

# Improving the Efficiency of Economic Activity in the Context of Migration

*You can always do more than you thought you can do.*

Roger Martin du Gard

(French writer, winner of the 1937 Nobel Prize for Literature,  
Born: March 23, 1881, Neuilly-sur-Seine, France  
Died: August 22, 1958, Sérigny, Orne, France)

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**Abstract:** *This paper highlights the fact that in the context of the tumultuous events we are experiencing, individual have to face realities where they are confronted with various choices, among which we mention either a higher income, where tasks are extremely difficult and spare time becomes less, or a lower income with more leisure time. In any case, between the two maximal points, a company operating within an economy must acquire the production factors that will be used to obtain the necessary goods and services.*

*As part of the population chooses to look for better earnings, may it be in their country or abroad, there is a phenomenon of massive departures to areas where earnings are higher, while there is an increased lack of labour factor in the home states.*

*In the period between the end of 2007 and the beginning of 2008, when the economic and financial crisis was triggered, until the present day, people have been trying to find solutions to keep up with the labour shortages that have occurred mainly in Eastern European countries, but not only.*

*Against the background of the crisis and economies with declining performances, birth rates did not increase enough to fill the deficits which are caused, among other causes, by the families' lack of prospect in their home countries and taking into account the opportunities to leave and settle in states with stronger economies. There have been many cases when parents have left their children in the care of others who have not left the country (grandparents, other family members or others); these children were deprived of the affection needed for a harmonious development, therefore patriotism was weakened, as the parents' example was more powerful than any patriotic exhortation. Considering these circumstances, we must face the fact that these departures from the economy will become significant elements to be taken into account in the future.*

*One should also consider that the newcomers, the migrants, could supply for the employment shortage at equal or lower costs, which may contribute to the efficiency of economic activity.*

**Keyword:** cultural, demographic decline, economic growth, efficiency, fertility rate, financial crisis, migrant, mortality rate, religious, security research.

## Introduction

The phenomenon of population aging has recently been an extremely sensitive and complex issue for the academic and research environments and finding a solution requires a joint and concerted effort of all the decision-makers in each country in order to ensure the autonomy and welfare of the elderly.

The increase of the elderly population, correlated with the fluctuations of the other population categories, raises an important question concerning the effectiveness of public policies in the social and economic field and the sustainability and viability of pension systems.

Demographic aging is an extremely important phenomenon and has a major influence on all generations and on most areas of economic activity.

Demographic aging of the population will be one of the major problems of mankind in the next period, with important implications for the socio-economic development of the different regions of the Earth. Both in

developed economies and in most developing countries the share of elderly in the population structure is rising rapidly and therefore the need to develop specific policies in this area becomes essential.

Population aging is an important outcome of social progress in various areas: medicine, quality of life, social welfare, it is due to the mortality decrease, especially in the elderly, the increase in the average life span.

At the same time, in order to cover the deficit, the active population's migration towards other economies requires a closer study of the migration phenomenon; at the same time newcomers may have other customs and culture and perhaps adequate study, understanding and monitoring may be necessary actions.

The process of population decline, including due to migration, but also due to aging, has at least three major economic effects:

- slowing economic growth,
- maintaining Romania's dependence

on foreign capital and

- increasing the pressure on the long-term state budget.

Nowadays, more than ever, the scientific and political communities are concerned with demographic aging.

The causes, consequences and policies best suited for one state or another, for one stage or another, are the important themes of numerous studies, conferences or congresses that have been organized frequently over the past two decades.

A 2012 report entitled "The 2012 Aging Report: Economic and budgetary projections for the EU27 Member States (2010-2060)", drafted by the European Commission and finance ministers, negatively emphasizes the prospects of people exiting the labour market the next decades.

For these reasons it is necessary to establish and support demographic research laboratories at different national levels concerned with various cultural, religious, security research issues that take into account the experiences of other states which have been confronted with these phenomena in order to prevent possible forms of violence from populations who choose to live in the territories of states accepting foreign populations.

### **The decline of Romania's population affects the process of economic growth**

According to the data published by the National Institute of Statistics (INS) at the beginning of 2017, the population of Romania started 2017 with a major demographic decline, losing in January alone 13,704 inhabitants, the equivalent of four medium sized communes in the country, in particular as a

result of an increased number of deaths. This is all the more serious due to the fact that birth rates are also declining.

By comparison with January 2016, the negative natural growth was only 7,757 people, so negative natural growth grew by 77% in January 2017.

As mentioned above, the birth rate is not a positive one either; there were 15,096 children born in January 2017, 615 (4%) less than January 2016, and 28,800 people died, which is 5,332 (22.7%) more deaths compared to the first month of last year.

In terms of child mortality in Romania, it increased significantly (by 31%) in January 2017 (after a 40% increase in December), with 160 deaths of children under the age of one year, compared to 122 deaths in January 2016.

