

A DECADE FROM THE MAJOR LAYOFFS IN THE JIU VALLEY

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ABSTRACT: *This essay is an overview of how the population of the largest coalfield of Romania Jiu Valley, the perceived major staff cuts in the mining industry, the solutions required for economic rehabilitation of the area and difficulties of everyday faced by residents of the region.*

KEY WORDS: *mining; economy; restructuring; unemployment; quality of life; occupation.*

JEL CLASSIFICATION: *J60; E20; E24.*

Throughout this paper we tried to do an accurate analysis on some data out of the context, of a more extensive research across the Jiu Valley. The purpose of the research I have mentioned is to faithfully record the changes that have occurred in this area over a decade, the entire study was just thought on this line. The area of the research being specified, let's remember that the sample on which we worked was one built on the principle of quotas related (the share of each city's population in the Valley, the distribution by age and sex of the population), a number of 1612 persons were interviewed. Once specified these elements with a specific methodological nature that the research data of 2007 were compared with those taken from us available from other private studies conducted in the same area, hence the referral of certain socio-economic development or involution of the area. For Romania, the coal mining, between 1997-1998 became an industrial activity extremely burdensome, if we refer to the figures presented by the experts of the Ministry of Industry and Commerce. The losses that they have actual estimated, as real, only in the Jiu Valley mining, were

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placed around the amount of two billion dollars and that in a time between the years 1991 and 1998. Over twenty thousand persons employed at the enterprises belonging to the National Coal Company were dismissed "on request".

Prime Minister Victor Ciorbea's report on Government's work during the first year in office, had also the following remark: "I started getting the mining sector restructuring in a few months what it took other countries decades to accomplish. From this claim it would result Ciorbea's Government unmatched efficiency compared with other European governments - ineffective and powerless. In the days when this governmental ordinance applied, the Minister of Labour and Social Protection, Alexander Athanasiu said that by using the received money (between 9 and 15 wages) the miners will be able to establish small enterprises and by association, medium enterprises. But shortly after this affirmation, half of the small businesses across the country, about 300,000, have disappeared due to high taxes imposed by the government. For those who saved money in banks, interest rates offered were rarely able to offset the losses of the depositors due to the galloping growth of inflation. Two years after this extreme measure, which was a premiere in Romania after the revolutionary December 1989, the situation of the population in the area appeared to be one that contradicted the assurances that the authorities had ensured an economic recovery of the region by force of the Government programs, to absorb the redundant labor. Even if the Government's insurance between the years 1997-1998 were not realized, it was expected that the leakage of a decade should bring with it many changes, especially since this decade was one that meant for the Valley, not just structural changes, but pointed an important transformation in the mentality of its inhabitants. Ten years after the important changes in 1997, the area population is concerned with major phenomena such as poverty and unemployment at a higher level than that of 1999, over 12 percent. We consider that the worsening is an important one, not because there was an increase of those who were affected by these phenomena, but rather that it occurred due to the population decrease of the Jiu Valley (about 30,000 people in the past decade), trend that ought to facilitate the finding of a job in an easier way and to relieve the authorities from the pressure.

The authorities had been previously forced to deal more with the developing of the social programs than with the economic development projects for the Jiu Valley. Regarding the assessment of the quality of people's material life, we found a fact which doesn't surprise us, even considering the same elements but after a period of ten years. If in December 1999, 67% of people questioned said that they used to live good (and very good) before 1990, the population surveyed in 2007 (and we mean those who were adults before 1989, so knowledgeable of the situation) at a rate of 63% believes that by 1989 their material life was good (and very good). A minimum difference, due to depopulation, which highlights the inefficiency of the actions that took place to improve the economic and social crisis. For the period of 1990-1996, the research in December 1999, the interviewed subjects showed a good material level in 40% of cases. Another interesting comparison is for the period of 1997-2004.. We would like to point out, before going ahead with the exposure, that the periodicity is not an arbitrary one, but it takes into account, rather relatively, the political development of Romania, just to record the fluctuations experienced by the population, considered by

