

UNEMPLOYMENT – AN ECONOMIC AND SOCIAL CURRENT PROBLEM

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ABSTRACT: *The economic crisis had recoiled on enterprises, families and citizens in all over the European Union. In Europe there are over 20 million unemployed people, and the situation has no perspective to improve. European cohesion policy helps European national and regional authorities fight together against unemployment. Accordingly, the Strategy Europe 2020 proposes a vision for the social market economy of Europe in the next decade and it's based on three priority domains, which intersect and mutually stimulate: intelligent economic growth, development of an economy based on knowledge and innovation, durable economic growth, promotion of a competitive economy, with low carbon emissions and an efficient use of resources, also inclusive economic growth, promotion of an economy with a high level of labour force absorption which will generate social and territorial cohesion.*

KEY WORDS: *unemployment; economic crisis; economic factors; strategy; development, labour force absorption.*

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The economic crisis has recoiled on the global economy, the national economies but also on businesses, families and citizens around the world. One of the effects of this crisis which raises the highest problems is unemployment. In Europe there are over 20 million unemployed people, and the situation is not showing any improvement.

Through this alarming extent, through the complex structures and mostly through the dynamics which are changing their rhythms and meanings, unemployment has become a macrosocial mission. Thus the economies of all the countries are confronting this negative phenomenon which is unemployment. The economical and social consequences of underemployment include increasing social costs, the burst of social pressure and the waste of the national and international working resources (Flauzat, 1992, p.107).

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Generally, the person who is able to work but can not find work and may be partially or wholly engaged only at certain moments of economical and social development and is in position to receive unemployment benefit is called unemployed. In a few words, unemployed is a person who is seeking paid employment and does not have it currently.

Most often, the contemporary phenomenon of unemployment is addressed and analyzed as a labour market imbalance at its national level: as a meeting and confrontation between global demand and global offer of labour. In this way, unemployment is, in fact, further analysis of demographic-economical issues on the one hand, and the economical-financial and investment issues on the other. But both labour resources and labour demand are filtered through the unique requirements and rules of remuneration and salary. Therefore, regardless the approach and treatment of unemployment it is a dysfunction of the national labour market.

This means that neither labour demand does not change as much with the nominal or real wage change, nor labour supply does always evolve in relation to price and cost. Some experts explain this feature in that supply and demand depend on many other factors than the economic ones. The inelastic nature of labour supply is the underlying the labour market specificities. Labour market does not function as a common market (free, as some authors say) and because of legislative restrictions, of the conditions imposed by the law within which it operates.

In Romania after a downward trend during 2002-2008, when unemployment fell from 11.4% to 3.9%, it is registered again at the beginning of the crisis, the rising of unemployment, in 2011 reaching to 7.4%. In the figure below it is shown the evolution of the national unemployment rate registered since 1991 to 2010.