As for infant mortality, the data are also worrying, 1,381 children under one year died in Romania in 2016, compared to 1,503 in 2015. As it results from a series of international statistics, Romania has the highest rate of infant mortality in the European Union.

According to official data regarding family formation and dissolution, although statistics may seem positive, it is clear that they are not extremely favourable; there were 4,908 marriages and 903 divorces in January. Compared to the first month of 2016, the number of marriages increased by 3.7% and divorces decreased by 10%.

In 2016, the population of Romania decreased by 66,718 inhabitants due to the demographic decline.

In total, 189,783 children were born in Romania in 2016, 11,240 fewer than in 2015, while the number of deaths decreased by 5,196 (2%), to 256,501.

Subsequently, the National Institute of Statistics in Romania significantly revised the

demographic data for 2015 as compared to the preliminary data previously published.

According to the revisions made to the data published initially, the negative natural increase in 2015 was 60,674 people (compared to 73,625 in the previously published tables); therefore the negative natural increase was 10% higher in 2016.

201,023 children were born in Romania in 2015 and there were 261,697 deaths, according to the revised NIS data.

Experts and scientific researchers expect an increase in Romania's demographic decline in the coming decades. According to international reports, among which we mention the one published in July 2015, the population of Romania will reach 14.5 million inhabitants in 2050.

Aging population has a major contribution to the demographic decline in Romania; it is not specific to this state only, but also to other European countries.

As can be seen from the existing statistics and from some scientific researches, both in most European countries and in Romania as well, the demographic decline has a series of complex economic and social consequences due to the population undergoing a slow but continuous demographic aging process.

The effects of the aging process have been visible in Romania since January 1, 2000, when the elderly population outnumbered the young population and the phenomenon continued this trend, so that on January 1, 2012 the share of the elderly population exceeded the share of the young population (16.1% vs. 15.8%).

The decrease of the fertility rate and mortality rate are the main causes triggering and expanding the aging process.

According to some studies and scientific

research there are some economic and social factors with a role in the decrease of the fertility rate in developed countries:

- the decrease in the number of traditional agricultural households, characterized by a high fertility rate, required both for productive activity and for ensuring the security of the elderly;
- women's emancipation, access to education at all levels and their involvement in non-agricultural activities;
- increased parental exigencies regarding the raising and education of children that require significant amounts of time and money;
- the expansion of social security, especially of public pension systems and institutions for dependent elderly care, which reduced the role of children in supporting senior citizens;
- increased leisure time, access to varied entertainment and modern means of collective and individual transport, the adults and their families' desire to benefit from these facilities.

The fertility rate in modern society, as it is emphasized in the literature, and also in some studies, research and analysis, is influenced by other factors related to culture, demographic policy or religion, which, like those mentioned above, act differently from one country to another.

A major consequence of the decreased fertility rate is the gradually diminished number of future generations able to enter the labour market and contribute to the social and health insurance fund for those who will then be retired, altogether with a lower standard of living.

This situation can have a significant impact on the well-being of older people,

especially in poor countries with limited opportunities to support this population.

Changing the structure by large age groups, in the sense of increasing the share of the population aged 60 and over will generate social and political pressure caused by changing the allocation of resources in society, leading to generational conflicts.

A decrease in the potential support rate, implicitly an increased demographic dependence, indicate that a growing number of beneficiaries of public health and pension systems will be "supported" by a smaller number of taxpayers. Thus, the working-age population will be "burdened" by paying higher taxes and contributions to provide pensioners with a stable and sufficient income.

This puts additional pressure on the future population affecting its development capacity if not even lowering the standard of living.

Against this background, it is likely that in the future we will have to deal with a growing phenomenon where more and more citizens are looking for jobs or personal development in other states or with even lower birth rates.

These phenomena will affect Romania's growth and development capacity unless measures are taken to restore balance.

Measures can be identified by stimulating intrinsic or extrinsic factors.

## 2. Consequences of aging population

An important element in fighting against aging population is projecting the population providing useful information on the future evolution of age and age structure of the population (five year groups and functional

groups - school and pre-school, young, adult, elderly, fertile age females).

From the demographic point of view, the main factors influencing the size and structure of the population are fertility, mortality and external migration.

According to official data, the evolution of the demographic phenomena in the last two decades, characterized by a low level of fertility, a slight increase in life expectancy at birth and a negative balance of external migration, has led to a decrease in the country's population.

According to the data between the two censuses - 2002 and 2011 - the stable population of Romania decreased by 1.6 million inhabitants.

The unexpected size of the decline and, in particular, the contribution of the foreign migration, highlighted a well-established demographic decline.

Thus the demographic decline gets new dimensions, mainly amplifying the deterioration from the perspective of the population age structure.