us, as the finest receptacle of the facts. In this way we were able to establish by comparison, that at the level of the mentioned above period, but set in December 1999 in the research from 1996 to 2000, only 4% of the study subject said it was the beneficiary of a good material life. Let's specify that the research in December 1999 also took place just a little over two years from the major layoffs, placing us in interviewing the subjects when, according to the theory, chronic poverty is installed. Returning to the present, i.e. to the resulted data from the research of 2007, it concluded that for the period 1997-2004, (the interval 1997- 2000 is excluded, we have already defined it and this is also the artifice that we call) but understood with and through the existent modifications in the interval 2000- 2004, the social assistance had a very important role in the Jiu Valley, 33% of the respondents considered that they had a good standard of life. After 2005, there aren't any major changes, good or bad in life and we could tell that it stagnated at the threshold to be reached at the end of 2004.

Although there had been many government promises on changing the specific of the valley, from a mono-industrial area into a multi-industrial center, based on cutting-edge technologies in different areas of production, after ten years from the staff redundancies, the coal mining operation remains the most important activity carried out here. It seemed so normal to ask those included in our analysis, what they think it would happen with the Jiu Valley, and also with them, though the main activity here would be narrow, as is expected of the EU policy. Some responses received, don't indicate any wave of optimism among the population, related to the reducing of mining activity. Only 12% of the investigated people give survival to the area, other respondents being very reserved, even nihilistic in front of this situation. We believe that the attitude of those who responded, is one connected with the realities that they live in the last decade, i.e. a safe job and relatively well paid cannot be conceived than at the one of the mines in the Jiu Valley. So, a failure recovery policy of the labor force that barely leaves the school benches, jobs are either too few or poorly paid, or in other areas where the redundant graduates were trained or instructed. Another danger, except the unemployment and growing poverty, is the deprofessionalization of the labor, the loss of skills acquired over the years of training required by those who were fired "on demand", and were practiced at the workplace. It's the same thing with the young graduates who are unable to develop their skills and put into practice the knowledge they have accumulated during schooling. Moreover: such inactivity, coupled with the unemployment and social aid, teaches people that they can live not only from work but also from aids, in this way they acquire a mentality of a social assisted person (although required) that "kills" the will to go through all the floors of the pyramid of needs. Hence the loss of desire for value, or strive for social esteem, changing, or better said the notion of individual human malformation. We believe that losses in the Jiu Valley must not be translated only into numbers and amounts of money, but also, and especially into the loss of human capital, often irrecoverable. Because the continuous restriction mining activity, or its disappearance, it's seen with a lot of reluctance by people, we asked them to indicate what are the advantages and disadvantages. The first advantage, exposed so far, easy to predict, is that of the employment (52.2%). And a job at one of the exploitations is considered relatively

secure and well paid enough to make it desirable. Moreover, the main disadvantage that we determined in the conscience of the population, namely environmental pollution (32.3%), indicates changes in well in terms of attitude and awareness that industrial activities like mining, while providing jobs could significantly affect the quality of the natural environment is now endangering the health of the Valley residents, but also that of the future generations. Another disadvantage, as it appears to be conceived as real in the Jiu Valley area, is the youth migration to other urban centers, because in their hometowns they can't profess in other fields. We consider that this disadvantage would be possible to manifest only if the mining would be artificially maintained at a level above the other sectors, however, but the fact that young people from the Valley go to other places is mainly due to the lack of investors in the Jiu Valley, who have financial and material capacity to establish new production facilities in which thousands of unemployed and graduates be able to value their knowledge, without deprofessionalization, or acquire new ones at work.

