Explaining Romanian Labor Migration: From Development Gaps to Development Trajectories

Sabina Stan and Roland Erne

aDublin City University, Dublin, Ireland; bUniversity College Dublin, Dublin, Ireland)

Received; accepted

Abstract
Whereas migration scholars often neglect the national and transnational relations of production and exchange within which labor migration occurs, international political economists tend to treat labor migration as a mere side effect of transnational capitalism. By contrast, this paper considers the constitutive role that post-socialist transformations and EU integration played in shaping the various patterns of intra-European east–west labor migration since 1989. We argue that labor migration was not driven by development differentials between the west and the east as such, but rather by the particular type of development the latter adopted after the fall of communist regimes and by the way post-socialist countries were integrated in transnational circuits of production and exchange. We are sustaining our claims by a comparative assessment across time of the articulations between the different modes of production and different labor migration patterns during different stages of Romania’s post-socialist transformation. This historical comparison enables us to insulate the influence of changing levels of development and modes of production on labor migration because our focus on a single country is keeping the influence of other national institutional factors constant.

Keywords: migrant workers; development; production regimes; employment structures; EU; post-socialism; Romania;

Sabina Stan
sabina.stan@dcu.ie,
School of Nursing and Human Sciences
Dublin City University
Dublin 9, Ireland
Introduction

Neoliberal and critical accounts of global capitalism see international labor migration as a side effect of the uneven development upon which neoliberal capitalism thrives. This approach was also applied to understanding east–west labor migration following the last two waves of European enlargement. Some scholars, however, have invited us to see migration not only as a secondary consequence of current globalization, but also as one of its constitutive processes. This is because migration is at the heart of both spatial differentiations resulting from uneven development and of the new ways in which unevenly developed locations are linked in the globalised world.

A careful assessment of the links between, on the one hand, migration and, on the other, Europeanization and globalization therefore depends not only on identifying development differentials as such, but also on the specific development trajectories in time and space in departure countries as well as the links they forge with receiving ones. This article attempts to approach migration from such a perspective, by trying to elucidate the link between east–west migration and the modes of development in which East European countries engaged after 1989. In this it takes inspiration from both studies of migration and studies of post-socialist transformations that have placed uneven development and class inequalities at the centre of their analyses.

In the last decade, several studies of the “new” European migration have tried to assess its consequences for the EU’s polity, economy and society. Thus, on the one hand, they tried to make sense of the factors triggering migration by looking at the sets of motivations that pushed Eastern European workers into leaving their countries of origin, but also, more largely, at the role migrant networks played in the spatial and chronological unfolding of the migratory process. On the other hand, some studies also took into account structural factors in receiving countries, by looking at the barriers and openings offered by
the host countries’ immigration policies, but also at the consequences that east–west migration has had on labor markets and citizenship as well as on migrants’ identities and sense of belonging. This article offers a complementary approach to these studies by looking at the role played by post-socialist transformations of production regimes, and the particular modes of development that resulted from them, in the specific shape taken by east–west migration at different points of time. By doing this, the paper seeks to push our understanding of east–west migration beyond the specification of a series of discrete factors and into the consideration of the broader context of how migration articulates with larger and more fundamental processes of capitalist accumulation.

Critical political economists of Central and Eastern Europe (CEE) saw east–west migration as a response to Europe’s uneven development, and particularly to the reproduction of an east–west developmental divide after the fall of communist regimes. The case of Romania, however, will help us highlighting a revealing paradox. Although nowadays Romanian migration in Europe is second in numbers only to that of Poland, reaching estimates of around three million people (or 15% of its current population), its unfolding into a mass phenomenon did not follow an increase of its development differentials with western Europe. Indeed, its intensification took place not during the 1990s, when Romania passed through a serious economic recession, but only after 2000, when the country entered a phase of sustained economic growth.

Hence, we have chosen the Romanian case also because a comparative historical research design that is based on comparisons across time within the same national system can produce reliable and original results that are complementary to the findings of classical country-by-country comparative studies. Certainly, national institutional contexts vary considerably across CEE. Moreover, Romania cannot be neatly placed within varieties of capitalism typologies. But precisely for this reason Romania is an interesting case. The
changing patterns of the production regime during the different stages of Romania’s post-socialist development provides us with a quasi experimental research design that allows us to study the articulations between the different modes of development and different labor migration patterns across time while keeping the influence of other institutional factors constant.

This paper thus argues that the analysis of intra-European migration has to take into account not only uneven development, but also to the particular form that development took in CEE countries and the way they were integrated in European and global transnational networks of production and exchange. In the case of Romania, as we will try to show, the thorough post-socialist transformation of the country led in the 2000s to an economic boom the success of which relied on a combination of real estate and financial speculation, household, business and public debt, and export-oriented manufacturing in both light and heavy industries. Although contributing to sustain a growing, internationally-oriented upper and middle class, this mode of development did not manage to offer the larger masses of workers viable alternatives to migration.

As Castles shows, most policy approaches to migration rest on the assumption that migration is fuelled by development differentials between departure and destination countries, and that increased development serves to curb migration flows. Current consensus among migration scholars shows nevertheless that increased development brings more mobility, not less. This is because the “increased economic resources and improved communications that development brings make it easier for people to seek opportunities elsewhere.” Given that, in order to migrate, migrants need a series of material, information and social resources, as well as new aspirations, it follows that a certain level of development is needed to generate them. This seems to be confirmed also for Romanian migration, where studies have shown that Romanian migrants have typically had secondary-
level education (rather than primary-level) and come from localities better rather than less connected to modern infrastructure.\textsuperscript{18}

The link between increased development and migration made above rests nevertheless on an implicit assumption as to the positive consequences of development for the wellbeing of the local population. As Troc has shown in his study of migration from a southern Romanian micro-region, development may well occur but not for the benefit of the local population.\textsuperscript{19} In this case, increased social and economic inequalities, together with the development of migration networks and more open borders in destination countries, may be the more powerful engines of out-migration, rather than absolute increases in the resources available to potential migrants. Moreover, as Saskia Sassen invited us to do, we need also to consider as possibly important factors in the outset of migration the links between sending and receiving countries resulting from globalization, and, for CEE countries, Europeanization (such as links forged through FDI and off-shoring and their impact on the local population, or active recruitment by employers in receiving countries).\textsuperscript{20} It follows that in order to understand how migration is generated we need to dwell not only on development differentials, but also on the specificity of the sending country’s integration in the global and European system and its consequences for the local population. Our paper tries to make a similar argument as that developed by Gabriel Troc, by looking at the type of development Romania embraced after 1989 and at its consequences for the lives and mobility of the Romanian population.