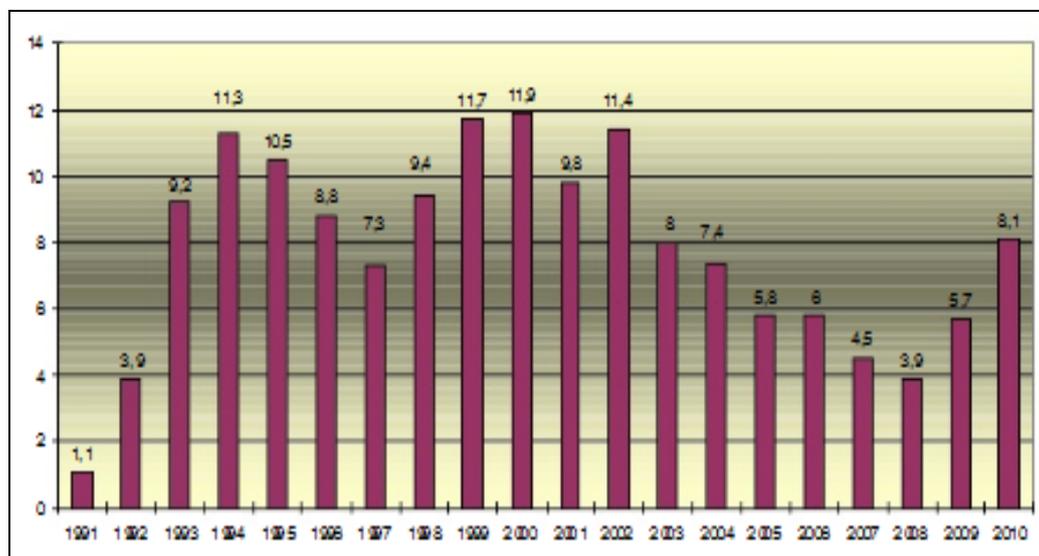


Figure 1. Evolution of unemployment in Romania

According to the Bureau of Statistics Report of the European Union, Romania has the 19th rate of unemployment among the Member States, being framed by Cyprus (7.2%) and Czech (7.5%).

In the European Union, the unemployment rate stagnated at 10% and in the euro area, 10% above the level in Romania, but Spain and the Baltic countries continue to face a record number of unemployed, 20% in Latvia, 19% in Estonia and in Lithuania 17.4%, the indicator approaching 20% in these states, according to Eurostat.

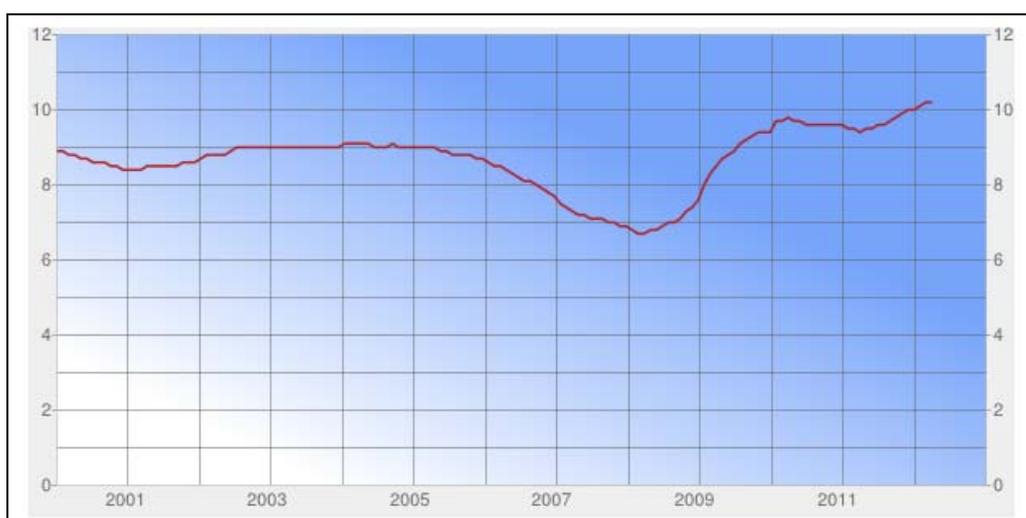


Figure 2. Unemployment Rate for European Union (27) between 2000-2011

Slovakia has an unemployment rate of 14.8%, Ireland 13.3%, Greece 11%, Hungary - 10.4% and Bulgaria 9.7%. Poland, although the only Member State which didn't enter the recession in the global crisis in recent years, has an unemployment rate above the European Union average of 9.8%. The lowest unemployment is found in Austria (4%), Netherlands (4.3%), Luxembourg (5.2%), Malta (6.7%), Denmark (6.8%) and Germany (7%).

Eurostat estimates that the number of unemployed in the European Union in May 2010 was 23,127,000 people, of which 15.789 million in the euro area. Compared with April 2010, the number of unemployed in the European Union fell by 37,000 people, but increased in the euro area with 35,000. Compared to May last year, the number of unemployed in the European Union increased by 1,801,000 and in the euro area rose by about 991,000.