Definitely, avoiding this area by large companies, Romanian or foreign, is an undeniable reality. We know many cases of prestigious companies who have preferred to open new working points or branches in other cities in the county, thus avoiding an investment in the Jiu Valley. We wanted to understand not only why this area is avoided, we know many of these elements, but also how this phenomenon is explained to the population. The most important cause subjects attributed to the lack of interest of the investors is the widespread poverty in the area (37%). From the beginning we doubt of the plausibility of such a cause, or rather that it could act as a major factor. Our arguments are fair: widespread poverty was not typical for this community until 1997. It is therefore logical not to blame the community for this poverty, it's being awarded by the state through the collective redundancies measures "on request". More: this community did not have any viable economic alternatives to offer in return other than mining. In such a case, with a labor market so opened, it's more logical for investors to be interested in taking advantage of it at least from two perspectives: cheap labor, the large number of people looking for a job and the fact that they have diverse specializations.

Secondly, in the public perception, the unstimulative contradictory legislation is acting as a deterrent factor to economic development (16.5%). This factor is more reliable than the first one, but the example of the years when the Jiu Valley was officially declared a deprived area is well known, the positive results were almost absent. In other words, even this cause may not be considered as the relevant explanation we want. The other seats were occupied by the following alleged causes: insufficient interest of the authorities (15.1%), the image of the area in the country (11.5%), insufficient qualified workforce (8.2%), opposition from local investors (7.3%), failure in practice of the legislation (3.9%), another case (0.6%). Without insisting with any comments on other cases, however, we must pay attention on the fourth case: the image of the area in the country. This cause is not even placed in the top three as probable awareness of the community, but without doubt is the main one, not excluding, however, the joint actions of others, such as for example the resistance of the local investors, insufficient interest of the authorities or the failure in applying the legislation. This mechanism of self-exoneration is one that I've met in another

research conducted in 2002 across the Jiu Valley. More specifically, although it is accepted by 80% of respondents that there is a bad opinion about the Jiu Valley to the other citizens of the country, only 28% of respondents believed that at the origin of such views are the miners' strikes, most of them (58%) feel that bad image of the area is a consequence of the poverty. It's the same thing in the present situation: the image of this area in the country is, undoubtedly one that remained in people's consciousness as troubled by powerful social movements, it doesn't create the feeling of stability and from this lack of stability many investors refuse to invest in this area. It is nevertheless interesting to study the defense mechanisms promoted by the community, this type of community self-exoneration could form the basis of a research which aims among other things, finding the popular opinion about the community itself.

Because we have examined so far different community characteristics, including its opinion about the reasons that hampers the development it deserves, we asked the opinion of those included in the study about the solutions that seem the most appropriate for reducing unemployment and directly the poverty, which are the prerequisites for the favorable economic recovery of the Jiu Valley. Not always, the opinion of the majority is true, a piece of evidence is the exaggerated confidence of the community area in the tourism industry in the Jiu Valley, which industry is in an incipient form. Almost 40% of those surveyed believe that employment in tourism is the key to solving the economic problems they have. But what nobody wants to realize is that at the level of this area, this industry is not able to absorb twenty thousand people but a very small number, up to several hundred people so that the community efforts to invest in such an industry will never be rewarded at their fair value. A second solution as seen as viable is the private sector development (22%), an extremely vague idea that does not exclude, for example, the investments in tourism, thus returning to a solution which we've already defined as inefficient. There are the following alternatives, such as the housing reconstruction fund (17.7%) and the infrastructure (16.5%) activities that lack the permanent character, being applicable only for determined periods of time. At least from this perspective the question remains open, our view is that the Government's intervention is necessary if we want to save this region and avoid its depopulation and gradual extinction of municipal and industrial elements.

Even if the lack of jobs is no longer an acute problem as in 1998-1999, and we motivate what we say by telling that in that moment people did not have job opportunities in the private sector as they have now, this lack is still impressive for the large number of those affected. However, the effect is no longer exclusively due to the lack of jobs, other causes having priority. In this way we established that the main factor generating unemployment in the Jiu Valley is the unstimulative wages (26.8%). At a first glance some wrong conclusions might be drawn. Whether the unemployment benefits are satisfactory by their amount, people prefer "to stay unemployed, whether their claims about the wages versus work are exaggerated . The fact is that over the past decade the unemployed labour force has learned certain elements of the market economy, unfortunately in the pejorative sense, refusing to sell their labor for poor wages, often obtained at the "black market." Thus, what is installed here can be called