**Explaining Romanian labor migration: from development gaps to development trajectories**

Since the mid 2000s, Romanian migration has acquired a leading place among the recent waves of east–west European migration. Second in numbers only to Polish migration, it is currently estimated at around 2.7 million people around Europe.\textsuperscript{21} Indeed, as we can see in
Figure 1, the recorded stocks of Romanian nationals in the current 21 OECD EU countries rose rapidly after 2002, reaching heights of over 1.5 million after 2007.

(Figure 1)

As Romania is, together with Bulgaria, among the poorest EU countries, Romanian migration fits well with the image of it being a response to uneven European development and particularly to the reproduction of east–west development divides after the fall of communist regimes. As Figure 2 shows, throughout the 1990s and 2000s, Romania displayed an important and constant gap in GDP per capita in comparison with the EU 27 average.

(Figure 2)

This gap does not, however, explain why Romanian migration took the specific form it followed during the last two decades. Indeed, Figures 1 and 3 show us that Romanian out-migration intensified not during the dark recessionary years of the 1990s, but during the 2000s, a period when Romania displayed sustained economic and wage growth, and started to be heralded as a “Balkan Tiger” developmental model.

(Figure 3)

Many migration analysts would rightly point to the important role played by two very important factors in the unfolding of this particular timeline: 1) the development of migration networks, a process which by definition takes time; and, as important, 2) the barriers and openings offered by the host countries’ immigration policies. In fact, Romanian citizens were barred free access to most EU-15 countries until 2002, when they were offered visa-free access to Schengen countries. Their freedom of movement was further enlarged after the country’s accession to the EU in 2007. After this date, Romania’s citizens were allowed to travel freely, although their access to the labor market was still restricted in most EU-15 countries. To these factors that aim to explain Romanian migration to Western Europe, this
article adds the significance of the particular type of development that Romania drifted into after 1989.

Work on post-socialist transformations from a critical political economy perspective has shown that after 1989 Central and Eastern European countries embarked on an “internationalized growth model” of development that has not managed to erase internal social inequalities and regional disparities, or development gaps vis-à-vis the West.24 The process of integration into Euro-Atlantic structures took place under the guidance of a series of western states and international organizations (World Bank, IMF, EU, USAID, etc.) that have all too often sought, and managed, with the help of CEE elites, to impose on these countries neo-liberal policies.25 This move was seen by some analysts as reflecting the neo-colonial integration of the region as a newly re-created (semi-)periphery of western capitalist countries, and particularly the EU.26 The main agenda of this integration has been to tap into the industrial capacities, labor pool and potential market demand of these countries rather than to diminish the social, regional and international inequalities that were affecting them.

The fall of the communist regime was followed by a large-scale economic collapse across the region that was seen as reflecting an involutionary mode of development in which the economy fed on itself without further development of productive forces.27 Reflecting this retrenchment, at the beginning of the 1990s CEE countries “specialised in labour-intensive, resource-intensive and energy intensive exports of a limited range of products, typical of less developed countries”.28 Following the European free trade agreements at the beginning of the decade, their trade was reoriented towards EU member states, with CEE countries “exporting labour-intensive goods such as textile, cloth and leather products, fuel, basic chemicals and metals (...) in exchange for consumer goods from the EU.29”

After the mid 1990s, however, pathways of industrial development diverged; with Central European countries (Poland, Hungary, the Czech Republic and Slovakia) being more
rapidly integrated than South-Eastern European countries (Bulgaria and Romania) into European production networks through FDIs and outsourcing. The result was that the former started to close the product quality gap with EU countries, whereas the latter still lagged behind as they remained caught in the low-quality product trap of low-quality and resource-intensive manufactures. These differences do not overcome, however, the fact that all over CEE, the development of capitalism since 1990 has been uneven (by displaying both pockets of innovation and considerable destruction of socialist industrial capacities) and combined (by being integrated into the global economy in terms of trade, investment, and financial flows). Moreover, after 2006, the process of convergence between the more “advanced” CEE countries and Western Europe “has tended to level off, leaving a very significant development gap between the former state socialist world and the rest of the EU.”

The east–west developmental gap and the particular developmental pathway that CEE countries embarked on after 1989 had a definite role to play in the unfolding of east–west migration. Interestingly, the fact that two countries at both ends of CEE’s developmental continuum, namely Poland and Romania, have supplied the two most important migrant groups in Europe shows that migration is linked not only to developmental gaps but also to the specificity of development modes.

**Socialist development legacies**

In its over 40 years of existence, Romania’s communist regime sought to pull the country out of its largely agrarian economy through a process of industrialization and modernization that also aimed to create the working class the regime needed as its social basis. At the beginning of the 1960s, the collectivization of agriculture was declared to be accomplished, and large parts of the rural population were thus freed up for industrial employment. The latter was becoming increasingly available during the rapid industrialization that took place in the next two decades. Thus, to Romania’s historical integration into the world economy as a
peripheral society\textsuperscript{33} the communist regime responded with the adoption of a model of accelerated development centered on heavy industry and the production of capital rather than consumer goods.\textsuperscript{34} Industrialization did not, however, manage to absorb the available rural work force entirely. Moreover, neither did the regime want nor have the means to engage in rapid urbanization.\textsuperscript{35} As a result, the 1980s saw Romanian employment almost equally divided among agriculture, industry and services. In the same period, around half of the population still lived in the countryside, where many households combined work by male commuters (\textit{navetişti}) in nearby industrial centers with work by female and older cooperative members in local agricultural cooperatives.

