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Emigration from Romania: impact and legacy

Policy Recommendations

- 1. Understand the issue.
- 2. Focus on social and educational policies.
- 3. Improve the quality of the labour market.

Abstract

More than 4 million Romanians have emigrated during the 30+ years since the 1989 Revolution. They send back remittances, and when they return they bring new skills and attitudes. Migration has also prevented significant social problems in Romania by offering employment to the otherwise unemployable, particularly during years of economic hardship. It can also be argued that the departure of a young, male, intrepid and often low-skilled population from the home country brought greater social (and, thus, political) stability.

On the downside, migrants and their families (especially children and the elderly) are vulnerable both in relation to the authorities and on a personal level. This may have contributed to radicalisation: The diaspora systematically skews towards parties that appear to be anti-establishment, even when these parties are on the far-right.

It has been argued that the migration of highly skilled workers deprives Romania of growth opportunities. This assertion, however, seems to be political and/or promoted by business advocates with very little data to confirm or deny it. While it is intuitively clear that returning high-skilled migrants would be an opportunity for the Romanian economy, it is far less clear that the economy or the state have the capacity to put this opportunity to good use.

This Policy Brief recommends that authorities, academia, and think-tanks work harder to better understand the new diaspora. If Romania wants potential emigrants to remain in their home country and perhaps migrants to return, then it must become a more welcoming and inclusive country with better employment and better services to promote employment, including childcare, general healthcare, a stronger social safety net, and education.



Emigration from Romania: impact and legacy

A major and sensitive issue

The EU accession process represents a turning point in Romanian emigration. Between 2001 and 2016, Romania's emigrant population increased from 1.3 million to 3.6 million, or even 4 million.¹² In other words, almost 20% of the people born in Romania no longer live in the country. The data is not fully accurate, nor could it be, due to various administrative hurdles including the lack of documentation for workers. Most estimates, however, tend to suggest an even higher number of Romanians working abroad (almost 4.4 million).³⁴ The main countries of destination include Italy, Germany, and Spain.^{5 6 7} Emigrants leave Romania for shorter or longer periods of time in order to obtain better wages to support themselves and their families or to study.8 According to limited evidence, they remain in the country of destination due to higher pay but also due to better working conditions for those who succeed in integrating.9

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While net wages are the reason most often invoked explicitly, social services and infrastructure play a role in the net income of the prospective migrants, and thus an indirect but significant role in the motivation to leave: without affordable childcare, for example, mothers may be unable to obtain gainful employment, and without adequate transportation some rural workers will be unable to access jobs in the nearest city.

Regional disparities have long-lasting implications in the dynamic of migration. The poorer regions of Romania are also the regions where most Romanians emigrat-

¹ Talent Abroad, A review of Romanian Emigrants, OECD 2019.

Romania is among the top 20 countries in the world with the highest emigration (in Romanian), https://romania.iom.int/news/romania-among-top-20-countries-world-highest-emigration-romanian, quoting data from the World Migration Report 2022, https:// publications.iom.int/books/world-migration-report-2022.

³ The Romanian Diaspora's Impact on European Stability, 2019, Carnegie Council for Ethics in International Affairs https://www.carnegiecouncil.org/publications/articles_pa- $\underline{pers_reports/20190627\text{-}romanian-diaspora\text{-}impact-european-stability\#:} \text{-}: text=A\%20$ conservative%20estimate%20has%20one, are%20hard%20to%20come%20by.

This year's census may shed a light on the issue, but its implementation has encountered significant issues.

⁵ Romeni in Italia/Popolazione residente in Italia proveniente dalla Romania al 1º gennaio 2022, https://www.tuttitalia.it/statistiche/cittadini-stranieri/romania/.

⁶ Comunitatea românească, https://berlin.mae.ro/node/286.

Población (españoles/extranjeros) por País de Nacimiento, sexo y año, https://www.ine. es/jaxi/Datos.htm?path=/t20/e245/p08/I0/&file=01006.px#!tabs-tabla/.

⁸ https://www.dropbox.com/s/tircdm4ppazwl73/MMT%20aprilie%202008%20comunitatea_romaneasca_in_spania%20italia%20via%20ContextPolitic.net.pdf?dl=0.

⁹ https://romania.europalibera.org/a/migratia-muncii-romania/31437331.html.

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ed from both before and after accession to the European Union (EU).¹⁰ A vicious circle thus emerges: poor municipalities offer poor quality social services because they cannot afford more. Poverty and poor social services lead to increased migration. Increased migration leads to smaller workforce and thus lower income for the municipalities.¹¹

The emigration wave has serious implications at political and socio-economic levels. It is not the purpose of this Policy Brief to give a simplified verdict on the effect of migration, saying that it is mostly positive or mostly negative. Instead, we are trying to illuminate both the positive and negative consequences and shift the focus to the future impact.