the "laziness culture", which many have accepted it as true, even trying to justify it. A second reason we found in the hierarchy, with a noticeable difference closed to the first one, is the inability to find a job suitable for the training available (26.1%). If we couple this with the low educational level of those who seek employment (3.3%), we'll get a percentage of almost 30% and a mismatch between the job and the applicant. This discrepancy shows that most of the jobs are unattractive because they don't require from the employee the full potential available, years of training and multiple personal efforts, in this regard it is seen as void, and useless if the employee accepts a job below his competence scale. Only thirdly the effective lack of employment (18.8%) is seen as a factor that generates mass unemployment. So there are jobs and employment opportunities, but in many cases, the illegal aspect is claimed, which discourages the applicants. We infer that people are naturally concerned about finding a legal job, which automatically means the "safety of the tomorrow." In fact, only the job insecurity (12.3%) makes the unemployed to refuse such opportunities which transforms the employees in day workers or seasonal workers, deprived of any protection of the law. Finally, it is not excluded any option that people are not interested to work. Although it's in the last place in the top of the factors that generates unemployment, the 12% of those who see such a variant as possible is an important one, resulting ultimately from the knowledge of the reality faced by the respondents directly. Eventually, the unemployment in the Jiu Valley is not the result of a single factor but of a complex mixture of past and present actions that have had and still have an important role in the detriment of the community from here. Starting from a material and financial level and ending at the mentality one.

To obtain a more detailed knowledge of the phenomenon analyzed above, we have imagined even an ideal situation, asking subjects to indicate what job they would choose if they have available an unlimited supply of jobs. More specifically, we were interested to determine where exactly they would prefer to work, and we don't refer to fields of activity but to the type of ownership of the economic unit, whose employee would choose to be. Most subjects would choose a job in the state sector (46%), followed by the private sector with 16.3%. The gap between the two options is important and supports the previously mentioned above: those who are looking for a job, are trying to get employed, not to be a jobber or a seasonal worker, very often the work in the private sector is equivalent to something like that in the Jiu Valley area. Other options are expressed too, for example 25.2% of the subjects being indifferent where their work as long as they are legally employed, and 12.5% of them cannot express any option or refuse to do so. A job in the state sector is very attractive, as also a job in the private sector, as long as it provides the "safety of tomorrow".

The fact that there are changes in the way of thinking of people in the Jiu Valley is confirmed by the items they choose as a priority in setting the wages. The acknowledgement of the proven competence of the employee at his workplace and his responsibility matter first and foremost. In other words it is agreed that a salary must be "flexible", aspect that involves intrinsic motivation, but must be accompanied by a financial motivation to correlate directly with the proven competence. It is a facet of the things that marks a shift from wage claims supported only by difficult working conditions to wage claims based on work quality. There is certainly a positive aspect,

the evolution from the years in which high salaries were demanded only because of the harsh conditions of work, to the realization that the quality level at which they work must be rewarded first. However, working conditions are maintained at a level which easily exceeds 25% of the responses. We must specify that it's about the working conditions encountered in general, regardless of activity or type of ownership, which means a step forward from the 90s period when the wage demands were almost exclusively dependent on the working conditions.

Already knowing which factors should be taken into account in determining the salary income, we surveyed including what the investigated subjects expect from their workplace. The highest expectation is related to material and financial reward (41.3%). Let us not forget that this expectation is linked to the criteria considered in determining the salary level. It is undoubtedly a positive extrinsic motivation type, but pecuniary. For example, a little over a quarter of those surveyed want their individual merits to be recognized, that they are competent in what they do. We interpret this requirement as a need for the confirmation of the personal value, element that contributes to increasing the self-esteem and status crystallization. It is a form of positively extrinsic motivation, but with a subjective nature involving stimulation by praise and encouragement. Another type of expectation is related to job security, the possibility to borrow money from banks without the fear of being fired (18.7%). If this kind of motivation should consider the work, we could say that this is a negative extrinsic one. But it manifests itself in a completely different context, which transforms it into a positive character.