The opening up of the country during the 1960s also resulted in Romania’s further integration into the global economy.\textsuperscript{36} FDIs were invited into the country since the end of the 1960s and during the 1970s the Romanian government borrowed heavily from the IMF to fund technological imports.\textsuperscript{37} It also actively tried to forge economic links with friendly countries in Africa and the Middle East with a view to get cheaper access to energy resources.\textsuperscript{38}

The regime’s initial modernization drive was, however, reversed during the 1980s. The decade saw a noxious combination of rising economic constraints following from the exhaustion of Romania’s energy-intensive heavy-industry mode of development, the global recession of the early 1980s and Romania’s soaring international debt.\textsuperscript{39} As a result, Ceauşescu’s decision to enhance Romania’s autonomy vis-à-vis the vagaries of the global market by paying off all of its international debt led to severe cuts in investment in all economic sectors and the public infrastructure.\textsuperscript{40} Whereas the IMF could not praise Ceauşescu’s austerity policies enough,\textsuperscript{41} the outcome was the rapid de-modernization of industrial and agricultural production and severe drops in the living and working conditions of the population. Cuts in electricity and fuel supplies and shortages of goods constrained
both production and the daily lives of Romanians. This drastically diminished the regime’s legitimacy and thus prepared the mass revolts that were to spell its final demise.

**The 1990s’: economic implosion and exploratory migration**

The fall of the communist regime in December 1989 brought to power during the next year’s first free elections the social-democratic government of FDSN (*Frontul Democratic al Salvării Naționale*, National Democratic Salvation Front) and its leader, Ion Iliescu, as Romania’s president. Both the party (later renamed FSN) and Iliescu were re-elected to power during the 1992 election. During their seven-year rule, Romania adopted a cautious, gradualist engagement with structural adjustment programs now being swiftly implemented in other CEE countries. This was because, during the first years of “transition”, the FDSN/FSN privileged managerial change over the radical transformation of property relations but also because Romanian working class mobilizations prevented the party from adopting more radical reforms. The reforms sought to maintain state control over the industrial core of the economy, while also divesting the state of the necessity to support what were seen as the more marginal sectors of agriculture and services.

Despite its gradual nature, the reforms led to important upheavals in the country’s economic structure. The abolishment of central planning gave autonomy to state companies but also severed the links to their previously secure input suppliers and output buyers. This was only enhanced by the dissolution of the Comecom 1991 and the loss of Romania’s previous markets in the Middle East and Africa. The fall of the regime was thus followed by a first recession (1990-1992), during which Romania’s GDP and industrial production rapidly contracted. Moreover, company level autonomy translated into a massive wave of dismissals and thus a rapid drop in industrial employment. In turn, agricultural employment started to rise, after the 1991 land reform law returned the land of the communist agricultural cooperatives to its former owners respectively their heirs. Small subsistence farming became
a safety valve for unemployed industrial workers. In a swift move, industry and agriculture swapped places in terms of their contribution to total employment: between 1990 and 1993, industry’s share dropped from 37% to 30%, whereas agriculture’s share rose from 28% to 36% (See Figure 4).

(Figure 4)

Romania’s performance started to improve after 1993, as GDP levels rose again, and industrial employment seemed to stabilize between 1993 and 1996. However, despite its gradualist reforms, by now Romania was already firmly re-plugged into global economic circuits. Indeed, in 1991 the country sought its first post-1989 IMF loan and signed its first agreement with the European Union, and in 1995 it formally applied for membership in the EU.47 By 1995, more than half of Romania’s trade was with the EU.48

In the first few years after 1989, the pent-up migration potential accumulated during the 1980s was released through large waves of permanent emigration, mostly of ethnic extraction, among the German, Hungarian and Jewish minorities.49 Romanian migration in the next two decades would be, however, majorly not permanent, but temporary, as it would start to increasingly affect the Romanian ethnic majority.50 It is thus on temporary labor migration that we concentrate our analysis in this article. Interestingly, however, even if during the 1990–1995 period both GDP and real earnings plunged (see Figure 3) as a result of lay-offs and rampant inflation,51 temporary migration displayed very modest annual rates of below five per thousand inhabitants.52 During this period, the first four temporary migration destinations were Israel, Turkey, Hungary and Italy (in this order), thus displaying a strong regional component.

If migration was more urban than rural (59% as compared to 41% of migrants53), migration from rural regions was concentrated in more developed villages.54 In these villages, industrial restructuring led to many villagers losing their navetişti status, while their previous
industrial employment also made them better provided in the material and social resources
necessary for out-migration than the inhabitants of more isolated, less developed villages.
The importance of a previous trajectory in industrial employment to migration is also
confirmed by the fact that in this period migrants were predominantly middle-aged (80% were in the 30 to 54 age bracket), male (88%), married (88%), and had vocational or high
school education (78%).

After 1996, the newly elected right-wing CDR (Convenția Democratică din România,
Romanian Democratic Convention) decided to reverse Romania’s gradualist reform approach
and push the country into a forceful program of structural adjustment. This also implied the
radical change of property relations by accelerating and extending the privatization of state
companies. This led to a second recession (1997-2000) in which the fall in industrial
production and privatizations resulted in a new drop in industrial employment. The latter fell
by 27% between 1996 and 2000, reaching a record low of 23% of total employment in the
latter year.

