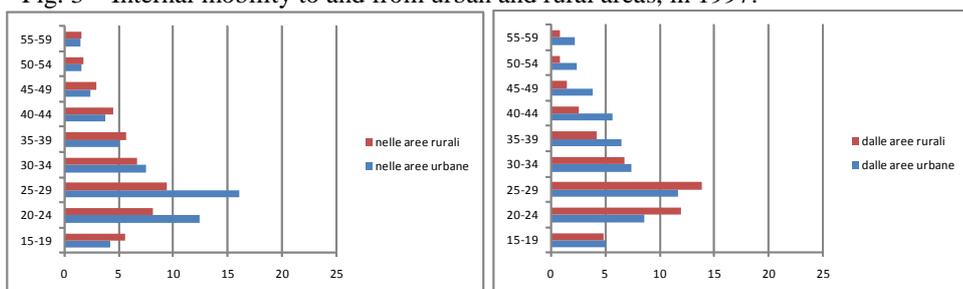
Source: personal data processing from INSS database.

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[1] We would like to stress that the age groups taken into account are the individuals of working age between 15 and 59 years.

The year 1997 represents the turning of internal migration, where you can highlight the first major changes that have occurred since 1995.

As can be seen from the graph for all age groups there is an initial tendency to shift toward rural areas. The result of this exodus can be addressed to several factors, especially socio-economic, that affected the Romanian society as a whole after the year 1989. These factors are: the deterioration of living conditions in urban areas; the emergence and spread of unemployment (a phenomenon which until 1990 had a rate of 3%); low wage levels; the erosion of purchasing power caused by runaway inflation and difficult to control and, finally, the explosion of prices for the real estate market (Ghetau, 2005).

The categories most affected by this type of change are those who had initially moved to urban areas as a result of massive industrialization and suffered the first effects of the collapse of the same process of industrialization. In addition, the group considered includes those who have had to go to cities because of the collectivization process implemented by the regime - for the establishment of agricultural cooperatives - which resulted into the loss of property rights on land; they, as a result of the implementation of Land Reform (18/1991) which has disrupted agricultural cooperatives − features of the Soviet-style planned economy − could regain land stolen.

Looking at the details of the age groups we can say that, overall, those who show a greater tendency to migrate are, again, young people in the age group 20-39 years, but unlike 1990, where the propensity to migrate was much more pronounced with a single and predominant rural-urban direction, in 1997 mobility is smaller and the flows in both directions nearly cancel each other. It remains, however, more pronounced the destination of rural areas, for the reasons stated above.

Fig. 4 – Internal mobility to and from urban and rural areas, in 2007.
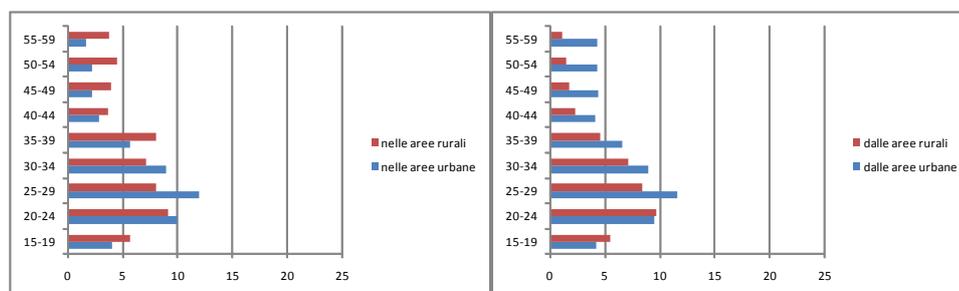
Source: personal data processing from INSS database.

In 2007 the situation of internal mobility has a dual character as either the urban-rural direction and the opposite dominate the Romanian context. Young people (20-39) seem keep to prefer the urban destinations, while for the age groups from 40 years the situation is different, even compared to the past. The latter prefer to go to the countryside (see Fig.4) and it is clear that we could define it as a process of counter-urbanization typical of more developed countries to which Romania seems to have approached, particularly since the beginning of convergence required for entry into the European Union.

5. Final Remarks

Romania, as EU member state from 2007 receives a number of economic support whose primary objective is to foster improved conditions for growth (not strictly in the economic sense) and employment. The new Cohesion Policy (2007-2013) provides for the establishment of three goals within which financial resources are allocated. In this context, the territory of Romania is eligible to be objective convergence, because the Romanian GDP per capita is lower than 75% of the average of EU countries. Obviously, convergence is not intended only at a national level - differences between individual regions - but also with a view of approaching development standards of other EU countries.

In relation to internal mobility observed in recent years, one could contemplate that a determinant role is also due to policies implemented by the European Union and provision of resources "cascade" resulting from the Structural Funds, which aimed to the development of rural and agricultural area. Such incentives seems to give to these areas an increasingly important role - depriving them of the simplistic sense that until recently was assigned to them - becoming progressively engine of economic development for the entire nation.

The question we ask is if the internal mobility, drained by EU funding, is limited to this period of "convergence" or is doomed to remain in the medium-long term. If so, in the near future one could observe a further rise of urban-rural flows, to benefit the overall development of a nation still in transition, like Romania, that has all the requirements to reach or even exceed, levels of economic growth of the countries of Western Europe. Where, however, these flows were determined solely by the progressive deterioration of living standards in urban and metropolitan, so the EU policies may be considered as being inadequate.

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