Although, according to the literature, women are the most likely to be affected by unemployment, the young men are still the prevailing categories of the unemployed population. The highest recorded unemployment rate is among young people. In European Union, unemployment rate among young people aged 15-24 years is 22%, compared to only 8.8% among people aged over 24 years, according Eurostat. The highest unemployment rates among people aged less than 25 years were registered in

Spain 50.5%, and 50.4% in Greece, and the lowest rates were recorded in Germany 8.2 %, and Austria 8.3%.

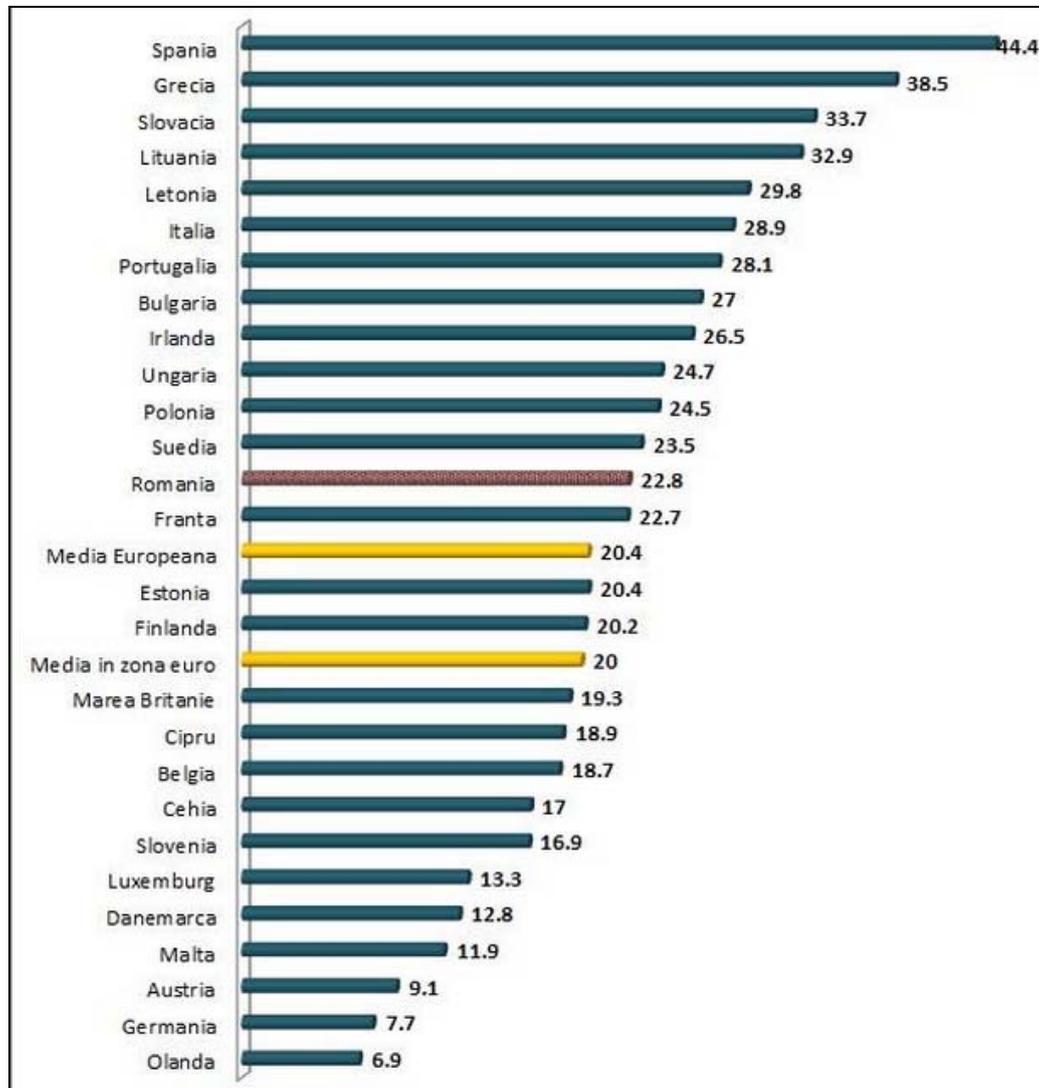


Figure 3. Unemployment rate for young people in European Union in 2011

According to a Eurobarometer survey, one in two Europeans believes that unemployment is the main problem his country is facing. The effects of unemployment, particularly long term unemployment, can be devastating, those affected sometimes feeling excluded from society. Therefore, combating unemployment is a priority of European Union. In this regard, numerous measures were introduced to help the unemployed to exploit their potential and create a more productive society, able to facilitate integration.

Because more and more people become unable to get a job, and, therefore, unable to acquire the goods and services of their and their families basic needs due to various causes, it is necessary that the state takes the appropriate measures of people's protection in time, giving them their basic needs and income for their families. European Union funds a number of projects to help the Romanian citizens face the financial crisis: training programs for students in high-tech, facilitation of rural development.

In Romania, the National Agency for Employment has increased the number of active measures which stimulate the unemployed to seek a job and the employers to create more jobs.

The main services and facilities provided by the National Agency for Employment to the unemployed, but also to employers are:

- *Professional information and counselling for the unemployed.*

This service is a set of services offered to people seeking work, for free. These are:

- providing labour market information and development occupations; self assessment and evaluation of their personality to guide professional development;
- ability and confidence development to people looking for a job for the decision regarding their career training;
- methods and techniques for finding a job;
- *Mediation of labour services.*

They are linking employers with people looking for a job in order to establish the employment or service relationship. Mediation services are to provide information on job vacancies and employment conditions of their publication, display and organize job fairs, electronic mediation, ie to put into correspondence requests and job offers through Internet

- *Consultancy and assistance in starting a business.*

This is offered, upon request, to people seeking employment, as legal services of marketing, financial, effective management methods and techniques and other consulting services.