In fact, even if now privatizations started to attract FDIs, these were still too low to
stimulate employment growth. Once again therefore, agriculture absorbed large parts of
industrial unemployment. As more and more urban unemployed and (early) retired
employees took refuge on their inherited plot of land in the countryside, urban–rural flows’
rapid increase led to the latter overtaking rural–urban ones in 1997. Subsistence agriculture
thus became a “parking” strategy for both navetiști and returning city dwellers waiting for
opportunities to engage in better-paid jobs. At the beginning of the 2000s, Romania presented
the ironic figure of a population pushed back by a decade of post-socialist transformations
into subsistence agriculture: in 2001, agriculture accounted for 41% of total employment, 1.7
times more than the share of industry.
The second half of the 1990s also witnessed a new decline in the purchasing power and living standards of the Romanian population. Massive lay-offs and inflation continued to erode incomes, with the average monthly net wage in Romania decreasing from 187 Euro in 1989 to 107 in 2000.$^{60}$ As a result, poverty rates increased from 20% in 1996 to 36% in 2000.$^{61}$ This was also due to the fact that paid employment has been continuously eroded since the change of regime. As 2.4 million jobs were lost during the 1990s, the proportion of people in paid employment in the total population dropped from 34% in 1989 to 20% in 2000.$^{62}$ A consequence of the rapid de-industrialization affecting Romania in the 1990s, this decrease was accompanied by the rise of precarious forms of employment (in particular self-employment and family work) fuelled by the rising importance of subsistence agriculture in Romania’s employment structure. As Figure 5 shows, at the beginning of the 2000s, self-employment and family work accounted for 40% of Romania’s total employment!

(Figure 5)

As a result, in the period 1997-2001, temporary migration increased, reaching annual peaks of 6-7 per thousand inhabitants in some years (see Figure 3). Its main destinations were now (in this order) Italy, Israel, Spain and Turkey, reflecting the country’s trade reorientation from the Near- and Middle-East to southern Europe. By now, the composition of Romanian migration also started to change, as migrants were increasingly rural (48% of the total), young (24% of them were in the 15-29 age bracket) and not married (19%). Tellingly, secondary-level education continued to be paramount, as it was 1.7 times larger among migrants (79%), than in the Romanian population in the 15-64 age bracket (45%).$^{63}$

Migrants also continued to have higher than average incomes and to come predominantly from more rather than less developed areas.$^{64}$ A community census carried out in Romanian villages in December 2001 found that villages with higher migration densities had larger proportions of young and educated people, as well as of navetiști and former city
dwellers, and were located closer to cities and modern roads.\textsuperscript{65} Rural out-migration was therefore mainly the enterprise of those who were already better connected to the larger Romanian economy and its urban areas, and who have converted internal migration into external (circular) migration experience.\textsuperscript{66} At the end of the 1990s Romanian out-migration thus seemed to feed on 1) the still important, but diminishing medium-qualified workforce of urban workers and rural \textit{navetişti} who had already started to experience migration at the beginning of the decade,\textsuperscript{67} and 2) a rising, new generation of young educated migrants whose social background may also have been linked to the social reproduction of the cultural and social capital of former \textit{navetişti} and urban industrial workers.

The Balkan Tiger: towards a new employment structure and … an out-migration country

The tide of recession was reversed only after 2000. In 2000, the social-democratic PSD (\textit{Partidul Social Democrat}, Social Democratic Party, a direct successor of the FSN) won the legislative, and its leader, Ion Iliescu, the presidential election. The PSD continued CDR’s structural adjustment policies and overtly manifested its commitment towards the EU accession process. These efforts were rewarded in 2004 by Romania’s membership in NATO, although at the time the country was still deemed as not ready to join the EU with the first wave of Eastern enlargement.

The 2004 elections brought to power the right-wing DA alliance (\textit{Dreptate şi Adevăr}, Justice and Truth) of PD (\textit{Partidul Democrat}, Democratic Party) and PNL (\textit{Partidul Naţional Liberal}, National Liberal Party), as well as the PD’s leader, Traian Băsescu, as Romania’s president. The PD-PNL legislature (2004-2008) oversaw the country’s entry into the EU in 2007 and continued to enjoy the period of steady GDP growth started in 2000 (see Figure 3).

It was after 2000 that Romanian governments (including social-democratic ones) more clearly abandoned the 1990s’ vision of managerial change while in the same time committing
more openly to an export-oriented development model based on integration in transnational production chains. During the 2000s, economic growth, the mastery of inflation and the prospect and then reality of EU accession improved Romania’s business environment. Between 2000 and 2006 FDI levels rose sharply, bringing Romania into second position among Central and Eastern European countries (after Poland) in terms of the absolute value of FDIs (see Figure 6).

(Figure 6)

The 2000s therefore witnessed an important reconfiguration of the Romanian industrial landscape. At beginning of the new millennium, a series of investments in automotive, electrical and metallurgical industries, mostly through privatizations of state companies, such as Dacia (now Renault) or the steel mills in Galați and Hunedoara (now ArcelorMittal), started, albeit timidly, to push Romania’s industry towards a more diversified production pattern, with exports of machinery and transport equipment accounting after 2003 for most of the growth in bilateral manufacturing trade with the EU.

Thus, Romania started to approach a pattern of development similar to that of CEE countries such as Poland, Slovakia, or the Czech Republic. This pattern seeks to avoid the low-quality trap by engaging in export-oriented production of a wider range of new, differentiated products based on higher technology. This was not to come, however, too quickly or too surely for Romania. Thus, whereas the share of human-capital intensive exports doubled between 1995 and 2006, reaching 31% of total exports to the EU, and resource-intensive exports to the EU declined from 28% in 1995 to 11% in 2006, the share of labor-intensive products accounted for 58% of total exports to the EU in both 1995 and 2006.