Therefore it is necessary to use demographic projection with a view to anticipate the likely evolution of the country's population by the year 2060, based on the analysis of fertility, mortality and external migration.

The anticipation can be made by several working scenarios taking into account the external migration balance - i.e. the difference between the people who left the country and respectively who arrived in the country, by change of residence, which is registered by the Ministry of Administration and Interior - and the scenarios in which external migration is excluded.

It is possible to perform studies based on scenarios where variants including external

migration and variants without external migration are considered, whereas the background analysis can be made on the basis of constant variants, thus ensuring effective conclusions which can be used in practice.

The demographic aging process is a phenomenon affecting both Romania and other countries, and demographic elements were among the direct causes that have led to the population aging: the decrease in the birth rate and the mortality rate along with the influence of migration flows.

Decreasing birth rates played a major role and considerably influenced population age structure, contributing to the acceleration of the demographic aging process. The decrease of mortality or in other terms the increase in the average lifetime had a secondary role.

The decrease in the birth rate in Romania was mainly influenced by the phenomenon of young rural population that moved massively to cities; they gradually abandoned the traditional peasant demographic procreative behaviour and adopted a new demographic behaviour based on rigorous birth planning.

This led to an increased demographic aging in rural areas and a gap between the two environments. It also contributed to the massive departures of the working population abroad due to the poor incomes they had in the country and due to the lack of jobs.

The phenomenon of leaving the country, mainly by the young and adult population, is also a factor that has led to the acceleration of the demographic aging process in Romania.

The evolution of demographic phenomena and processes in Romania was also influenced by a series of non-demographic economic, social, political, cultural, medical-sanitary factors, which directly influenced

the level and trends of the demographic factors: birth rate, mortality and migration.

The decrease of the birth rate in Romania is specific to the European demographic model, and as a result of this trend demographic aging is a normal process that has developed and will continue to do so in line with the specific features of this overall European model.

#### Economic consequences

The economic decline and the effects of restructuring create problems that are difficult to solve; they are meant to ensure minimal economic and social protection, especially for the most important part of the beneficiaries, namely the elderly.

Among the economic consequences of the aging process in Romania the following can be identified:

- economic dependence;
- demographic dependence;
- adequate consumption and satisfaction by the society of the consumption needs of the elderly population;
- ensuring budgetary expenditures related to pensions, aids and other special support forms.

#### Social consequences

The issue of the social consequences of the aging groups of people is a field of research due to the many situations in which this population category is and which have different peculiarities.

In this context, it is necessary to analyse them differently by homogeneous groups, because the elderly or longevous, for example, generate some implications, whereas are the implications of the elderly males versus

elderly females, or the married, compared to the widowed, divorced, lonely are different.

The social consequences vary according to other aspects such as economic, socio-cultural, psycho-social and socio-medical elements. The development of such forms of support and socialization of the elderly contributes to maintaining the system of elderly social relations with beneficial effects on the psycho-physiological balance of this population.

Among the social consequences of demographic aging the following can be enumerated:

- cessation of professional activity, with social, family and individual results;
  - feelings of worthlessness and social isolation with social consequences generated by aging;
  - the aging of family and household members with some social consequences;
  - loneliness, negative and increased social consequence;
  - social relationships of elderly with congeners and other age groups, especially young people;
  - planning elderly leisure time.
- Sanitary and medical-social consequences

Generally speaking, the following may be enumerated among this type of consequences that actually concern several types of problems:

- morbidity of the pre-elderly, elderly and longevous people and the health status of these population groups;
- the specific mortality rate of these groups, causes of death and trends of the phenomenon;
- addressability to health and social services and the way in which specialized units provide medical and social care for the

needs of the pre-elderly, the elderly and the longevous;

- forms and means of medical-social intervention specific to the pre-elderly, the elderly and the longevous.

### Conclusions and suggestions

A first conclusion is that aging population creates the premises for the use in the economic activity of a labour force from outside the country that can be attracted as well from the ongoing migration; for this purpose I suggest that laboratories should be established and supported at national level; they should be focussed on demographic research with various cultural, religious, security research elementstaking into account the experiences of other states that have faced these phenomena in order to prevent possible forms of violence of populations who choose to live in the territories of states accepting foreign populations.

A second conclusion is that we are experiencing a well-established demographic decline in Romania. It gets new dimensions, amplifying deterioration, especially from the population age structure. In order to fight this phenomenon, I suggest to use demographic projection; its aim will be to anticipate the likely evolution of the country's population by the year 2060, based on the analysis of fertility, mortality and external migration.

The projection can be made in several working scenarios taking into account the external migration balance - i.e. the difference between who left the country and respectively the people who arrived in the country, by change of residence, which is registered by the Ministry of Administration and Interior - and the scenarios in which external migration is excluded.

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