- *Organizing training/ retraining courses for the unemployed.*

People looking for a job are given the opportunity of acquiring specific theoretical and practical knowledge of new jobs to increase employment opportunities. The structure of qualification / requalification begins with vocational courses up to improvement courses. They also organize courses for beginners on the basic terms of market economy and training for small business creation.

- *Stimulating labor mobility.*

People who find a job in a town which over 50 km away from home while receiving unemployment benefit an employment allowance which equals two minimum national salaries. Those who find a job in a different locality and thus change their address, get a first installation allowance, the equivalent of seven minimum salaries;

- *Encouraging employers to employ staff aged over 45 years and graduates of vocational school, high school or college.*

Employers who employ, for an indefinite time, unemployed aged over 45 or unemployed workers who support the family by themselves, receive from the ANOFM

for 12 months an amount representing a national minimum wage, having the obligation of maintaining the job for two years.

The employers who fall under 100 employees and employ people with disabilities enjoy the same facilities. Employers are encouraged so that the graduates of all the educational institutions are hired. For each graduate employed, the employer receives, for 12 months, an amount representing a gross national minimum wage, and for each disabled graduate, an amount representing 1.5 minimum national salaries, for a period of 18 months. Employers who hire graduates are required to maintain relations of their employment or service at least 3 years from the date of the contract. During those three years, graduates can pursue a form of training organized by employers and training necessary expenses will be incurred, at the request of the employees, on the unemployment insurance;

- *Loans with subsidized interest.*

They are extended to small and medium enterprises, cooperative units, family associations and authorized individuals and to unemployed who set up companies which create new jobs, of which 50% are for the unemployed. For the counties where there is an average annual unemployment rate exceeding the annual average national unemployment loans are granted at a rate of 50% of the reference rate of National Bank of Romania. For with an annual average rate of unemployment higher than the national average credit will be awarded with low interest;

- *Before deprivation services.*

In case of restructuring that can lead to substantial changes in the number and structure of staff, employers must notify employment agencies to adopt measures to combat unemployment and prevent social events. To assist people affected by restructuring, employers are required to notify employment agencies at least 30 days before granting notices required by law.