There are also subjects who are expecting from their workplace the recognition of its social utility (2.7%), the total investigated population have positive extrinsic expectations, with slight variations in hue. Especially in the 90s, the Jiu Valley was known as one of the areas in which was invested heavily in the social care. This state intervention, due to the lack of jobs, however caused the appearance of a certain type of mentality: that of the social assisted person. It has spread much the common belief, that it is more profitable to get money from the state rather than doing your job. I made a few remarks at the beginning of the paper about the counterproductive way of thinking and now we will detail the status quo by presenting the views expressed about the social aid. Most of our respondents (61.5%) disapprove the according of the social aids which are perceived as a tool that determines people not to work. It was certified in fact that, eventually, the community realized what is damaging for its interests, that the guaranteed minimum income should not constitute a definitive solution but a temporary one. What happened in the Jiu Valley was a perverse type effect: the social aids have been transformed into a permanent form of social assistance. Following the established correlation between the number of people who make up families in the Jiu Valley and the income categories in which they suit here is the following statistical situation of the families who benefit from the GD (Government's Decision) nr. 5 of 10 January 2007 guaranteed minimum income, above nr.21/12 published in the Official Gazette in January 2007:

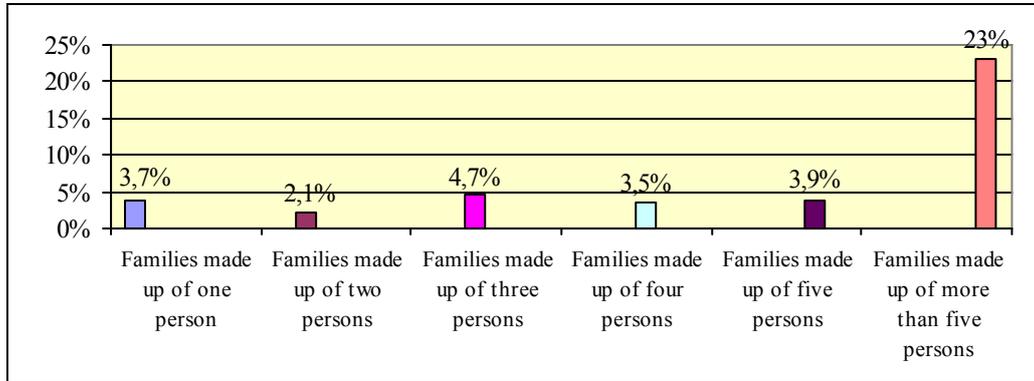


Figure 1. The distribution on families, depending on the members, who benefit the GD (Government's Decision) nr.5 of 10 January 2007

A statistic that we consider quite accurate, from the point of view of the sample on which we worked, but quite disturbing, especially for families made up of five persons. The leap is a consistent one, but it shows the reality that many families have to face in the absence of a social protection, they would be in a desperate situation. This protection is seen by the rest of the population in a critical way. Responses received are some which try to discourage the perpetuation of welfare practice in the permanent form those who can work. The positive valences of social protection are not ignored by the population, almost one third (31.2%) considering that this is a good way but on a short term, given only for subsistence. Other answers incriminate both the welfare recipients, considering that in this way it is encouraged the laziness 25.8%) but also the state, by providing social protection it conceals its own impotence in creating new jobs (42.8%) by ignoring objectionable, the emergence of new production capacity is infinitely less than the granting of long term social benefits, which are already proven as totally unproductive. The financial situation of the families in the Jiu Valley is one you already know as a difficult one, it was revealed to us by other research. I asked those included in the study to specify the category of monthly income of each family. Because we do not want to lose in details we have resorted to merging some of the categories, thus better understanding the financial context of the families in the Valley:

Table 1. Distribution of family income categories in the Jiu Valley

	Monthly income category					Total
	Up to 10 mil. lei	10.1-15 mil. lei	15.1-20 mil. lei	20.1-30 mil. lei	Over 30 mil. lei	
Family	58.2%	23.2%	12%	5%	1.6%	100%

Already having an objective starting base in judging the incomes which these families have, we asked for a subjective evaluation, wanting to see how this state of facts is received even by those who live it daily. Almost two thirds of the respondents

say with conviction that their family incomes reach at the limit (62.7%). Merging the incomes with the number of members per family it is easy to conclude that there is no exaggeration of the situation. Furthermore, 29.4% of respondents said that the revenue available to the family level is very much or well below what they need to live decently. There are also families in the Jiu Valley whose incomes exceed their needs (7.8%), much or very much. The needs-income ratio sketches correctly the financial context in which families live their lives in the Valley: one located at the boundary of decency and sometimes even below it. Knowing the economic situation of these families, we considered that conducting further work is desirable to obtain other sources of income to enable them to raise the living standards. Not without surprise, but confirming once again the negative effect of the prolonged social protection, but also of undeclared work, constituted a negative experience, we found that 49.3% of subjects don't do anything for the multiplication of family income's sources. But this is not the spirit which characterizes all the families in the Valley.

There are some cases, many of them, (26.7%) of people who wish to have a second job but they cannot find this opportunity in the city who reside, or in other cities that make up this urban conglomerate. There are also other income generating activities, as follows: occasional activities (18.4%) second job (3.6%), rents (2.1%). Let's note an issue which we define as categorically negative: a very small proportion of the population of the Jiu Valley who has a second job. Compared with other areas of the country, the situation is one below the most pessimistic expectations, especially because the time of the last layoff in 1997 was one long enough for its economic "reinvention", validating once again the hypothesis of underdevelopment on the background of reducing the principal activity in mono-industrial areas. Just to certify the veracity of the previously reported, we will remember that according to Engel's Law "a high proportion of food expenditure in the total expenditure indicates the presence of poverty" (M.S. Stănculescu, "Between absolute poverty and welfare", the Magazine for Social Research, No.2 / 1998, p. 27). Based on the researches, it resulted that in the Jiu Valley no less than 58.9% of household expenditure goes towards food, and 30.7% for housing maintenance. In such a situation it can no longer surprise anyone that for other types of expenses are given tiny amounts: 5.2% for medicines and medical services, 2% for clothing and footwear, 1.3% for education and culture etc.

In an area where poverty is present for almost a decade, it was easy to assume that the population often calls to certain types of money lending. We were interested in their type and from where they borrow the money. After processing the responses we have established three categories of subjects, or rather families: the / those who only borrow from relatives, friends, colleagues or neighbors (61.4%), the / those who only borrow from banks / NFI (Non-banking Financial Institutions) etc. (27%), and the / those that are not in a position to borrow money from someone, whatever the source of the loan is (11.6%). The proportion of the people who get a loan is very impressive, but also the loan sources' cleavage. The fact that almost two thirds of those who have answered our questions avoided to borrow money from specialized institutions, shows the same reality: the chronic poverty and the lack of jobs (with all the variations that

may be included here). The conclusions we drew from the analysis of a decreased data segment compared with the results of the whole research throughout 2007, are:

1. the material life of the population has experienced a continuous degradation in the last ten years ;
2. although mining has known a significant process of collapse, paradoxically this activity is still considered the main source of living in the Jiu Valley;
3. there was a failure from the point of view of the human resources management. In this way, the state has witnessed almost passively at the deprofessionalization of the people, at the professional inactivity of the young graduates of vocational schools, colleges or universities;
4. avoiding the area by large investors is a reality, the causes that contributed to this situation are multiple, but the main cause is the negative image of the Valley;
5. the social benefits, received with enthusiasm at the beginning of the last examined decade, had a real perverse effect, almost two thirds of the population disagreeing with this practice in a permanent form;
6. the share of food expenditure in the total expenditure of the families here, without doubt, indicates a poor population that will continue to pauperize in the absence of some intervention programs, others than those so far.

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