The still strong orientation of Romania’s industry towards low-wage, labor-intensive production sectors was also reflected in its employment structure. Thus, in the first half of the
2000s, not only did Romania still display an overly big agricultural sector, but its industrial workforce was to be importantly found in light industries such as garment and leather (see Figure 7). Tellingly, even when garment and leather employment started to decline after 2004, it still remained the single biggest industrial employment sector of the country. Thus, during the 2000s, Romania’s contribution to transnationalized production was more in blue-collar jobs in the textile, automotive and metallurgical industries, than in of white collar jobs, such as those in IT.

(Figure 7)

Romania’s industrial development in the 2000s was prepared by a decade of post-socialist transformation. Figure 7 shows us that the 1990s have led to the considerable contraction of Romania’s formerly traditional heavy and light industries (machinery and equipment, chemicals, construction materials, metallurgy, but also textiles). During the 2000s, employment in these sectors generally stabilized, but was superseded by the maintenance and growth of a number of light industries (garment and leather, food and beverages, electrical, transport, and wood processing) that have been restructured along new modes of integration into global commodity chains.

A sign of a new type of economy, FDIs to Romania’s services overcame by mid 2000s those to its manufacturing industries, as investment into financial services, trade and real estate soared. During the 2000s, the rapid spread of retail chains in large and medium-size cities served to change consumption patterns and urban landscapes, while also importantly fuelling internal consumption of mostly imported goods. This was compounded by increased disposable income resulting from increasing net wage levels, the introduction by the PNL–PDL government in 2005 of a flat tax of 16%, the exuberant promotion of cheap credit in foreign currencies, as well as increased remittances send by migrants back home. The move to a service economy was thus on its way, albeit again at a slower pace. In 2004,
Romania still displayed an economic structure that was at odds with western European “service economies”, in as much as the contribution to its GDP of its agricultural and industrial sectors as compared to the service sector was still significantly higher than in the rest of the EU (raising to respectively 13%, 47% and 49% as compared to 2%, 27% and 71% for the Eurozone).  

The development of retail trade led to a growth in service sector employment at the expense of agricultural employment, which now started, for the first time since 1989, to drop in both absolute and relative terms. In 2008, agriculture’s share in employment reached a record low of 28%, while services reached 48%.  

Increases in net wages following from Romania’s economic growth were, however, modest, given that their starting point was very low. Only in 2005 did the net average wage manage to reach, for the first time since the fall of the communist regime, its 1989 level of 199 Euro. Average gross earnings increased from 428 Euro in 2007 to 500 in 2008. This growth was nevertheless not able to compensate for the large wage differentials that still persisted between Romania and other European countries, its citizens’ growing expectations or again the dire work conditions that prevailed in the country. Indeed, although the gap in GDP per capita between Romania and the EU-27 average fell from a ratio of 1:11 in 2000 to a ratio of 1:4 in 2008, it still remained considerable.  

The fact that economic growth translated in only very meager gains for Romania’s working classes reflected the feeble position of workers and limited legitimacy of unions in Romanian society after a decade of sustained political, ideological, social and economic attacks. The outcome of these attacks had already become visible at the end of the 1990s, when unions’ sustained resistance to further economic liberalization did not manage to prevent the increasingly free-market oriented course that Romania’s development started to take. It is in fact during this period that the EU integration process put the country on the
path to competitive corporatism with the introduction of social dialogue institutions in Romania as early as 1997, and the later adoption, at the beginning of the 2000s of the first “social agreements” between employers, trade unions and the government. Although Romanian unions continued to play a major role in the struggle for better working and employment conditions, during the Balkan Tiger years they would also be co-opted into building an export-oriented economy relying on FDIs rather than domestic capital.

The decreased power of labor in Romanian society was reflected also in the fact that, in 2005, the proportion of total gross remuneration gained in formal employment in Romania’s GDP was only half of the EU average (24%, as compared to 50%), indicating that a relatively larger share went to profits. Even at the height of the Balkan Tiger period, Romania had one of the highest in-work poverty risks in Europe, namely 16% in 2008, and displayed a gross national income (in PPS) and a hourly gross wage (in Euro) at only a fraction of the EU-15 averages (35% in 2007 and 10% in 2006, respectively). As a result, post-socialist transformations also led to increased income inequality: in 2008, almost half of employees earned wages below 65% of the national average, as compared to only 20% in 1989. In 2008, Romania had the second highest income inequality rates (after Latvia), with an income quintile share ratio (80S/20S) of 7.04 as compared to an EU-27 average of 4.95.

Depressed wage levels were accompanied by the continued importance of non-conventional forms of employment, and this despite decreases in agricultural employment after 2000. In 2002, Romania’s total employment comprised 18% self-employed and around 11% contributing family workers; this means that almost 30% of Romanian employment took non-conventional, precarious forms. In 2007, the percentage of formal employees engaged in quasi-formal employment (i.e. being paid an additional undeclared wage in addition to the declared one) was highest in Romania of all EU-27 countries, and stood at 23% (as compared to a EU-27 average of only 5%). In the same year, undeclared (envelope) wages constituted
70% of gross income of employees that received such payments, again placing Romania at the top of EU-27 rates (as compared to an average of 43% for EU-27).\textsuperscript{91}

Thus, during the Balkan Tiger years, the country’s new pattern of development offered only very partial solutions to the former employees of its restructured socialist industries or to the new, young generations of workers. This pattern included a still important reliance on the agricultural sector and on low wage, feminised industries, such as garment and leather, which offered only very precarious forms of employments. Moreover, after 2000 the strain on social and healthcare services started to be felt, as they came under renewed pressure for privatization and marketization. Even during the Balkan Tiger years, Romania’s public social expenditure and healthcare expenditure in particular continued to be kept at levels significantly lower than corresponding EU averages (see Figure 8 for the latter).