Countries all around the European Union's borders, irrespective of whether they have been EU accession candidates or not, are experiencing very similar dynamics: Having lost a third of its population already, the Republic of Moldova "is struggling to remain a viable state". 12 While in the Western Balkans, North Macedonia, Montenegro, and Kosovo are projected to lose 3% and respectively 5% and 11% of their population by 2050, Albania is likely to lose 18%, Serbia 24%, and Bosnia and Herzegovina up to 29% of their population, with potentially dramatic consequences.¹³

Positive consequences

The most obvious consequence of migration is that it will keep people employed who would otherwise lose their jobs. That makes it especially important for many Romanians in marginalised situations where they do not have access to wellpaid employment. For them, migration is a solution to provide a minimum of prosperity for themselves and the family, or sometimes even a survival strategy as subsistence agriculture pays off less from year to year.14

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Another consequence is the transfer of money through remittances. While remittances sometimes insert distortion into the labour market, especially in the case of seasonal workers,15 they can also be a source of prosperity for families that otherwise struggle financially. Remittances also have a significant economic role, being a source of investment (or at least of consumption) and increasing the national income.¹⁶ ¹⁷

¹⁰ https://timponline.ro/wp-content/uploads/2016/10/harta-emigrarii.jpg.

https://panorama.ro/obsesie/diaspora-ce-a-pierdut-si-a-castigat-romania-din-cau-11 za-exodului/.

¹² https://balkaninsight.com/2020/01/16/moldova-faces-existential-population-crisis/.

¹³ https://balkaninsight.com/2019/10/14/bye-bye-balkans-a-region-in-critical-demographic-decline/.

https://ec.europa.eu/social/BlobServlet?docId=8834&langId=en. 14

¹⁵ https://library.fes.de/pdf-files/bueros/bukarest/18052-20210623.pdf.

¹⁶ Idem.

¹⁷ USD 7.5bn were transferred as remittances according to 'Romania among the top 20 countries in the world with the highest emigration' (in Romanian), https://romania. iom.int/news/romania-among-top-20-countries-world-highest-emigration-romanian, quoting data from World Migration Report 2022, https://publications.iom.int/books/ world-migration-report-2022.

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The third consequence is increased political stability in Romania. The effects of migration on political stability have been insufficiently studied. Nevertheless, it is impossible not to notice that people who migrated for work, particularly early, less qualified cohorts, are exactly the demographic from whom supporters of violent riots and populist movements could be recruited: coming from poor and marginalised areas, relatively young (largely 25-29 years old), with a significant number of males, and more open to taking risks than their neighbours who chose not to migrate.¹⁸

A fourth benefit would be the transfer of knowledge, skills, and cultural attitudes from the host country to Romania through the returning migrants. It was commonly expected that after a relatively brief stint abroad, the migrants would return with new money and new skills, putting them to work and helping Romania achieve sustainable long-term growth as a new entrepreneurial class.¹⁹ This romantic notion has largely waned, being replaced in public debate with examples of economically irrational behaviour.²⁰ However, according to leading Romanian demographer Dumitru Sandu, it remains partially true: Regions that send emigrants to different countries tend to take different paths to modernisation, paths that are similar to those taken by the host countries.21

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Negative consequences

A major effect of migration is the vulnerabilisation of emigrants. Emigrants, particularly in the early days, had few cultural and linguistic skills that would help them adapt to a new country and claim their rights. Migration for work was also illegal in many European countries for many years, even when it was informally tolerated. This meant that illegal workers were very unlikely to go to the authorities, even when they were abused. Their employers, on the other hand, were illegal employers themselves, so they were arguably more likely to break the law than the average firm.

The situation is currently better, after EU accession, but the balance of power between employers and employees is still uneven.

The situation is currently better, after EU accession, but the balance of power between employers and employees is still uneven. Sometimes bad-faith intermediaries who want to maximise their profit put extra pressure on the migrant workers.

https://insse.ro/cms/sites/default/files/field/publicatii/social_trends_in_2021_0.pdf. 18

¹⁹ See, for example, https://www.researchgate.net/publication/336288428_Raport_ privind_potentialul_de_implicare_al_diasporei_in_comunitatile_din_Tara_Fagarasului.

²⁰ For example, seasonal migrants would use the income to build large houses and buy expensive cars (https://www.totb.ro/mandrie-si-beton-povestea/) that would become difficult to support in leaner years.