Keynes argued that "any successful macroeconomic policy must necessarily include measures and state tools, to use manpower as well as possible. This is because savings itself no longer guarantee, under spontaneous mechanisms of self adjustment, the full employment of manpower."

The European cohesion policy helps European, national and regional fight together against unemployment. In the last three years, the European Union allocated 93 billion Euros for projects that have helped millions of Europeans and hundreds of thousands of companies. Much of this amount was used to support the unemployed who were seeking employment and to invest in research and development, allowing the European Union countries to position themselves as world leaders in science and technology. To create quality jobs for European citizens, the focus is now on areas such as green energy and electronic commerce.

Therefore, the Europe 2020 Strategy sets out a vision for Europe's social market economy in the next decade and it is based on priority areas which interrelate and mutually reinforcing each other: smart economical growth, developing an economy based on knowledge and innovation, sustainable growth, promoting a competitive economy with low carbon exhausts and efficient use of resources, but also inclusive economical growth, promoting a highly labour employment, generating social and territorial cohesion.

The progress towards these goals will be measured on five European Union representative benchmarks, which the member states will be asked to translate into the national benchmarks that reflect the following starting points:

- 75% of the population aged 20 -64 years to be employed.
- 3% of European Union GDP must be invested in research and development.
- the climate and energy objectives "20/20/20" must be met.
- the share of early school leavers should be below 10%, and at least 40% of the younger generation should have higher education.
- the risk of poverty to be reduced by 20 million people.

The implementation of these initiatives is a shared priority, which requires action at all levels: the organizations in the European Union, the Member States, the local and regional authorities. To achieve these objectives, the Commission proposes a Europe 2020 agenda consisting of a series of pilot initiatives.

- ❖ An innovation union - refocusing research and development and innovation policy towards major challenges, while reducing the gap between science and marketing, so that inventions are transformed into products. -Youth in motion - improving the international quality and attractiveness of the European higher education system by promoting mobility of students and young professionals. As a concrete action, the vacancies in all the Member States should be available across Europe, and professional qualifications and experience to be recognized properly.
- ❖ A Digital Agenda for Europe - delivering sustainable economic and social benefits through a digital single market based on ultra fast internet
- ❖ A Europe that uses its resources effectively - supporting the shift towards an economy that uses its resource efficiently, with low-carbon emissions. Europe must hold to its 2020 targets in terms of production and consumption of energy and energetical efficiency. This would fall by 60 billion euro the oil and gas imports by 2020.
- ❖ An industrial policy for economical green growth - supporting the competitiveness of the European Union industrial base in the post-crisis world, promoting entrepreneurship and developing new skills.
- ❖ An agenda for new skills and jobs - creating conditions for modernizing the labour markets to increase employment and ensuring the sustainability of our social models, in terms of retirement of baby-boomers.
- ❖ A European platform against poverty - ensuring economic, social and territorial cohesion by helping the poor and socially excluded and enabling them to play an active role in society.

The ambitious goals of Europe 2020 strategy means switching to a new level of management and responsibility. The implementation methods will be strengthened to ensure that commitments are translated into action.

The economic crisis has disrupted the world of work, emphasizing the signals from the worldwide globalization that a more flexible work organization is needed, essentially to change itself. Unemployment is considered by some experts (Martin & Schumann, 1999, pp.13) one of the risks of globalization because "20% of the working population in the next century would be sufficient to ensure the world economy boom.

(...) A fifth of those seeking work will be enough to produce all the goods and to provide high quality services that the global society can afford. But what about the other 80% of those who want to work but will be jobless? (...) The problem of the future is "to have lunch or to be lunch"- to have food or be eaten.

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