(Figure 8)

In this context, after 2000 migration accelerated to rates that were between 1.5 and 4 times higher than in the preceding period. As we have already seen, movement across European borders was facilitated after 2002, when Romanians were allowed to enter the EU’s Schengen area without a visa. Working abroad became a mass phenomenon, with temporary migration rates reaching levels between 10 and 28 per thousand inhabitants per year.\textsuperscript{92} Interestingly, Romanian migration now became more focused, as it concentrated on two main destination countries, Italy (50% of Romanian labor migrants in 2006) and Spain (24%).\textsuperscript{93} It also became increasingly female (44%), younger (48% of them were in the 15-29 age-bracket), not married (31%) and with only primary education\textsuperscript{94} (16%). This indicates that migration entered a process of reproduction, as it was taken over by younger generations. The higher presence of less educated migrants highlights also the spreading of migration projects into the social fabric of Romanian society beyond the former nucleus of navet şi and their descendants.
As a result of the opening up of Romania’s agriculture to world markets, and the resultant widening price differential between local production costs and world market prices of agricultural products, the rural population became a major player of Romania’s outmigration after 2000, providing 49% of temporary migration in 2006. This reflected a significant erosion of formal employment in the countryside: in 2006, only a quarter of the rural employed were paid employees (26%), and almost two thirds were either self-employed (39%) or unpaid family workers (34%). Moreover, for both rural and urban Romanian workers, wage differentials played an important role. In 2006, whereas in Romania the net average salary was 200 Euro per month, in the same period in Italy migrants could earn between 800 and 1400 Euro and send back home between 400 and 800 Euro.

After Romania’s integration into the EU in 2007, migration continued apace despite economic growth and wage increases. In 2007, some analysts estimated the number of Romanians abroad at 2 million, with an additional segment of 300,000–500,000 migrants displaying high instability and short periods of staying abroad. The official World Bank estimate for 2010 raised the number of Romanian migrants to 2.77 million, or 13% of the total population.

Between 2004 and 2007, 2.5% of Romania’s working-age population have had moved to other EU Member States. In 2007, 19% of all recent working-age migrants in the EU27 were Romanians, the second highest figure after Polish migrants (26%). Romanians represented 72% of all working-age migrants in Italy, 59% in Spain, 11% in Austria, 4% in France, 4% in Germany, and 2% in Ireland.

**The crisis: declining social citizenship**

The 2008 elections brought a great coalition between the democrats (as newly renamed PDL, *Partidul Democrat-Liberal*, Democratic Liberal Party) and PSD to power. A year later this coalition collapsed again and presidential elections reaffirmed Băsescu as Romania’s
This victory nevertheless confronted the parties with a completely different economic landscape than the previous Balkan Tiger one. The global financial crisis fully hit the country as Romania’s GDP fell by 6.6% in 2009 and 1.6% in 2010. In 2009, a new PDL government sought the “help” of international financial organizations and obtained total financial package from the IMF, EU and the World Bank of 19.95 billion Euro. Conceding to pressures from its international lenders, the government announced in the same year headcount cuts of 30% of the public sector workforce, drastic reductions (of 25%) in the earnings of the remaining public sector workers, as well as a 15% reduction in most social transfers and a 5% VAT increase from 19 to 24.

The crisis also reverberated in private sector companies. Thus, even if in 2008 some multinationals (Ford, Nokia) still followed upon their previous decisions to invest in Romania, after the onset of the crisis several others (such as Kraft Foods, Colgate-Palmolive, Coca Cola, Nokia) decided to relocate some or all of their Romanian subsidiaries in other countries in a move to consolidate their production in response to the crisis. In parallel, the new IMF agreement also resulted in a new push to privatize Romania’s last companies in which the state managed to retain some control, namely in transport and communications (TAROM, CFR Marfa, Poșta Română), but also, very importantly, in the energy and natural resources sectors (Transelectrica, Transgaz, Cupru Min). In addition, the government entered into several long-term concession contracts with North American energy and mining multinationals, although not without contestation, threatening to push Romania along an environmentally questionable path of resource exploitation.

Lay-offs in industry, construction and commerce totaled around 315,000 employees at the end of 2009. As a result, by 2010, unemployment levels rose to 7.3% from a low of 5.8% in 2008 and living standards in Romania started to decrease once more. In 2010, Romania’s GDP per capita in PPS was the second lowest, after Bulgaria, in the EU, standing
at 45% of the EU-27 average.\textsuperscript{107} The rate of growth of the net average salary in the economy fell from 23% in 2008 to 7.7% in 2009 and 1.8% in 2010.\textsuperscript{108} In the face of wage cuts and the depreciation of the national currency, average gross earnings in the Romanian economy fell from an equivalent of 500 Euro per month in 2008 to the equivalent of 380 Euro in September 2009.\textsuperscript{109} According to the Romanian labor inspectorate 13% of almost 5 million Romanian workers in formal employment earned on the 30 March 2012 only the monthly minimum wage of 700 Lei per month (152 Euro).\textsuperscript{110} If we take into account the 2.2 million people working in unpaid subsistence farming,\textsuperscript{111} we see that more than a third of Romania’s working population earns a minimum wage that is even below Chinese minimum wages standards,\textsuperscript{112} or even no wage at all.

In addition, in summer 2010 the PDL government enacted, without any parliamentary debate, a new Social Dialogue Law, followed in March 2011 by a new Labor Code. As elsewhere\textsuperscript{113}, these changes resulted from concerted EU and IMF interventions that aimed at further flexibilizing Romania’s labor market by making it easier to dismiss workers, by extending the probation period and by introducing very flexible conditions with respect to working time.\textsuperscript{114} They also sought to marginalize unions by abolishing the legal basis for national collective agreements and by making it much more difficult to get union recognition at company level.\textsuperscript{115}

At the same time, 2011 saw the reform of the social security system, resulting in a reduction in social security expenditure. The latter was already low by European standards in 2010, rising to only 2.9% of GDP as compared to an EU average of 5%.\textsuperscript{116} Continuing the tradition of low healthcare expenditure rates, the government also sought to further restrain access to the public healthcare system by closing and amalgamating many local hospitals following the adoption of a new healthcare law in 2011. An attempt at the beginning of 2012 to pass a bill that would have thoroughly privatized Romania’s healthcare system was
nevertheless cut short by a wave of mass protests, which finally led to two government upheavals. The last one, in May 2012, brought the social democratic PSD in alliance with the liberal PNL party back into government. In June 2012 the new government proposed a new draft of the healthcare bill that was very similar to the previous one. Nevertheless, the PSD-PNL led Social Liberal Union (Uniunea Social Liberală, USL) was able to celebrate a landslide victory in the legislative elections of December 2012.