²¹ https://www.totb.ro/mandrie-si-beton-povestea/-

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Reports of slave labour,²² poor sanitary conditions, and of confiscating passports still exist.²³ ²⁴

Even where there are no abuses, the migrants still remain vulnerable to loneliness and depression. In Romania this is actually called the "Italy syndrome", after the stories of Romanian female workers who care for elderly Italians and who become separated not only from their families, but also from their fellow workers.²⁵

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Another consequence is the political radicalisation of the diaspora. For a while, this was masked by the prevalence of diaspora voting against the Social Democratic Party (PSD, "heir" to the Communist Party) which was interpreted as pro-democratic orientation. Candidates Traian Băsescu and Klaus Iohannis, both running on a strong pro-Western and pro-democracy platform, were elected with the critical help of the diaspora vote.26 27

However, a closer look at the electoral data shows that the diaspora votes for a radical anti-PSD party no matter its democratic credentials. The populist PPDD party (People's Party, Dan Diaconescu) scored significantly higher in the diaspora than in Romania in the 2016 parliamentary elections.²⁸ The outright extremist AUR party (Alliance for the Unity of Romanians) also scored better in the diaspora than at home.²⁹

However, a closer look at the electoral data shows that the diaspora votes for a radical anti-PSD party, no matter its democratic credentials.

It is worth noting that radical political behaviour is largely in the rational self-interest of the diaspora voter, and therefore it is not likely to disappear soon. Radical change of any kind brings risks, and the domestic constituency will weigh that risk against the probability and intensity of a benefit. However, most forms of negative fallout coming from poor leadership will not affect the diaspora voter. Thus, if things change for the better, they may gain (the possibility of returning home and finding good employment); if change is for the worse, they are personally sheltered from the consequences and can also mitigate the fallout on their families through remittances.

Another negative consequence is the de facto abandonment of children and the neglect of the elderly for long periods of time. Sometimes children are left with a remaining parent but other times they need to be left with other relatives, particularly

²² https://voxeurop.eu/en/the-romanian-slaves-behind-the-sicilian-tomatoes/.

²³ https://www.rferl.org/a/romanian-migrants-get-covid-19-as-pandemic-exposes-bad-conditions-for-east-european-workers/30643195.html.

https://www.ziaruldeiasi.ro/local/am-fost-vindut-ca-sclav~ni43sm. https://www.aljazeera.com/features/2019/2/12/why-romanian-migrant-women-suffer-from-italy-syndrome.

²⁶ http://alegeri.roaep.ro/?alegeri=prezidentiale-2009.

https://prezidentiale2019.bec.ro/. 27

²⁸ http://213.177.15.7:8080/siap-wp.

²⁹ https://prezenta.roaep.ro/parlamentare06122020/romania-pv-final.

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grandmothers. This often leads to lasting emotional damage.³⁰ The elderly are also affected, 31 particularly in rural communities where agricultural workers were not historcally required to contribute to pension funds.³² The psychological effects, both direct and indirect, are arguably worse than the material ones, yet they remain insufficiently studied due to difficulty of access and lack of interest (out of sight, out of mind).

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This is a problem: the material effects are both positive and negative and if we trust the migrant to act on average as a rational actor, we can affirm that the material impact is positive at the individual level and some of that individual impact will transfer to the societal level.

With immaterial personal effects, the balance appears tilted towards the negative effects, even if sufficient data is missing. We do not know how single workers, the children, and the elderly left behind are affected, but we know that they are. Even when positive psychological effects appear, they are arguably more likely to promote integration in the host society than trickle down into positive social effects at home.

Without a study of such psychological and, sensu lato, social effects, the state and municipal authorities are unable to offer effective support as the problems are still relatively new, and Romania seems to lack an adequate culture of care for those negatively affected by migration.

Future perspectives

In the long run, the country of origin would need pre-existing opportunities for the optimal use of its professionals before they could decide to return.

A problem that is oftentimes quoted in relation to migration is the human capital flight (the so-called brain drain), that is, the migration of the "smartest" and most educated individuals. Left without this educated elite, the country of origin would have difficulties moving forward with its economic development, or at least this is the complaint you can occasionally hear in Romania.³³ Similar opinions were held unanimously by the European Committee of the Regions (CoR),³⁴ even though the scientific evidence on the issue is mixed.

In its most abstract form, the theory is elitist, presuming implicitly that the loss of elites cannot be compensated by the import of technology and ideas, leading eventually to the reacquisition of the migrants through competitive salaries. However, ac-

³⁰ https://childhub.org/en/child-protection-news/more-200000-romanian-children-suffer-being-left-behind.

³¹ https://stirileprotv.ro/campanii/parinti/tu-stii-ce-mai-fac-parintii-tai-batranii-abandonati-de-copiii-plecati-in-strainatate-pentru-a-ingriji-parintii-altora.html.

³² The material issue is more complex than can be explored here. While children can no longer work around the household and garden to help their elderly parents, they can still send remittances that, in some cases, have more value.

https://republikanews.ro/brain-drain-exodul-de-creiere/. 33

³⁴ https://cor.europa.eu/ro/news/Pages/tackling-brain-drain.aspx.

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cording to existing empirical research, this might happen in the long run, whereas the damage done impacts development in the short run (i.e. arguably a waste of educational resources or the loss of some specialist doctors).35

In the long run, the country of origin would need pre-existing opportunities for the optimal use of its professionals before they could decide to return. However, Romanians typically emigrate from a position of unemployment or from low paying jobs.

Whole industries are so reliant on cheap labour that increasing the minimum wage risks making them uncompetitive.

It is not clear whether the state and the business environment are truly invested in attracting skilled workers. Whole industries are so reliant on cheap labour that increasing the minimum wage risks making them uncompetitive.³⁶ Romania continues to have some of the lowest hourly labour costs in the EU, ranking second lowest after Bulgaria.³⁷ It also has the fourth lowest minimum wage (despite significant increases in the last decade).³⁸ Private and public programmes to facilitate the return of the diaspora have focused on speeches and cash handouts without giving due attention to other needs of a seasoned professional, like healthcare and education for kids.³⁹ 40 41 Finally, a pilot programme to reintegrate young Romanians educated abroad as public servants failed due to bureaucracy and politicking.⁴²

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After the pandemic, the managerial culture is evolving to accommodate working from home, whether that home is in the same country as the "office" or not.43 Some Romanian professionals, particularly programmers and freelancers were doing remote work even before the pandemic; thus, they are familiar with the tools and skills required and are also well placed to profit from this opportunity and teach others how to profit from it.

However, this has the potential to create a class of digital (virtual) emigrants who disengage from the social fabric. A professional can work remotely, pay little or no

The overall number of doctors is generally increasing. https://www.economist.com/europe/2020/12/16/why-balkan-doctors-head-for-western-europe.

³⁶ http://mmuncii.ro/j33/images/Documente/MMPS/SNOFM_2021-2027.pdf.

³⁷ https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Wages_and_labour_costs#Eurostat%20#StatisticsExplained.

³⁸ https://ec.europa.eu/eurostat/statistics-explained/index.php?title=File:Minimum_wages,_July_2022_and_July_2012_(EUR_per_month_and_%25)_-_F1.png.

³⁹ https://www.dropbox.com/s/tircdm4ppazwl73/MMT%20aprilie%202008%20comunitatea_romaneasca_in_spania%20italia%20via%20ContextPolitic.net.pdf?dl=0.

⁴⁰ The News from Diaspora section on the website of the presidency.

⁴¹ https://repatriot.ro/category/finantare/.

⁴² https://www.zf.ro/zf-24/exclusiv-online-guvernul-a-platit-6-mil-de-euro-pentru-bursein-strainatate-ca-sa-puna-vedete-la-conducere-5526356.

https://www.ey.com/ro_ro/munca-de-la-birou-devine-munca-de-oriunde-in-lume--o-43 tendinta-cu.

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taxes,44 and sidestep the public health and education systems by preferring private alternatives. If we are to use Albert O. Hirschmann's terms, 45 they would perform a (partial) exit from society even though they live, eat, and socialise in Romania.

They would have little incentive to engage in constructive criticism and promote improvement at the social level as they feel that society (or at least the state) has little to offer them that they do not already have and have paid for. This (still only a potential) phenomenon is more insidious than the brain drain but potentially more damaging.

Also, digital emigrants could prove as prone to radicalisation as physical emigrants, but they have easier access to the voting booth. Some may feel they owe nothing to society so they should optimise or avoid taxes. Yet they use the roads and the security offered by the state and, as they grow older, may need to rely on pensions and healthcare. Thus, they are not only a lost opportunity but also, to an extent, a drain on resources.

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Recommendations

- Understand the issue. There is a clear lack of reliable data when it comes to the diaspora. A comprehensive study programme is difficult and somewhat expensive, but in no way impossible. It should study both actual and prospective migrants and should involve, among other stakeholders, local authorities, host states, and universities that are undertaking studies on migration.⁴⁶
- Focus on social and educational policies. Wages which are an important factor in the decision to migrate or not are ultimately established by the market. But the state should offer social services that increase the quality of life and promote gainful employment. Good health, a social safety net, and a good education not only improve the lives of citizens but also help them find better-paying
- Improve the quality of the labour market. Promote the creation of long-term jobs, focus on life-long education, improve physical access to labour markets and provide affordable childcare.

The Romanian state is chronically unable to collect taxes and has one of the lowest taxes-to-GDP ratios in Europe: https://ec.europa.eu/eurostat/statistics-explained/index. php?title=File:Total_tax_revenue_by_Member_States_and_EFTA_countries,_2019_ and_2020,_%25_of_GDP.png.

⁴⁵ https://www.hup.harvard.edu/catalog.php?isbn=9780674276604.

⁴⁶ For example, https://migrademo.eu/.

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