Although in 2011 Romania registered a growth of 2.2% of its GDP, the prospects for the country and its migrants are not rosy. Most of the growth was due to a good harvest in agriculture and to some traditional industrial sectors (such as automotive) in which production levels could be maintained. Some evidence points to a significant wave of return migrants to Romania. In 2010, President Băsescu nevertheless congratulated migrants for their leaving the country, and thus relieving the burden put by the crisis on Romania’s safety net.

Whereas the proportion of self-employed and contributing family workers started to grow once again in 2010, the proportion of employees in total employment dropped to 68%. A study commissioned by the National Trade Union Confederation (BNS) found that in 2011 almost half of Romania’s workforce (44.6%) was employed in precarious, informal forms of employment.

Having used the crisis to push even further the privatization of social and healthcare services and to further flexibilize the labor market, Romania’s governments have contributed to entrenching a noxious model of development that depends to too great extent on low-cost precarious employment. Therefore, Romanian migration to Western Europe seems to have an assured future, at least in the short and medium term.

Conclusions
This review of Romania’s postsocialist development trajectory helps us understand the temporal unfolding of post-socialist Romanian migration in the context of the country’s integration into global networks of production and exchange. It shows that Romania’s postsocialist integration into global capitalism was relatively slow during the 1990s, but accelerated in the following decade. The transnationalization of the economy led in the 2000s to a pattern of development that combined over-reliance on non-capitalist informal sectors (subsistence agriculture) and low-wage industries (garment industry) with pockets of technology-intensive manufacturing (automotive, electronics and metallurgical industries). The first two did not manage to offer a sustainable alternative to the large masses of impoverished workers, but neither did the latter manage to rise above numerically limited solutions to Romania’s demand for decent employment. In this development pattern, and especially during the 1990s, the social reproduction of Romanian workers was sustained by the private appropriation of collectively owned resources from socialist times (among which the mass distribution of collectivized agricultural land, but also the mass distributed vouchers of the first company privatizations) rather than the payment of adequate wages.

During the 2000s, the country witnessed a certain degree of convergence with central European development pathways, but internal social inequalities increased while subsistence agriculture became less and less of a viable parking strategy for Romania’s workers. Drawing on the migration networks built during the 1990s and taking advantage of the new freedom of mobility in the EU’s Schengen area after 2002, in 2000s increasing numbers of Romanian workers had recourse to migration as a response to limited opportunities for decent employment and social mobility. An individual coping solution to the social problems engendered by post-socialist transformations, migration spread during this period to the larger fabric of Romania’s society, and went from a predominance of middle-aged, male, better educated, urban workers and rural navetişti, to include women as well as younger, less
well educated, urban and rural dwellers. It also took on, through remittances, some of subsistence agriculture’s role of ensuring the reproduction of the labor force left behind in Romania, and thus served as a safety valve for potential social tensions.124

The take-off of Romanian migration during the 1990s and its rapid increase during the 2000s do, however, beg for a more thorough examination of its relation with Romania’s integration into global circuits of production and exchange, and particularly with the links forged between Romania and other locations as a result of this integration.125 We have seen that the most important category to migrate during the 1990s consisted of urban workers, rural navetişti and their descendants, who were also the main victims of the policies of liberalization and disinvestment that marked that decade. It is noteworthy, though, that Romania’s integration in the 1990s was realized mostly through trade rather than through transnational circuits of production, and that, in this trade-driven integration in the European and global market, Romania occupied a peripheral position. This was also reflected in migration destinations, which all belonged to the periphery rather than the core of the European economy: the first four main destination countries between 1990 and 1995 were Hungary, Italy, Israel and Turkey, and between 1996 and 2001 Italy, Spain, Israel and Turkey.

Romanian migration during the 1990s thus reflected the marginal integration of Romania during the decade, and built heavily, at least at the beginning, on the previous, socialist integration of the country in regional production and exchange circuits. Indeed, the variety of links at the basis of Romanian migration to these countries included both those inherited from socialism (such as state-controlled work migration to construction sites in the Middle East,126 suitcase trade to Hungary, or refugee migration to Italy127 developed during the last two decades of socialism) and new ones forged immediately after the collapse of the regime (suitcase trade to Turkey, active recruitment by informal head-hunters for the Italian
construction and refurbishing market). Thus, the fact that during the 1990s Romanians had recourse to mainly informal, undeclared migration reflected not only a continuation of informal survival strategies prevalent during socialism, but also the continuing integration of the country at the periphery of the world market.

Romania’s integration in transnational production circuits has, as we have seen, accelerated during the 2000s. FDIs enlarged the scope of Romania’s international links, to include, apart from the above, countries such as France, Austria or Germany. In some cases (such as Spain, Italy, Germany or Israel), active labor recruitment by host countries’ employers, their collaboration with the Romanian state or informal recruiters in the organized export of workers also played an important role. A possible case may also be made for the contribution to migration of the new transnational circuits of production into which Romania was increasingly inserted. The case of Italy is potentially telling in this regard. Making their first inroad into Romania in the first years of the 1990s, Italian investors formed the most important group among companies with foreign capital registered in Romania between 1991 and 2006, and the fifth in terms of the value of investment. As we have seen, Romanian migration to Italy also started in the 1990s, taking off into the 2000, to transform Italy, by the middle of the decade, in the most important destination for Romanian migrants, accounting for 50% of departures in 2006. The two flows finally came to feed on each other: some Italian businessmen in Romania became involved in informal labor recruitment networks and Romanian migrants to Italy also sometimes contributed to the better integration of Italian businesses in Romania.

The current transformation of Romania’s economy and society risks pushing the country into an extreme integration in global circuits of production and exchange through the weakening of organized labor and the thorough privatization of its energy and natural resources sectors as well as its social and healthcare services. Hence, Romania’s current
developmental pathway will continue to exacerbate Romania’s social inequalities and the uneven character of its development, making labor migration a phenomenon that will continue at least in the near future.

Yet, this paper also sustains a conclusion that goes much beyond the particular Romanian case. Our comparative historical assessment across time of the articulations between the different modes of development and different labor migration patterns during different stages of Romania’s post-socialist transformation suggests that labor migration is not driven by east-west development differentials as such. East-west labor migration seems to be rather driven by changing development trajectories of CEE countries that reflect particular manners and paces of their integration in transnational circuits of production and exchange.

Bibliography


Gambino, Ferruccio, and Devi Sacchetto. “Forme e limiti della mobilità tra Italia e Romania dopo la caduta del muro di Berlino” [Forms and Limits of Mobility from Italy and Romania after the Fall of the Berlin Wall]. In Un arcipelago produttivo. Migranti e imprenditori tra Italia e Romania [A Productive Archipelago. Migrants and Entrepreneurs from Italy and Romania], edited by Ferruccio Gambino and Devi Sacchetto, 133–70. Roma: Carocci, 2007.


Figures:

Figure 1. Inflows and stocks of Romanian nationals to OECD EU countries, 1990-2009

Figure 2. GDP per capita at market prices in euro, EU-27 and Romania, 1996-2010
Figure 3. Total departures rates (per thousand of total population), GDP annual variation (%) and real earnings index annual variation (%), 1991-2008.\(^{137}\)

Figure 4. Employment in main economic activities (1000s), 1990-2008.\(^{138}\)

Note: Services include trade, financial, retail, constructions, public administration
Figure 5. Contribution of employees, self-employed and contributing family workers to total employment in Romania (15-64 years old,%), 1997-2010

Figure 6. Foreign direct investment inflows to Romania, 2002-2011 (US$ bn)
Figure 7. Employment in manufacturing, by main sectors (1000s), 1990-2008

Figure 8. Total health expenditure as a percentage of GDP in Romania and EU-27, 1995-2009
Notes

15. de Haas, “Migration and Development.”
17. de Haas, “Migration and Development.”
19. Troc, “Patterns of Migration.”
22. Smith and Timár, “Uneven transformations.”
31. Haar, “Industrial Restructuring in Romania.”
37. IMF, *Romania: Request for Stand-By*.
39. IMF, Romania: Request for Stand-By; and Crowther, Political Economy.
40. Ban, “Sovereign Debt, Austerity.”
42. Pasti Noul capitalism românesc; Murgescu, România şi Europa.
43. Pop, Democratising Capitalism?
44. Pop, Democratising Capitalism?
45. Pop, Democratising Capitalism?
46. Murgescu, România şi Europa.
47. IMF, Romania: Request for Stand-By.
57. Birsan and Buiga, “FDI in Romania.”
58. Sandu et al., Romanian Migration Abroad.
60. Ciutacu and Chivu, Quality of Work, 24.
62. Ciutacu and Chivu, Quality of Work, 15.
64. Sandu et al., Romanian Migration Abroad.
65. Sandu, “Emerging Transnational Migration.”
66. Sandu “Emerging Transnational Migration,” 566
68. Pasti, Noul capitalism românesc.
70. Hardy, Poland’s New Capitalism.
71. Haar, “Industrial Restructuring in Romania.”
73. Surubaru, “Romania. Labor Market” 790; Haar, “Industrial Restructuring in Romania,” 790; and Smith and Swain, “Economic Crisis.”
74. Pauwels and Ionita, “FDI in Romania,” 2.
75. Murgescu, România şi Europa; Stoiciu, Austerity and Structural Reforms, 1.
76. Dornelas, Restructuring in the EU, 10.
82. Preda, Capacity Building; Trif, “Opportunities and Challenges.”
83. Abraham, Romania de la comunism.
84. Ciutacu and Chivu, Quality of Work, 42.
85. Paats and Tiit, “Income from Own-consumption,” 190.
86. EC, Employment in Europe 2008.
87. Ungureanu, “Bilanţul a două decenii.”
89. World Bank, Romania Poverty Assessment.
94. That is, eight years of education.
95. Stan, L'agriculture roumaine en mutation.
97. World Bank, Romania Poverty Assessment, 86.
98. Stan, Irregular Migration, 25.
100. World Bank, Migration and Remittances Factbook.
101. EC, Employment in Europe 2008, 118-120.
103. Stoiciu, Austerity and Structural Reforms, 2.
105. Stoiciu, Austerity and Structural Reforms, 3.4.
106. Stoiciu, Austerity and Structural Reforms, 2.
110. Mediafax, “România este singura țară.”
111. Voinea and Albu, Economia informală.
113. Erne, “European Industrial Relations.”
119. Daily Mail Reporter, “Romanian President Praises Countrymen.”
121. Voinea and Albu, *Economia informală*.
127. Weber “Entre circulation et stabilisation.”
130. Italian companies comprise 16% of company registrations in this period (21,519 companies). Gambino and Sacchetto, “Forme e limiti.”
131. Gambino and Sacchetto, “Forme e limiti.”
133. Gambino and Sacchetto, “Forme e limiti.”
134. Potot, “Transitioning Strategies.”
140. EIU, *World Investment Prospects*.

41
141. Anuarul Statistic 2010, INS (Institutul Național de Statistică) (Labour Market/ 3.13 Average Number of Employees, By Activity of Industry and By Sex; accessed 1 September 2010) http://www.insse.ro/cms/rw/pages/index.ro.do.